

NOTIFY

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT
CIVIL ACTION
NO. 2007-2075H

JENZABAR, INC. & others¹

vs.

LONG BOW GROUP, INC.

MEMORANDUM OF DECISION AND ORDER ON DEFENDANT'S MOTION TO
DISMISS

INTRODUCTION

Notice sent

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This action arises from a dispute between the plaintiffs and defendant over content on the defendant, Long Bow Group, Inc's ("Long Bow") web site. The plaintiffs, Jenzabar, Inc. ("Jenzabar"), Ling Chai ("Chai"), and Robert Maginn filed this action, claiming business defamation, defamation, false designation of origin under 15 U.S.C. §§ 1114 and 1125(a), Federal trademark dilution, common law trademark infringement, trademark infringement under Massachusetts law, trademark dilution under Massachusetts law, and violations of G. L. c. 93A. Long Bow now moves to dismiss, pursuant to Mass. R. Civ. P. 12(b)(6). For the reasons discussed below, the motion is **ALLOWED IN PART** and **DENIED IN PART**.

BACKGROUND

Chai was a student leader during the 1989 protests in Tiananmen Square in China. She subsequently came to the United States and founded Jenzabar, a software company focusing on

¹Ling Chai; Robert A. Maginn, Jr.

the needs of educational institutions. Jenzabar and Jenzabar.com are federally registered marks. Jenzabar markets its products on the websites jenzabar.com and jenzabar.net, both of which are owned by Jenzabar.

Long Bow is a documentary film production company. In 1995, it produced *The Gates of Heavenly Peace*, a documentary film about the Tiananmen Square protests. Chai figured prominently in the film, which she claims was critical of her and the protests. Long Bow's web site provides information about the film and the protests, including articles and background information concerning participants in the protests, including Chai. Long Bow uses the Jenzabar marks as "metatags" within its web site.² Long Bow's site comes up on a list of hits when someone uses a search engine to search for information about Jenzabar³; Jenzabar's prospective clients are potentially diverted to Long Bow's website.

From May 14, 2004, Long Bow's site referred to "a few articles that reported certain concerns third parties expressed with respect to Chai Ling and Jenzabar." One such item was an

² A helpful description of meta tags comes from North Am. Med. Corp. v. Axiom Worldwide, Inc., 522 F.3d 1211, 1216 n.2 (11th Cir. 2008): "Meta tags consist of words and phrases that are intended to describe the contents of a website. These descriptions are embedded within the website's computer code. Although websites do not display their meta tags to visitors, Internet search engines utilize meta tags in various ways. First, when a computer user enters particular terms into an Internet search engine, the engine may rank a webpage that contains the search terms within its meta tags higher in the list of relevant results. Second, when a particular web page is listed as a relevant search result, the search engine may use the meta tags to provide the searcher a brief description of the webpage." However, "modern search engines make little if any use of metatags," instead relying on algorithms. Standard Process, Inc. v. Banks, 2008 WL 1805374 *4 (E.D. Wis. Apr. 18, 2008), quoting 4 J. Thomas McCarthy on Trademarks and Unfair Competition § 25:69 (4th ed. 2003).

³As of June 23, 2008, typing "Jenzabar" into Google returns Long Bow's site as the fifth "hit." The first two hits are jenzabar.net, the third is Jenzabar job listings at monster.com, the fourth is an article about an institution using Jenzabar's products, and various other hits include more jenzabar.net pages and a help site for Jenzabar software users at a specific university.

excerpt from an August 2003 Boston Globe column stating that “five former executives have sued Jenzabar, including the former CEO, who accused Chai and Maginn of ‘a number of unethical, inappropriate, and/or illegal actions.’” The former CEO had retracted his allegations and dismissed his complaint before publication of the Boston Globe column on Long Bow’s site. Long Bow’s site contains a page about Chai, and the link to that page promises “more information about Chai Ling and the controversy that has followed her to Jenzabar.”

DISCUSSION

1. Defamation claims (Counts I and II)

“Defamation involves the unprivileged publication to a third party of a false statement concerning another that exposes its subject to ridicule or contempt.” Draghetti v. Chmielewski, 416 Mass. 808, 812 (1994). A defamation plaintiff must allege that the defendant was at fault for the publication of a false statement of fact concerning the plaintiff, capable of damaging the plaintiff’s reputation in the community, that either caused economic loss or is actionable without proof of economic loss. White v. Blue Cross and Blue Shield of Mass., Inc., 442 Mass. 64, 66 (2004). A claim for business defamation also requires allegations that the defamatory statement “prejudices the plaintiff in the conduct of its business and deters others from dealing with it.” Massachusetts Sch. of Law at Andover v. American Bar Ass’n, 952 F.Supp. 884, 888 (D.Mass. 1997) (citations omitted). Privileges to publish otherwise defamatory material include the “reputable wire source” privilege and a privilege for the fair report of judicial proceedings. Appleby v. Daily Hampshire Gazette, 395 Mass. 32, 36 (1985) (reputable wire source); Sriberg v. Raymond, 370 Mass. 105, 108 (1976) (judicial proceedings). A person who republishes

defamatory statements is liable even if the statements are attributed to the original source.

Appleby, 395 Mass. at 36.

Jenzabar's complaint alleges that Long Bow engaged in defamation by publishing all of the articles on its website, but the only one alleged to be false is the 2003 Boston Globe column stating that Jenzabar's former CEO, DiLorenzo, had sued and accused Chai and Maginn of unethical, inappropriate, and/or illegal actions. Jenzabar claims that the statement is false because DiLorenzo retracted his allegations. However, Long Bow first posted the excerpt in May 2004, when the lawsuit was still active. The complaint was dismissed in December 2005 and DiLorenzo sent an apology letter to Jenzabar in September 2006. Therefore, the question becomes whether Long Bow had any kind of continuing duty to investigate the accuracy of the Boston Globe article, i.e., whether DiLorenzo was still accusing the plaintiffs of inappropriate actions. There is no such duty.^{4,5} Jenzabar cannot sustain a defamation claim based on Long Bow's publication of the Boston Globe article.

⁴Long Bow's reliance on Appleby v. Daily Hampshire Gazette, 395 Mass. 32 (1985) to support the nonexistence of a duty to investigate is misplaced. Appleby focused on the real-time need for breaking news and held that local newspapers did not have a duty to investigate accuracy before republishing material coming from national wire services. Here, the focus is on the long-term follow-up on a certain story. Although newspapers and other media may do a disservice to vindicated individuals (such as the Duke lacrosse players) by not widely publicizing acquittals or dropped lawsuits, there is no duty to do so.

⁵Jenzabar argues that, pursuant to Restatement (Second) of Torts, § 611, Long Bow has a duty to publish the follow-up to the story. § 611 provides that "[t]he publication of defamatory matter concerning another in the report of an official action or proceeding ... that deals with a matter of public concern is privileged if the report is accurate and complete or a fair abridgment of the occurrence reported." Comment (f) goes on to clarify that "when a newspaper publishes from day to day the report of a judicial proceeding, it may not, after reporting derogatory parts, fail to publish the further proceedings that tend to vindicate the person defamed." This is intended to apply to ongoing coverage of proceedings such as trials, and does not impose a duty on Long Bow (or the Boston Globe) to publish the fact that DiLorenzo dropped the suit.

Jenzabar alleges that Long Bow's publication of the rest of the articles amounts to defamation because "Long Bow has provided this material in a manner that purports to be balanced and fair but, in reality, is biased and deceptive." Notably, Jenzabar does not allege that the articles are false. The plaintiffs point to G. L. c. 231, § 92, which provides that "[t]he defendant in an action for writing or for publishing a libel may introduce in evidence the truth of the matter contained in the publication charged as libelous; and the truth shall be a justification unless actual malice is proved." However, the Supreme Judicial Court has held that application of that statute to a truthful statement concerning a matter of public concern violates the First Amendment. Shaari v. Harvard Student Agencies, Inc., 427 Mass. 129, 134 (1988). Allegations of improper business practices are a matter of public concern. See Friedman v. Boston Broadcasters, Inc., 402 Mass. 376, 380-381 (1988) (statements that insurance company was engaging in deceptive business practices). To survive this motion to dismiss, the plaintiffs must allege falsity, which they have not done.

2. Trademark claims (Counts III, IV, V, VI, VII)

A plaintiff in a trademark case must show 1) that he owns a mark; 2) that the defendant is using the same or a similar mark; and 3) that the defendant's use is likely to confuse the public, thereby harming the plaintiff. DeCosta v. Viacom Int'l, Inc., 981 F.2d 602, 605 (1st Cir. 1992). Jenzabar has pled that it owns the mark and that Long Bow includes Jenzabar's mark in its metatags. The parties advance various arguments that Long Bow's placement of the Jenzabar mark in its metatags is or is not "use." No Massachusetts case appears to settle the question, and other jurisdictions have arrived at varying conclusions. Compare Site Pro-1, Inc. v. Better Metal, L.L.C., 506 F.Supp.2d 123, 126-127 (E.D.N.Y. 2007) (marks in metatags did not constitute

“use” because plaintiff’s marks were not placed on any of defendant’s products, etc.) with North Am. Med. Corp. v. Axiom Worldwide, Inc., 522 F.3d 1211, 1216 n.2 (11th Cir. 2008) (metatags were part of defendant’s “effort to promote and advertise its products on the Internet,” which is “use in commerce” under plain meaning of Lanham Act⁶); Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036, 1065 (9th Cir. 1999) (Lanham Act barred defendant from including in its metatags any term confusingly similar to plaintiff’s mark). For purposes of this motion to dismiss, the court finds that Jenzabar has sufficiently pled the “use” element of its trademark claims.

Likelihood of confusion is an essential element of trademark infringement, whether it arises under federal or state law. Astra Pharmaceutical Prods., Inc. v. Beckman Instruments, Inc., 718 F.2d 1201, 1205 (1st Cir. 1983). Eight factors are to be used in assessing likelihood of confusion: 1) similarity of the marks; 2) similarity of the goods; 3) relationship between the parties’ channels of trade; 4) relationship between the parties’ advertising; 5) the classes of prospective purchasers; 6) evidence of actual confusion; 7) defendant’s intent in adopting its mark; and 8) strength of the plaintiff’s mark. Id., citing Pignons S.A. de Mecanique v. Polaroid Corp., 657 F.2d 482, 487 (1st Cir. 1981). Here, there is no similarity of goods. Jenzabar develops software; Long Bow makes films. A prospective Jenzabar customer might be distracted by Jenzabar’s mark appearing on Long Bow’s site, but they would not be confused.

⁶The Lanham Act is codified at 15 U.S.C. §§ 1051-1129 and holds liable “[a]ny person who, on or in connection with any goods or services ... uses in commerce any word, term, name ... or any false designation of origin ... 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” § 1125(a).

The plaintiffs characterize this potential distraction as “initial interest” confusion, which draws the potential customer in even though the confusion is eventually dispelled. The initial interest confusion doctrine has been adopted by several circuits, not including the First Circuit.⁷ The plaintiffs argue that the doctrine was “implicitly endorsed” in Big Top USA, Inc. v. Wittern Group, where the court stated that “[t]he Lanham Act ‘forbids a competitor from luring potential customers from a producer by initially passing off its goods as those of the producer’s, even if confusion as to the source of the goods is dispelled by the time any sales are consummated.’” 998 F.Supp. 30, 52 (D.Mass. 1998) (internal citations omitted). Although Jenzabar seems unlikely to prevail on this claim because of the dissimilarity of Long Bow’s business, Jenzabar has adequately pled the likelihood of confusion element, which is all that is required to survive a motion to dismiss. The trademark claims will stand.


3. G. L. c. 93A claim (Count VIII)

The theory of the c. 93A claim is essentially that Long Bow manipulated search engine results in order to attract Jenzabar’s prospective clients to Long Bow’s website, where they would read articles critical of Chai and Jenzabar and subsequently not do business with Jenzabar. Although defamatory statements are actionable under c. 93A, when statements do not support a cause of action for defamation, they also do not support a cause of action under c. 93A. Dulgarian v. Stone, 420 Mass. 843, 853 (1995). However, the c. 93A claim will stand because the trademark claims, if proven, could be the basis for unfair and deceptive business practices.

⁷Examples of cases holding that trademark infringement can be based on initial interest confusion are Australian Gold, Inc. v. Hatfield, 436 F.3d 1228 (10th Cir. 2006); Elvis Presley Enters., Inc. v. Capece, 141 F.3d 188 (5th Cir. 1998); Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394 (9th Cir. 1997).

ORDER

It is **ORDERED** that the defendant, Long Bow Group, Inc.'s Motion to Dismiss is **ALLOWED** as to Counts I and II (business defamation and defamation) and **DENIED** as to Counts III, IV, V, VI, VII, and VIII (trademark and c. 93A). Counts I and II are **DISMISSED**.



Nancy Staffier Holtz
Justice of the Superior Court

Dated: August 5, 2008