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## Ninth Circuit Curtails Ability to Challenge “Gripe Sites”

Companies are increasingly being confronted with so-called “gripe sites” — unauthorized websites that not only criticize the company or its products, but also use the company’s own trademark as part of the website’s domain name. Earlier this month, the U.S. Court of Appeals for the Ninth Circuit found that the noncommercial use of a trademark as the domain name of a gripe site does not constitute infringement under the Lanham Act. The court’s decision removed an important argument on which plaintiffs rely in such cases and split from an earlier Fourth Circuit decision.

In *Bosley Medical Institute v. Kremer*,<sup>1</sup> the plaintiff, Michael Kremer launched [www.BosleyMedical.com](http://www.BosleyMedical.com), a gripe site that criticized the hair restoration services Kremer received at the Bosley Medical Institute (“Bosley”). Although the website contained highly critical remarks about Bosley, Kremer made no revenue from the website, and the website did not contain any commercial advertising.

Bosley, which owns the trademark to the name “BOSLEY MEDICAL,” sued Kremer under a variety of claims, including trademark infringement and cybersquatting. Kremer moved to strike the suit based on California’s Anti-Strategic Lawsuit Against Public Participation (“anti-SLAPP”) statute.<sup>2</sup>

In order to establish a claim for trademark infringement under the Lanham Act, a plaintiff must show that its mark was used “in connection with a sale of goods or services” and that there was a likelihood of consumer confusion. Kremer’s defense turned on the argument that his use of “Bosley Medical” on a website that criticized the company was not a use in connection with the sale of goods or services. The district court agreed and found that Bosley had failed to prove commercial use, thereby rejecting Bosley’s claims for trademark infringement and cybersquatting. The district court also granted Kremer’s motion to strike the suit under anti-SLAPP.

On appeal to the Ninth Circuit, Bosley presented three arguments to support its assertion that Kremer’s website was commercial. First, Bosley argued that although the website itself did not include advertising, it contained a link to a discussion group site from which a user could link to advertisements from Bosley’s competitors. The court rejected this argument because such linking to other sites was “too attenuated” to render Kremer’s website commercial. The court also found that a link to Kremer’s lawyer did not constitute commercial use.

<sup>1</sup> No. 04-55962 (April 4, 2005).

<sup>2</sup> Cal. Civ. Proc. Code § 425.16(a). Under anti-SLAPP, a defendant has 60 days after being served a complaint to show that the claim arises from the defendant exercising his or her free speech rights. The plaintiff then has the burden of showing a probability of success on the merits. If the plaintiff fails to do so, the court will strike the cause of action and the defendant can also recover attorney’s fees.

Second, Bosley argued that Kremer was attempting to profit from the website as part of a scheme to extort money from Bosley. The court found there was no evidence to support that Kremer was attempting to sell the domain name he was using back to Bosley or obtain any money from Bosley.

Finally, and perhaps most significantly, Bosley argued that it satisfied the commercial use requirement under the Lanham Act because Kremer's use of the Bosley trademark had prevented users from obtaining Bosley's goods and services. In effect, Kremer's use was "in connection with" the sale of Bosley's own products and services. Bosley supported this assertion by citing *People for the Ethical Treatment of Animals v. Doughney*, ("PETA")<sup>3</sup> in which the Fourth Circuit held that a parody site that criticized PETA was nonetheless commercial because it prevented users from obtaining PETA's goods and services. The Ninth Circuit noted that the defendant's parody site in *PETA* was different than Kremer's site because the PETA parody site linked to other commercial sites. However, the Ninth Circuit also stated that it disagreed with the Fourth Circuit's rationale that a plaintiff can satisfy the commercial use requirement of the Lanham Act by asserting that a gripe site prevented users from reaching the plaintiff's site and purchasing the plaintiff's goods and services. According to the court, such an expansive reading would place all consumer commentary sites under the Lanham Act. The court concluded that since no consumer could be misled into buying a product or service from Kremer's site, Bosley had failed to establish commercial use under the Lanham Act.

The court then addressed Kremer's claims for cybersquatting under the Anticybersquatting Consumer Protection Act ("ACPA")<sup>4</sup>. The court reversed the district court's holding that the ACPA was not violated because the website was noncommercial. The Ninth Circuit clarified that the ACPA does not have a commercial use requirement, and the district court should have decided the issue based on whether Kremer had a "bad faith intent to profit" from Bosley's mark. Because discovery on this issue has not been completed, the district court had erred in granting summary judgment to Kremer.

Finally, the court also reversed the district court's ruling that Bosley's trademark infringement suit violated California's anti-SLAPP statute, which was enacted to prevent frivolous litigation that is meant to chill valid free speech expression. The court held that a trademark owner's claim against unauthorized use of the mark does not necessarily chill the defendant's free speech rights. The court noted that domain names are not automatically protected by First Amendment rights, but should instead be considered on a case-by-case basis.

### Practice Points

In the *PETA* case, the Fourth Circuit had provided plaintiffs with broad latitude to prove commercial use when confronting gripe sites. Under that decision, plaintiffs did not have to prove that a defendant had sold or advertised goods or services on the gripe site. Rather, they only needed to establish that the defendant (a) prevented users from obtaining or using the plaintiff's goods or services (by having them navigate to the "wrong" site), or (b) connected the gripe site to the

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3 263 F.3d 359 (4th Cir. 2001).

4 15 U.S.C. § 1125(d).

plaintiff's own goods or services, ostensibly by critiquing those goods and services. Two New York district courts had reached the same conclusion.<sup>5</sup>

In *Bosley*, the Ninth Circuit has rejected this approach, making it more difficult for entities within that Circuit to prove that a gripe site's use of a registered trademark constitutes a violation of the Lanham Act. It remains to be seen whether the *Bosley* court's decision signals a trend towards narrowly construing commercial use in the context of gripe sites. However, companies seeking to challenge gripe sites should keep in mind that while the Ninth Circuit may have all but closed off trademark infringement claims for noncommercial gripe sites, it left open the possibility of pursuing a cybersquatting claim under the ACPA.

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<sup>5</sup> See *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d 1430 (S.D.N.Y. 1997) aff'd by Summary Order (2d. Cir. 1998) and *OBH, Inc. v. Spotlight Magazine, Inc.*, 86 F. Supp.2d 176 (W.D. N.Y. 2000).