

No. 06-16219

**IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

TIM OEY AND JANE DOE OEY,
Petitioners/Appellants,
v.
THE FREecycle NETWORK, INC.
Respondent/Appellee

On Appeal From A Preliminary Injunction
Of The United States District Court For The District Of Arizona
(Hon. Raner C. Collins, Presiding)
No. CV-06-00173-TMC-RCC

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INTRODUCTION

Appellant Tim Oey has been preliminarily enjoined “from making *any* comments that *could* be construed as to disparage upon [a] *possible* trademark and logo” claimed by appellant The Freecycle Network, Inc. (“TFN”). Excerpts of Record (“ER”) 295 (emphasis added). That injunction should be vacated because it is an unjustified prior restraint on Oey’s constitutional right to speak about TFN’s effort to trademark the word “freecycle,” which combines “free” with “recycle.” Various forms of “freecycle” are commonly used to describe the practice of giving away unwanted property to strangers rather than sending it to landfills. As a result, TFN’s assertion of trademark rights over the term is at best controversial: the Trademark Trial and Appeal Board (TTAB) of the Patent and Trademark Office (PTO) is considering an opposition to TFN’s trademark application, and the same topic is the subject of a lawsuit in the Northern District of California.

The trial court here, however, gagged Oey on this topic of public concern without even acknowledging the heavy First Amendment presumption against prior restraints of speech. Surely nothing in the trial court’s order or the record below could overcome that presumption. Indeed, the order on its face concedes that TFN’s trademark rights are open to doubt—merely “possible.” ER 295. That mere possibility cannot justify choking off Oey’s speech on a disputed matter of public concern, particularly because the claim that TFN asserts—“trademark

disparagement”—has no basis in the Lanham Act and, in light of the open dispute over the status of TFN’s trademark claims, no factual basis under any standard. The trial court simply assigned no value to Oey’s right to disagree with TFN’s effort and to criticize the merits of the trademark application, or his right to encourage others to petition the government to reject the trademark application and to lawfully use the forms of “freecycle” in their generic sense. Indeed, the court showed no concern that its order restricted Oey’s participation in the related (and prior) California litigation challenging TFN’s trademark claims. As a consequence, the decision of the district court should be reversed and its preliminary injunction vacated.

STATEMENT OF JURISDICTION

The district court had jurisdiction under 28 U.S.C. §§ 1331 and 1338 because the complaint alleged an action arising under the trademark laws of the United States. The district court also had jurisdiction under 28 U.S.C. § 1332 because the complaint alleged that the parties are citizens of different States and that the amount in controversy exceeded \$75,000, exclusive of interest and costs. This Court has jurisdiction under 28 U.S.C. § 1292(a)(1) because the district court entered a preliminary injunction on May 12, 2006. The notice of appeal filed June 15, 2006, was timely under FED. R. APP. P. 4(a)(4)(A)(iv) because a motion for reconsideration was filed on May 26, 2006, and denied on June 5, 2006.

ISSUE PRESENTED

Appellant Tim Oey has been preliminarily enjoined “from making *any* comments that *could* be construed as to disparage upon [a] *possible* trademark and logo” (ER 295 (emphasis added)) claimed by appellant The Freecycle Network, Inc. (“TFN”). The question presented is whether that injunction is an unconstitutional prior restraint of Oey’s free speech that rests on a legal theory of “trademark disparagement” that has no basis under federal law and no factual basis at all in light of TFN’s inadequate showing of any protectable trademark interest.

STATEMENT

A. Statement of the Case

TFN sued Oey in the District of Arizona in retaliation for an action in the Northern District of California seeking, among other relief, a declaration that TFN lacks trademark rights over the word “freecycle.” The plaintiff in the Northern District of California action is FreecycleSunnyvale, an organization with which Oey is affiliated.

In the present action, TFN claims that Oey has engaged in disparagement and contributory infringement of its purported trademark, along with other common-law defamation torts. On TFN’s motion, the district court preliminarily enjoined Oey “from making *any* comments that *could* be construed as to disparage upon Freecycle’s *possible* trademark and logo.” ER 295 (emphasis added). The Arizona district court stayed further proceedings pending the resolution of the

action in the Northern District of California, but left its preliminary injunction in place. ER 321-29. That injunction is the subject of this appeal.

B. Statement of Facts

1. The dispute underlying both this action and the prior action pending in the Northern District of California concerns the trademark status of the word “freecycle.” “Freecycle” combines “free” with “recycle.” “Freecycling” is the practice by which a person with an unwanted item (a “freecycler”) gives the item away to a stranger (or “freecycles” it), rather than sending the item to a landfill. Local freecycling organizations promote freecycling by maintaining online groups, such as those available from Yahoo! Corporation. Freecyclers visit a local online group to post emails announcing unwanted items. When another member of that online group expresses interest and an exchange is made, the item is freecycled and kept out of a landfill. ER 41, 81-82.

Appellee TFN, an Arizona corporation located in Tucson, maintains a web site with links to numerous online freecycling groups world-wide, and assists local organizations that start and moderate online groups. ER 41, 236. TFN’s founder, Deron Beal, and its website routinely used the various forms of “freecycle” in their generic sense through as recently as 2005. ER 82-83, 91-112, 313, 316.

In February 2004, appellant Tim Oey became a volunteer moderator of an local online group in Sunnyvale, California, known as freecyclesunnyvale. The freecyclesunnyvale online group was affiliated with TFN’s network, and TFN’s

web site provided a link to freecyclesunnyvale.¹ ER 84, 136. Oey also became a senior TFN volunteer. ER 282, 322.

2. On August 27, 2004, TFN took its first step to assert trademark rights over “freecycle,” filing a trademark registration application for a logo containing a stylized version of “freecycle.” RJN 1-7. TFN did not disclaim the literal element “freecycle” (*i.e.*, the word by itself). RJN 1-5. Indeed, shortly thereafter, TFN began drafting “usage guidelines” for the word “freecycle” with the goal of asserting trademark rights over the word even apart from the logo. ER 18-19, 42, 282.

TFN was not the first to file a trademark registration application pertaining to “freecycle,” however. On May 7, 2004, New Media Worlds, Inc., a Florida corporation, filed an “intent to use” trademark registration application for the word “freecycle.” RJN 17-20. In a January 9, 2005 office action, the examining attorney objected because “[i]t appears from a search in a computerized database that the designation FREECYCLE and variations FREECYCLING, AND FREECYCLER are terms of art that are widely used.” ER 308, RJN 22. The

¹ “FreecycleSunnyvale” is a group of moderators who collectively own and moderate an online group. The FreecycleSunnyvale moderators owned and moderated a Yahoo! Group known as “freecyclesunnyvale” until Yahoo! terminated that online group at TFN's request. The FreecycleSunnyvale moderators now own and moderate a Yahoo! Group known as “sunnyvalefree.” ER 81-82.

examining attorney attached numerous articles showing widespread and generic use of “freecycle,” including an article posted on TFN’s website. RJN 26-45.

TFN was well aware of New Media’s prior trademark registration application. In a January 21, 2005 letter to the Commissioner for Trademarks, TFN objected to New Media’s application. RJN 46-49. New Media’s application was deemed abandoned on July 11, 2005, because New Media failed to respond to the office action pointing out the generic use of “freecycle.” RJN 50-51.

3. At first, Oey supported TFN’s efforts to assert trademark rights over the word “freecycle.” In fact, Oey was a principal drafter of TFN’s “usage guidelines,” which reflect TFN’s policy toward its claim of trademark rights. ER 42-43, ER 280-82. Oey also encouraged members of TFN to use the word “freecycle” carefully to avoid harming the potential trademark by continuing the established generic usage. ER 15-22.

At some point during 2005, however, Oey changed his mind about TFN’s strategy to assert trademark rights over “freecycle.” ER 30-31, 127-29, 136-41. Oey, who is not an attorney, now believes that TFN does not have trademark rights in “freecycle” and that TFN is wrong to seek control of local freecycling organizations through its “usage guidelines.” ER 27, 30-31, 127-29, 136-41. After Oey voiced these opinions in emails posted in public discussion groups on the Internet, TFN asked him to step down as a moderator of the freecyclesunnyvale online group. ER 4, 131, 133-34. Oey declined. ER 136.

In response, TFN removed the link to freecyclesunnyvale from TFN's web site. ER 84, 136. TFN also caused Yahoo! Corporation to terminate the freecyclesunnyvale discussion group in November 2005. See ER 85. Oey and other freecyclesunnyvale moderators then started a new Yahoo! online group called "sunnyvalefree." ER 81. On December 23, 2005, they also formally registered FreecycleSunnyvale as a California unincorporated association. ER 89-90.

C. Procedural Background

1. The dispute over TFN's assertion of trademark rights over "freecycle" has proceeded on several fronts. On January 18, 2006, FreecycleSunnyvale filed an action for declaratory relief against TFN in the Northern District of California. *FreecycleSunnyvale v. The Freecycle Network*, No. C06-00324 CW (N.D. Cal. filed Jan. 18, 2006). Among other things, FreecycleSunnyvale seeks a declaration of non-infringement or, in the alternative, that "freecycle" is generic. As the leading member of FreecycleSunnyvale, Oey is intimately involved in all aspects of the California action. ER 326-27.

Once TFN's trademark registration application was published for opposition, FreecycleSunnyvale filed an opposition to the application on the grounds that the term "freecycle" is generic—also, as it happens, on January 18. *FreecycleSunnyvale v. The Freecycle Network*, Opposition No. 91168664 (T.T.A.B. filed Jan. 18, 2006) (ER 70-77). At TFN's request, the opposition has

been suspended pending the outcome of the California action. RJN 11-16. Because the opposition proceeding has not concluded, the PTO has not issued a trademark registration to TFN or placed TFN's alleged trademarks on the Principal Register.

2. On April 4, 2006, TFN retaliated by filing the present action against Oey and his wife in the District of Arizona. ER 1-35. TFN alleges Lanham Act claims for contributory trademark infringement and trademark disparagement, as well as state-law claims for injurious falsehood, defamation, and tortious interference with business relations. *Id.* All of these claims depend upon TFN's assertion of trademark rights over "freecycle," and its displeasure that Oey now disagrees with that assertion and encourages others to continue the generic use of the word "freecycle" that preceded TFN's trademark campaign.

On April 19, 2006, TFN moved the Arizona district court for a preliminary injunction. In resisting that motion, Oey submitted numerous examples of the generic use of "freecycle" and its variants, including "freecycling," "freecycler," and "freecycled." The generic uses by TFN's Executive Director Deron Beal alone are voluminous, and include:

- (1) Beal's use of "freecycle" as a noun in emails dated June 23, 2004, and September 20, 2004 (ER 92-93);
- (2) his use of "freecycling" as a gerund in emails dated March 28, 2004, and July 27, 2004 (ER 95-98);

(3) his use of “freecycler” as a noun in emails dated June 7, 2004, August 14, 2004, and January 4, 2005 (ER 100-103);

(4) his use of “freecycle” as an adjective in emails dated October 5, 2004, and September 29, 2004 (ER 105-108) and

(5) his use of “freecycle” as a verb in emails dated June 17, 2004, and August 5, 2004 (ER 110-112).

Apparently, not even Beal can help using “freecycle” in its true generic sense.

In claiming a right to suppress Oey’s speech, TFN submitted telling examples of the speech it asserted was unlawful. Attached to TFN’s Complaint are email postings in which Oey encourages others to exercise their First Amendment rights to petition the government by writing to the PTO and objecting to TFN’s trademark registration application for “freecycle.” ER 28. Oey also opines that TFN does not have trademark rights in “freecycle” and that TFN is wrong to seek control of the grassroots freecycling movement by imposing its “usage guidelines.” ER 27, 33-35. Oey further encourages his readers to continue to use “freecycle” as a generic term and to complain to Yahoo! if online groups are deleted at TFN’s request. ER 27-, 28, 30. And Oey criticizes TFN’s refusal to allow TFN volunteers to discuss and vote on TFN’s “usage guidelines.” ER 30-31, 33-35.

D. The Preliminary Injunction Order.

The district court granted the preliminary injunction on May 12, 2006. ER 291-295. The court identified four considerations in finding that TFN “has a significant chance to succeed on the merits.” ER 294. First, the court credited TFN’s assertion that it has “a recognizable logo and name” that it has used over three years. ER 294. Second, the court mistakenly noted the “USPTO’s approval of publication in its Principal Register,” even though the PTO had only published TFN’s trademark registration application for opposition. ER 294. Third, the district court found it significant that Oey once “actively undertook to protect [TFN’s] trademark and logo.” ER 294. Fourth, the court found that, “after his separation from the organization, [Oey] began to publicly encourage the disparagement of the Freecycle trademark.” ER 294.

Although the district court’s order was not clear as to which claim for “trademark infringement or unfair competition under the Lanham Act” was likely to succeed, the injunction was limited to trademark disparagement (ER 295), and the court nowhere identified any direct infringement that might support TFN’s contributory infringement claim. *See, e.g., Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 264 (9th Cir. 1996) (contributory infringement imposes “liability for conduct that assists others in direct trademark infringement”). Because of this perceived likelihood of success, the district court presumed irreparable injury, citing only a decision of this Court that presumes irreparable injury where a valid

trademark is actually *infringed*. ER 294 (citing *El Pollo Loco, Inc. v. Hashim*, 316 F.3d 1032, 1038 (9th Cir. 2003)). The court also found that the balance of hardships tipped in favor of TFN because it might “suffer a loss of goodwill and confusion with respect to its trademark rights (*assuming* it does in fact have those trademark rights).” ER 294 (emphasis added). By contrast, the court perceived “very little cost” to Oey resulting from a prior restraint of any “public comments that *could* disparage [TFN’s] trademark.” *Id.* (emphasis added).

The district court enjoined Oey in these terms (ER 295 (emphasis added)):

Defendant is prohibited from making *any* comments that *could* be construed as to disparage upon Freecycle’s *possible* trademark and logo. Additionally, Defendant IS FURTHER ORDERED to remove all postings from the internet and any other public forums that he has previously made that disparage Freecycle’s *possible* trademark and logo. This Order specifically refers to, but is not limited to, the exhibits used by Freecycle in this case.

The district court denied Oey’s motion for reconsideration on June 5, 2006 (ER 317-18) and on June 19 denied his motion for a stay of the preliminary injunction pending appeal (ER 320). On June 20, 2006, the court stayed the Arizona action pending the outcome of the California action, but did not vacate the preliminary injunction. ER 321-29. Appellants’ motion to this Court for a stay of the preliminary injunction pending appeal will be fully briefed on July 14, 2006.

SUMMARY OF THE ARGUMENT

The preliminary injunction under appeal here is a broad and unjustified prior restraint on Oey's constitutional right to speak about TFN's effort to trademark the word "freecycle." The injunction bars Oey "from making *any* comments that *could* be construed as to disparage upon [TFN's] *possible* trademark and logo," going so far as to require him to remove his earlier comments from Internet. ER 295 (emphasis added). The injunction aims to stop Oey from publicly challenging the validity of TFN's trademark claims, and from encouraging others to engage in two entirely lawful activities: (1) using the word "freecycle" in its well-established generic sense, as TFN itself once did, and (2) petitioning the PTO to deny TFN's pending trademark application.

Prior restraints of speech are presumptively unconstitutional, and this one cannot overcome the presumption. At its core, Oey's speech is the purely noncommercial expression of an opinion. It is clearly noncommercial. Oey does not propose any type of commercial transaction; indeed, there is no evidence that his speech is designed to benefit him economically in any sense. And his opinions about TFN's trademark assertion cannot be false statements of fact. The legal status of TFN's claimed mark has never been adjudicated and, on this record, TFN is highly unlikely to succeed in appropriating the word "freecycle" to its private ends. TFN has provided no legal support for the novel idea that encouraging others to exercise their constitutional rights to petition the government violates any

law, much less amounts to trademark infringement or unfair competition. Nor has TFN provided support for the notion that encouraging the lawful noncommercial use of a trademark as a generic term somehow constitutes an illegal and enjoined act.

The district court restrained Oey's speech to protect a "possible" trademark interest in the term "freecycle," finding that TFN is likely to prevail on a claim for "trademark disparagement." To begin with, a "possible" trademark interest cannot possibly overcome a citizen's First Amendment right to dispute that possibility. In any event, the district court's conclusion was erroneous at every step. TFN has not shown that it has a trademark at all: it has not registered a trademark for "freecycle," and it did not present evidence sufficient to protect an unregistered mark. To the contrary, on the current record, "freecycle" is a generic term, or at best a descriptive term without evidence of secondary meaning—and thus is unprotectable. Moreover, there is no action for "trademark disparagement" under the Lanham Act. And even if such an action exists under some other applicable law—a showing that TFN never made—TFN could not prevail because the disparagement action requires a false statement. A statement taking one side of a live legal dispute cannot be "false" as a matter of law.

Not only is Oey likely to prevail in this action, but the other relevant factors further undercut the preliminary injunction here. While TFN did not demonstrate that Oey's speech would irreparably harm it, stripping Oey of his First Amendment

rights irreparably harms him in a way that outbalances the speculative harm that might befall TFN's trademark, if it had one. Finally, the public interest in open, robust discussion of matters of public concern weighs heavily against using the judicial power to silence Oey here. This prior restraint of core speech to protect a doubtful legal interest should be vacated.

ARGUMENT

The preliminary injunction order is an unconstitutional prior restraint of speech that should be reversed. To obtain a preliminary injunction, the moving party must show either probable success on the merits and a possibility of irreparable harm, or serious questions on the merits along with the balance of hardships tipping sharply in his favor. *Id.* The public interest is considered where, as here, the issue is of public importance. *Lopez v. Heckler*, 713 F.2d 1432, 1435 (9th Cir. 1983), *rev'd in part on other grounds*, 463 U.S. 1328 (1983).

As this Court has explained,

Generally, the grant or denial of a preliminary injunction will be reversed only where the district court abused its discretion or based its decision on an erroneous legal standard or on clearly erroneous findings of fact However, when a case involves free expression, “[w]e must make an independent examination of the whole record so as to assure ourselves that the judgment does not constitute a forbidden intrusion on the field of free expression.”

San Antonio Community Hosp. v. Southern California Dist. Council of Carpenters, 125 F.3d 1230, 1233 (9th Cir. 1997) (quoting *Old Dominion Branch*

No. 496, Nat'l Ass'n of Letter Carriers v. Austin, 418 U.S. 264, 282 (1974)). This heightened standard “reflects a deeply held conviction that judges ... must exercise such review in order to preserve the precious liberties established and ordained by the Constitution.” *Bose Corp. v. Consumers Union*, 466 U.S. 485, 510-11 (1984). Independent examination is especially necessary here because the district court failed to consider Oey’s free speech rights at all.

A. The Preliminary Injunction Is An Unconstitutional Prior Restraint Of Speech.

This Court should vacate the preliminary injunction preventing Oey from exercising core First Amendment rights. That injunction rests on a clearly erroneous legal and factual analysis that ignores those rights and unjustifiably assumes that TFN could prove trademark disparagement.

1. Prior Restraints of Speech Are Strongly Disfavored and Almost Never Constitutional.

Because they suppress speech before “an adequate determination that it is unprotected by the First Amendment” (*Pittsburgh Press Co. v. Pittsburgh Comm’n on Human Relations*, 413 U.S. 376, 390 (1973)), prior restraints “are the most serious and the least tolerable infringement on First Amendment rights.” *Nebraska Press Ass’n v. Stuart*, 427 U.S. 539, 559 (1976). As a consequence, “[a]ny system of prior restraint on expression comes to this Court with a ‘heavy presumption against its constitutional validity.’” *Vance v. Universal Amusement Co.*, 445 U.S. 308, 317 (1980) (internal quotation omitted). That presumption applies to

preliminary injunctions based upon claims of trademark disparagement. As the leading trademark treatise observes, “[b]ecause of the free speech dimensions of many product disparagement claims, the constitutional rule against ‘prior restraint’ will often pose an obstacle to a preliminary injunction.” 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 27:112 (4th ed. 2006) (citing *Vance*).

The preliminary injunction here is a textbook prior restraint. It prohibits Oey from “making *any* comments that *could* be construed as to disparage upon [*sic*] Freecycle’s *possible* trademark and logo,” at pain of being “held in contempt of court.” ER 295 (emphasis added). The phrases “could be construed” and “possible trademark” are telling. A full trial on the merits might well show that comments that *could* be construed as disparaging do not constitute trademark disparagement at all—not least because no such cause of action exists—and that a *possible* trademark is invalid. Indeed, as explained below, those outcomes are likely here, exacerbating the harm flowing from the restraint of Oey’s speech.

In *Vance*, the Supreme Court explained the constitutional shortcomings of prior restraints. In striking down a system permitting temporary injunctions against allegedly obscene films on “a showing of probable success on the merits,” 445 U.S. at 312, the Court used reasoning that fully applies here. First, as in *Vance*, the injunction here imposes a “prior restraint[] of indefinite duration” on comments “that have not been finally adjudicated” to violate any law. *Id.* at 316. Here, neither the validity of the trademark nor the fact of disparagement has been

finally adjudicated—and both issues are doubtful at best. Second, the *Vance* Court assumed that the injunction would subject the defendant “to contempt proceedings even if the film is ultimately found to be nonobscene” (*id.*); Oey similarly risks contempt regardless of the ultimate outcome of TFN’s claims. As the Court observed in *Vance*, “prior restraints [are] more onerous and more objectionable” even “than the threat of criminal sanctions after a film has been exhibited,” because criminal sanctions could not be imposed upon a film that was not actually obscene. *Id.* Here, Oey risks contempt without any adjudication favoring TFN’s trademark claim or condemning his opinions as unlawful.

The logic of *Vance* is “relevant to all speech restrictions, not just obscenity law.” Mark A. Lemley & Eugene Volokh, *Freedom of Speech and Injunctions in Intellectual Property Cases*, 48 DUKE L.J. 147, 173 (1998). As the Court explained, “any system of prior restraints” is presumptively unconstitutional. 445 U.S. at 317 (emphasis in original). Courts have followed this logic and refused to impose preliminary injunctions against speech disparaging products, businesses, and individuals. *See, e.g., Cohen v. Advanced Medical Group of Georgia, Inc.*, 496 S.E.2d 710, 711 (Ga. 1998) (reversing interlocutory injunction based upon defendant’s “disparaging statements” about plaintiff’s business “on the ground that it constitutes an impermissible prior restraint”); *St. Margaret Mercy Healthcare Centers, Inc. v. Ho*, 663 N.E.2d 1220, 1223-24 (Ind. App. 1996) (holding that preliminary injunction against alleged libel of doctor was an unconstitutional prior

restraint); *Gilbert v. National Enquirer, Inc.*, 51 Cal. Rptr. 2d 91, 96-97 (Cal. App. 1996) (“prior restraints are not permitted to stop the publication of a defamatory statement”); *Paradise Hills Assocs. v. Procel*, 1 Cal. Rptr. 2d 514, 519 (Cal. App. 1991) (reversing injunction prohibiting criticism of company’s residential development because “[a] preliminary injunction is a prior restraint”); *Isuzu Motors Ltd. v. Consumers Union of U.S., Inc.*, 12 F.Supp.2d 1035, 1049 (C.D. Cal 1998) (dismissing claim for injunction against future product disparagement because “[s]uch an injunction would necessarily precede an adequate determination that a particular statement by defendant was ... disparaging”).

The Northern District of California applied the same reasoning to a Lanham Act false advertising claim. *J.K. Harris & Co. v. Kassel*, 253 F.Supp.2d 1120 (N.D. Cal. 2003). There, the court modified a preliminary injunction to exclude speech whose falsity was disputed. Although plaintiff demonstrated “a serious question going to the merits of whether Defendants have violated section 43 of the Lanham Act,” the injunction could not stand “because enjoining these statements prior to an adjudication of their truth or falsity would suppress arguably protected speech.” *Id.* at 1129. The reasoning of *Vance* and cases following *Vance* applies equally to alleged trademark disparagement: it is an unconstitutional prior restraint

to preliminarily enjoin speech that allegedly disparages a trademark prior to a full determination that all the enjoined speech is factually false.²

2. Oey's Contested Comments Are Entitled To Full First Amendment Protection.

The preliminary injunction invokes “the exhibits used by [TFN]” as examples of prohibited speech. ER 295. Reference to those exhibits makes the unconstitutionality of the injunction crystal clear. Oey (1) offered his lay opinion that “it is legal for everyone to use the term freecycle” (ER 27); (2) encouraged others to petition the government, observing that, “[i]f you feel that the term freecycle is generic, you can let the USPTO know by sending a letter” (ER 28); and (3) acknowledged that he has “encouraged people to use freecycle as a generic term,” a lawful use of language (ER 30). Each of these statements is core speech entitled to full First Amendment protection. The district court provided no sound reason to deny that protection here, and none is available.

² This Court’s decision in *San Antonio Community Hosp. v. Southern Cal. Dist. Council of Carpenters*, 125 F.3d 1230 (9th Cir.), *reh’g en banc denied* 137 F.3d 1090 (9th Cir. 1998), is consistent with this conclusion. In *San Antonio*, this Court upheld a preliminary injunction prohibiting a hospital labor union from displaying a sign claiming “this medical facility is full of rats.” *Id.* at 1233. The preliminary injunction was not a prior restraint because “the district court correctly *found* that the Union’s display of the banner was fraudulent”; there were, in fact, no rats. *Id.* at 1239 (emphasis added). Additionally, the injunction was “narrowly tailored” to reach only the particular display that had been found fraudulent. *Id.* This starkly contrasts with the preliminary injunction at issue here, which applies to future speech that “could be construed” as disparaging, with no limitations to false statements of fact (as opposed to true but negative statements, or statements of opinion), and no findings that any particular statement would be factually false.

First, the preliminary injunction is both content- and viewpoint-based, and therefore presumptively invalid. See *R.A.V. v. City of St. Paul*, 505 U.S. 377, 382 (1992). This Court has recognized that trademark regulation presents “a content-based restriction.” *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1016 (9th Cir. 2004), *cert. denied* 544 U.S. 974 (2005) (internal quotation omitted) (“prohibited use of the mark is a content-based restriction”). But even if, as another panel of this Court once suggested, the proscription of trademark *infringement* is content-neutral, see *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1403 n.11 (9th Cir. 1997) (citing *Dallas Cowboys Cheerleaders, Inc. v Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir 1979)), the purported prohibition against trademark “*disparagement*” at issue here is plainly content-based because liability is predicated upon the viewpoint as well as the content of speech. See *Ward v. Rock Against Racism*, 491 U.S. 781, 791 (1989) (regulations only content-neutral if “justified without reference to the content of the regulated speech”) (internal quotations omitted). The trademark disparagement theory accepted by the district court is viewpoint-based as well, proscribing only comments that disparage TFN’s purported trademark interest, not those that support TFN’s position in the ongoing trademark validity proceedings. Thus, as in *Nissan*, the injunction here “is also viewpoint based because it only prohibits *disparaging* remarks and *negative* commentary.” 378 F.3d at 1016 (emphasis in original).

Content-based restrictions of speech are valid in only “a few limited areas.” *R.A.V.*, 505 U.S. at 382-83 (providing examples of obscenity, fighting words, and defamation). As explained below, Oey’s speech does not fall within any of these traditional exceptions—and, on this record, does not come close. Viewpoint-based restrictions are particularly nefarious, amounting to “an egregious form of content discrimination” that “more blatant[ly]” violate the First Amendment. *Rosenberger v. Rector and Visitors of University of Virginia*, 515 U.S. 819, 829 (1995). The injunction’s viewpoint discrimination is pronounced, as it silences Oey’s voice in the open debate over the existence (and the wisdom) of a trademark for the term “freecycle.” To use asserted trademark rights to punish noncommercial opinion speech before trial would transform them “from rights against unfair competition to rights to control language.” *Nissan*, 378 F.3d at 1017 (quoting Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1710-11 (1999)). That is something that the Constitution flatly forbids.

A finding of content neutrality would not save the preliminary injunction. Content-neutral restrictions must “leave open ample alternative channels for communication of the information.” *Ward*, 491 U.S. at 791 (internal quotation omitted). The preliminary injunction order completely prohibits Oey from publicly expressing his opinion that freecycle is a generic term.

Second, the district court did not and could not find that Oey’s comments were commercial and thus “subject to greater governmental regulation than

noncommercial speech.” *Cincinnati v. Discovery Network, Inc.*, 507 U.S. 410, 426 (1993). Commercial speech at its core is speech that “does no more than propose a commercial transaction.” *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 66 (1983) (internal quotation omitted). Speech beyond this core is not purely commercial and is “entitled to full First Amendment protection.” *Nissan*, 378 F.3d at 1017 (internal quotation omitted). This Court has extended that protection even to disparaging speech that may cause economic harm, having “never adopted an ‘effect on commerce’ test to determine whether speech is commercial.” *Id.* Indeed, in *Bose Corp. v. Consumers Union*, 466 U.S. 485 (1984), the Supreme Court extended full First Amendment protection to product disparagement taking place in a magazine for which product reviews were the primary selling point.

TFN has neither cited a single instance of Oey’s speech that proposes a commercial transaction nor suggested any economic motive for his comments. Oey is strictly a volunteer and has never made a dime from freecycling. ER 81. Oey’s case is thus stronger than the defendant’s in *Nissan*. There, this Court reversed a permanent injunction prohibiting defendant from including links from his commercial website to other sites containing disparaging commentary about products protected by plaintiff’s registered trademarks. 378 F.3d at 1015-18. The Court held that providing these links was not commercial speech, but rather informational opinion speech reflecting “a point of view that we believe is protected.” *Id.* at 1017. Here, Oey challenges a *preliminary* injunction based on

speech that has *no connection* to commercial activity, but rather reflects his opinions on the validity of an *unregistered* and *contested* trademark. Under *Nissan*, the injunction here cannot stand.

Third, Oey's allegedly disparaging comments are statements of opinion that are protected by the First Amendment unless they "imply a false assertion of fact." *Milkovich v. Lorain Journal Co.*, 497 U.S. 1, 19 (1990). A statement cannot be "a false assertion of objective fact" that "fall[s] outside of the protection of the First Amendment" unless "the statement in question is susceptible of being proved true or false." *Partington v. Bugliosi*, 56 F.3d 1147, 1153 (9th Cir. 1995). Indeed, because TFN's aggressive self-promotion unquestionably has rendered it a public figure, the statement not only would have to be provably false, but the speaker, Oey, would have to have made it with actual malice, *i.e.*, with actual knowledge of the statement's falsity or reckless disregard for its truth. *See Bose*, 466 U.S. at 511-14 (applying actual malice standard to product disparagement claim); *see also*, *e.g.*, *Avins v. White*, 627 F.2d 637, 649 (3d Cir. 1980) ("[P]rivate persons ... are equally protected by the requirement that false comment about public figures must be knowing or in reckless disregard of the truth in order to be actionable.") (quotation omitted); *Rattray v. City of National City*, 51 F.3d 793, 800 (9th Cir. 1994) (applying actual malice standard to nonmedia defendant).

The district court focused on Oey's "public remarks disagreeing with the validity [of TFN's] trademarks." ER 292. But those comments are not—and

cannot be—false and misleading such that a prior restraint might be supportable. *Cf. San Antonio Community Hosp.*, 125 F.3d at 1233-39 (preliminary injunction against libel in labor dispute affirmed where extensive evidence supported conclusion that speech about a simple demonstrable fact—the presence of rats in a hospital—was so misleading as to be fraudulent).

Oey has merely expressed his lay opinion about a contested legal issue, an opinion that cannot be false. As this Court has recognized, “[a]bsent a clear and unambiguous ruling from a court or agency of competent jurisdiction, statements by laypersons that purport to interpret the meaning of a statute or regulation are opinion statements, and not statements of fact.” *Coastal Abstract Service, Inc. v. First American Title Ins. Co.*, 173 F.3d 725, 731 (9th Cir. 1999). Moreover, as in *Coastal Abstract*, “the correct application” of the law is “not knowable to the parties” here, as the proceedings to determine the validity of TFN’s trademark claims have not reached a conclusion. *Id.* at 732. And, as explained more fully below, in the district court TFN made at best a cursory and incomplete showing that its trademark claims are plausible, much less valid. As such, Oey’s statements contesting TFN’s trademark assertions could not possibly reflect actual malice. Those statements are therefore statements of pure opinion entitled to full First Amendment protection.

Fourth, to the extent they advocate that others take action, Oey’s comments encourage only lawful, constitutionally protected activity. Advocacy loses First

Amendment protection only when it “is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.” *Brandenburg v. Ohio*, 395 U.S. 444, 447 (1969) (emphasis added). None of Oey’s comments encourage lawless action, much less imminent lawless action. Contacting the PTO about a pending trademark application is not only lawful but is protected by the First Amendment right to petition “all departments of the Government.” *BE&K Const. Co. v. N.L.R.B.*, 536 U.S. 516, 525 (2002).

The general public also may lawfully use even real trademarks in their generic sense, even though that usage may render term itself generic so that it loses trademark protection through the process known as “genericide.” *See AmCan Enterprises Inc. v. Renzi*, 32 F.3d 233, 234 (7th Cir. 1994) (noting that “‘yellow pages’ has become a generic term”). Indeed, the Lanham Act explicitly recognizes that a trademark registration, even an “incontestable” registration, will be cancelled if the trademark becomes generic. 15 U.S.C. §§ 1064(3), 1065. *See generally* 2 MCCARTHY, *supra*, at §§ 17:8 (describing how a trademark may become generic through usage). But courts cannot interfere with this speech. A “trademark owner” simply has no recourse “against purely generic or nominative uses of the term that do not serve to distinguish goods or services.” *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 964 (C.D. Cal. 1997) *aff’d*, 194 F.3d 980 (9th Cir. 1999). *See generally* Stacey L. Dogan & Mark A. Lemley,

Trademarks and Consumer Search Costs on the Internet, 41 HOU. L. REV. 777, 805-11 (2004) (collecting authorities).

Finally, the First Amendment contains no exception for a speaker's change of heart. The district court found it significant, if not determinative, that Oey—when he acted as a TFN volunteer—“actively undertook to protect [TFN's purported] trademark and logo.” ER 294. But neither TFN nor the court has provided any legal basis for imposing an estoppel—and an exception to free speech rights—whenever a layperson changes his mind about an unresolved legal issue (or, for that matter, about anything else).

Such an estoppel—especially one that forfeits constitutional protection for expressing a changed opinion—would be absurd in a constitutional system based upon a free marketplace of ideas. *See Abrams v. U.S.*, 250 U.S. 616, 630 (1919) (Holmes, J., dissenting) (stating that “the theory of our Constitution” is “the best test of truth is the power of the thought to get itself accepted in the competition of the market.”). Oey's own change of heart was motivated by the words and actions of other freecyclers he admired. *See Oey Decl.* ¶¶ 18-20. Preventing Oey from expressing his changed opinion would effectively lock him in to one side in a heated public debate and frustrate the freecycling movement's ability to make an intelligent decision regarding the wisdom of the trademark initiative. That Oey was once prominently involved in TFN's trademark initiative *increases* the First Amendment value of his speech. As the Supreme Court has observed, it is

essential that “members of a community most likely to have informed and definite opinions ... [be] able to speak out freely on such questions.” *Pickering v. Board of Ed. of Township High School Dist. 205, Will Cty.*, 391 U.S. 563, 572 (1968).

Just as a court does, Oey has “discretion to see things differently” (*Nissan*, 378 F.3d at 1010) without falling afoul of the law or forfeiting his constitutional rights. Even judges change their mind on legal issues. If a judge may correct a “mistake of judgment,” *Moldea v. New York Times, Inc.*, 22 F.3d 310, 311 (D.C. Cir. 1994) (Edwards, J.) (changing decision), surely a layman like Oey may change his mind without permitting others to rely conclusively on the views he has since abandoned, regardless of their legal merits. “Wisdom too often never comes, and so one ought not to reject it merely because it comes late.” *Id.* (quoting *Henslee v. Union Planters Nat. Bank & Trust Co.*, 335 U.S. 595, 600, 69 S.Ct. 290, 293, 93 L.Ed. 259 (1949) (Frankfurter, J., dissenting)). TFN’s trademark claims must stand on their own doubtful merits, not on what Oey once said about them, and he may not be silenced by his own past errors.

3. TFN Has Not Shown That It Is Likely To Succeed On Its Claims.

The district court granted the preliminary injunction on the basis of the “trademark disparagement” claim that TFN asserted under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). As explained above, the injunction does not pass muster under the First Amendment. But neither can it survive independent of

constitutional considerations. On this record, TFN did not and cannot show a likelihood that it has a protectable trademark interest *or* that Oey engaged in unfair competition proscribed by Section 43(a). In short, TFN has no trademark, trademark “disparagement” does not violate the Lanham Act, and calling into question an unregistered trademark of disputed status does not unlawfully “disparage” a trademark under any plausible standard. On this record, the merits of TFN’s trademark disparagement claim are far too weak to support any preliminary relief, much less a prior restraint of speech.

a. TFN Does Not Have A Protectable Trademark Interest

There are three ways to show a protectable trademark interest. A trademark is protectable if (1) it is registered on the Principal Register and thus benefits from a statutory presumption of validity; (2) it is inherently distinctive; or (3) it is descriptive but has acquired secondary meaning. TFN’s effort to appropriate the word “freecycle” did not and cannot meet any of these standards.

(1) *The “Freecycle” Mark Is Not Registered.*

Federal trademark registration on the Principal Register creates a statutory presumption of validity and ownership. 15 U.S.C. §§ 1057(b), 1115(a). But TFN has not been able to register its purported mark. All that happened here was that TFN’s alleged marks were published for opposition in the Official Gazette. Publication is public notice of an “otherwise registrable” trademark, so that those

who “would be damaged by the registration” may file an opposition. 15 U.S.C. §§ 1062, 1063. After publication, a trademark may be registered, “[u]nless the mark is successfully opposed.” 15 U.S.C. § 1063. Here, FreecycleSunnyvale timely filed an opposition, and TFN moved to suspend the opposition pending the outcome of the California action. TFN therefore cannot rely on registration for the statutory presumption of a protectable trademark interest.

(2) *The “Freecycle” Term Is Not Inherently Distinctive.*

TFN also lacks a protectable common-law trademark interest in the word “freecycle.” To determine whether an unregistered trademark is protectable, the mark first must be categorized as “(1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; [or] (5) fanciful.” *Yellow Cab Co./Sacramento v. Yellow Cab/Elk Grove*, 419 F.3d 925, 927 (9th Cir. 2005). Suggestive, arbitrary, and fanciful terms are entitled to trademark protection without a showing of secondary meaning because they are inherently distinctive (*id.*); that is, “their intrinsic nature serves to identify a particular source of a product.” *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). Descriptive terms may acquire trademark protection if they have acquired secondary meaning, but generic terms may never be protected as trademarks. *See Yellow Cab*, 419 F.3d at 927; *Filipino Yellow Pages, Inc. v. Asian Journal Publications, Inc.*, 198 F.3d 1143, 1146-47 (9th Cir. 1999); *Kendall-Jackson Winery v. E. & J. Gallo Winery*, 150 F.3d 1042, 1047 (9th Cir. 1998);

Surgicenters of America, Inc. v. Medical Dental Surgeries Co., 601 F.2d 1011, 1014-1015 (9th Cir. 1979). See generally 2 MCCARTHY, *supra*, at §§ 11:1-2. The proponent of an unregistered putative trademark bears the burden of proving that the mark is valid. *Yellow Cab*, 419 F.3d at 928.

“Freecycle” is not inherently distinctive because it is not fanciful, arbitrary or suggestive. A fanciful term is one coined solely to distinguish a product or service, and must “involve a high degree of imagination”; while arbitrary terms require somewhat less imagination, they must “have no relevance to any feature or characteristic of a product.” *Kendall-Jackson*, 150 F.3d at 1047 n.8; see generally 2 MCCARTHY, *supra*, at §§ 11:4-5, 11-12. TFN has never contended that “freecycle” meets either of these tests.

Nor is “freecycle” a suggestive term. A suggestive term does not directly describe a product or service but, instead, requires imagination or mental steps to connect the term with the product or service. See *Kendall-Jackson.*, 150 F.3d at 1047 n.8. As this Court has explained, “Passion” for a perfume is suggestive because “[t]he most obvious way to describe a perfume is by its scent: Musky, for instance. It takes a mental leap to imagine that the scent provokes a particular emotion, like ‘Passion.’ ” *Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 59 F.3d 902, 911 (9th Cir. 1995). See generally 2 MCCARTHY, *supra*, §§ 11:64, 11:67.

“Freecycle” is not suggestive. Particularly among the relevant audience of freecyclers, a listener needs no mental steps or imagination to connect the term “freecycle” with the activity of giving an item away freely to recycle it. Thus, “Freecycle” is the name that directly identifies the activity rather than a particular source. When TFN’s Executive Director uses “freecycle” and its variants in their generic sense to refer to the activity and its participants (*see* ER 92-112; *see also* pp. 8-9, *supra*), his meaning is easily understood without the use of any imagination.

(3) *TFN Has Not Shown That “Freecycle” Is A Descriptive Term That Has Acquired Secondary Meaning.*

If “freecycle” were descriptive rather than generic, the term might support a protectable trademark interest only if it also had acquired secondary meaning. *See Yellow Cab*, 419 F.3d at 927; *Filipino Yellow Pages*, 198 F.3d at 1147. But “freecycle” is not descriptive, and TFN did not show that the term has acquired secondary meaning.

“Descriptive marks define a particular characteristic of the product in a way that does not require any exercise of the imagination.” *Yellow Cab*, 419 F.3d at 927 (internal quotations and citations omitted).³ But “freecycle” is not a

³ *See Kendall-Jackson*, 150 F.3d at 1047 n.8 (descriptive terms “define qualities or characteristics of a product in a straightforward way that requires no exercise of the imagination to be understood.”); *Self-Realization Fellowship Church*, 59 F.3d at 910 (“A trademark is descriptive if it describes the product to which it refers or its

descriptive term because it merely names an activity—giving away an item for free—that may be conducted in many ways and for different purposes. “Freecycle” combines the words “free” and “recycle” to name the activity, but does not describe how or why an unwanted item is given away.⁴

Even if “freecycle” were descriptive, TFN failed to show that the word has secondary meaning. “[A] mark has secondary meaning ‘when, in the minds of the public, the primary significance of a mark is to identity the source of the product rather than the product itself.’ ” *Grupo Gigante S.A. de C.V. v. Dallo & Co., Inc.*, 391 F.3d 1088, 1095 (9th Cir. 2004) (quoting *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 211 (2000)). The Court examines these factors to assess whether secondary meaning exists: “(1) whether actual purchasers of the product bearing the claimed trademark associate the trademark with the producer, (2) the degree and manner of advertising under the claimed trademark, (3) the length and manner of use of the claimed trademark, and (4) whether use of the claimed trademark has been exclusive.” *Yellow Cab Co./Sacramento*, 419 F.3d at 930 (quoting *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1355 (9th Cir. 1985

purpose.”). *See also In re Northland Aluminum Products, Inc.*, 777 F.2d 1556, 1559 (7th Cir. 1985) (“Evidence of the public’s understanding of the term may be obtained from any competent source, such as consumer surveys, dictionaries, newspapers and other publications.”); 2 MCCARTHY, *supra*, § 11:19 to 11:21 (tests of descriptiveness applied from perspective of consumer).

⁴ The combination of words in “The Freecycle Network” may present different issues.

(en banc)). *See also Filipino Yellow Pages*, 198 F.3d at 1151 (citing 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 15:30 (4th ed. 1997)).

TFN presented no evidence that “freecycle” has acquired secondary meaning. Such proof, usually provided by consumer surveys, *Committee for Idaho’s High Desert v. Yost*, 92 F.3d 814, 822 (9th Cir. 1996), would have to show that consumers associate the word “freecycle” with a single *source* of freecycling —*i.e.*, TFN. *See Grupo Gigante*, 391 F.3d at 1095. There is no consumer testimony or survey evidence, or anything else indicating consumer perceptions associating “freecycle” solely with TFN.

The best TFN could do was point to a Google search that turned up several articles that mentioned TFN. But Internet search engine rankings do not “indicate[] that consumers associate” a term “with a single source of services.” *DeGidio v. West Group Corp.*, 191 F. Supp. 2d 904, 915 (N.D. Ohio 2002). At most, the search results show that TFN has been successful in promoting itself as a freecycling leader; they do “not show, however, that many consumers have actually found or searched for” TFN using “freecycle” “such that [the term] has become associated with [TFN] in the public mind.” *Shade’s Landing, Inc. v. Williams*, 76 F. Supp. 2d 983, 989 (D. Minn. 1999) (noting that “[t]he high placement of plaintiff’s web site in search engine listings shows that plaintiff has gone to great lengths to register it with search engine providers and to use effective metatags”).

Indeed, TFN did not even submit any evidence of exclusive use. TFN has used “freecycle” since May 1, 2003. ER 41. But even that use was not exclusive. Not only did New Media try to trademark the term itself, but the PTO rejected New Media’s application for “freecycle” on the ground that the term was used generically. RJN 22; see pp. 5-6, *supra*. That generic use strongly indicates that the freecycling community does not associate the term “freecycle” with a single source of freecycling.

(4) *On This Record, “Freecycle” Is A Generic And Therefore Unprotectable Term.*

In fact, “freecycle” is a generic term that cannot be trademarked. A generic term refers to the “genus of which the particular product or service is the species.” *Filipino Yellow Pages*, 198 F.3d at 1146 (internal quotation omitted). In other words, a generic term “answers the question ‘What are you?’” rather than “‘Who are you?[,]’ ‘Where do you come from?’ [or] ‘Who vouches for you?’” *Id.* at 1147. Whether a term is generic is viewed from the perspective of the consumer, *Yellow Cab*, 419 F.3d at 929, and a trademark proponent bears the burden of proving that the term is *not* generic. *Filipino Yellow Pages*, 198 F.3d at 1146.

TFN did not address—much less carry—that burden. And it could not do so if it tried. The freecycling service provided by thousands of local freecycling groups—and the extensive use of the various forms of the word “freecycle” by their members, the press, and TFN’s Beal—makes clear that “freecycle” names the

activity of freecycling, not a Tucson coordinator of some of the online groups where freecycling activities take place. Moreover, as a combination of the words “free” and “recycle,” “freecycle” is analogous to the word “surgicenter” held to be generic in *Surgicenters*. It merely takes “two generic terms and combine[s] them into a term which is still generic,” 601 F.2d at 1015, as the new term still describes the service or activity, not its provider. *See generally* 2 MCCARTHY, *supra*, § 12:1. Here as in *Surgicenters*, considerable evidence of actual generic usage bolsters that fact, see *Filipino Yellow Pages*, 198 F.3d at 1148 (noting that linguistic analysis was bolstered by evidence of public usage and perception in *Surgicenters*).

Moreover, the use by a trademark claimant of the claimed term in its generic sense provides particularly “strong evidence” that the term is in fact generic. *Retail Services, Inc. v. Freebies Publishing*, 364 F.3d 535, 545 (9th Cir. 2004) (quoting 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 12:13 (4th ed. 2003)). *See also Self-Realization Fellowship Church*, 59 F.3d 902, 907 (9th Cir. 1995) (emphasizing trademark claimant’s generic use of mark). TFN’s executive director, Beal, has used almost every conceivable variant of “freecycle” in a generic sense. See ER 91-112; see also pp. 8-9, *supra*. That generic use should end the discussion, but surely suffices to undercut any prospect of success so as to render insupportable a preliminary injunction against questioning the validity of TFN’s claimed trademark.

b. TFN Has Not Shown That Oey Engaged In Unfair Competition.

Even if TFN had a protectable trademark interest, the Lanham Act provides no basis to enjoin “disparagement” of a *trademark*. TFN asserts that Section 43(a) of the Lanham Act supports its trademark disparagement claim, but that is not so. Every act prohibited by Section 43(a) must be directed at the goods or services of the plaintiff, the defendant, or both. Speech directed against the validity of a putative trademark does not fall within those proscriptions.

TFN’s (and the district court’s) sole authority is *Big O Tire Dealers, Inc. v. The Goodyear Tire & Rubber Co.*, 561 F.2d 1365 (10th Cir. 1977). ER 36-39, 231-235. In that case, however, the Tenth Circuit based the trademark disparagement claim, not on the Lanham Act, but on decisions addressing a common-law claim for “slander of title.” *Id.* at 1373-74 (citing *Landstrom v. Thorpe*, 189 F.2d 46 (8th Cir. 1951); *Zimmerman v. Hinderlider*, 97 P.2d 443 (Colo. 1939); *McNichols v. Conejos-K Corp.*, 482 P.2d 432 (Colo. App. 1971)).

As this Court has recognized, the Lanham Act “does not prohibit a broad range of acts defined as unfair competition by the law of many states.” *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 792 (9th Cir. 1981). And nothing in *Big O Tires* stands for the proposition that a “slander of title” trademark disparagement claim is a species of unfair competition that is actionable under Section 43(a). To

the contrary, the courts in *Big O Tires* treated the “slander of title” disparagement claim as a claim under Colorado *state* law, not under the Lanham Act.⁵

In any event, no part of Section 43 supports a “slander of title” trademark disparagement cause of action, much less one against noncommercial speech like Oey’s. TFN complains only that Oey publicly denies that TFN has a trademark on the word “freecycle,” and encourages others to use the word to refer generically to the activity of freecycling. That cannot be trademark infringement under Section 43(a)(1)(A), which requires the use in commerce of another’s trademark in a way that would misrepresent an association between the mark holder and the alleged infringer’s “goods, services, or commercial activities.” 15 U.S.C. § 1125(a)(1)(A). No use of “freecycle” that Oey is alleged to have made has anything to do with his “goods, services, or commercial activities,” much less with any effort to associate them with TFN (or encourage others to associate their goods or services with TFN). In any event, standing to bring a trademark infringement action requires “commercial injury based upon the deceptive use of a trademark or its equivalent.” *Jack Russell v. American Kennel Club*, 407 F.3d 1027, 1037 (9th Cir. 2005) (citations omitted). Nothing in the record indicates that TFN suffered “commercial

⁵ See *Big O Tires*, 561 F.2d at 1374 (rejecting argument that “district court’s determination of Colorado law is clearly wrong”); *Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber*, 408 F. Supp. 1219, 1224, 1247 (D. Colo. 1976); see also *Trovan, Ltd. v. Pfizer, Inc.*, 2000 WL 709149, at * 26 (C.D. Cal. May 24, 2000) (*Big O Tires* based on “Colorado’s ‘trademark disparagement’ jurisprudence”).

injury” due to any deceptive use of TFN’s alleged trademarks for Oey’s own goods or services (or, for that matter, from any other cause related to Oey).

The “false advertising” action available under Section 43(a)(1)(B) of the Lanham Act likewise does not encompass the “slander of title” trademark disparagement action that TFN asserts against Oey here. False advertising must “misrepresent[] the nature, characteristics, qualities, or geographic origin” of the defendant’s “goods, services, or commercial activities.”⁶ 15 U.S.C. § 1125(a)(1)(B). In addition, standing to assert a false advertising action under Section 43(a)(1)(B) requires “(1) commercial injury based upon a misrepresentation about a product; and (2) that the injury is ‘competitive,’ or harmful to plaintiff’s ability to compete with the defendant.” *Jack Russell*, 407 F.3d at 1037. But TFN’s trademark disparagement claim does not involve any *competitive* injury, but is merely aimed at criticism (and genericide) of the mark itself.

⁶ Thus, there is authority for the proposition that the 1988 amendments to the Lanham Act added a disparagement claim to § 43(a). *See* RESTATEMENT (THIRD) UNFAIR COMPETITION § 2 cmt. c (1995). This so-called commercial disparagement claim, however, is a *product* disparagement claim about “another person’s” products or services that was added under the false advertising prong of § 43(a)(1)(B). *See U.S. Healthcare v. Blue Cross of Gr. Philadelphia*, 898 F.2d 914, 921-23 (3d Cir.) (quoting language added by amendment), *cert. denied*, 498 U.S. 816 (1990). This *product* disparagement claim bears no relation to the Colorado “slander of title” cause of action advanced here because TFN does not allege or show that Oey made false statements about TFN’s goods or services.

TFN has never shown that the *Big O* “slander of title” trademark disparagement is valid under the law of any State relevant here. But even if an action for “slander of title” trademark disparagement did exist under applicable law, TFN did not show that it could prevail on that claim. “Slander of title” trademark disparagement requires a false statement, malice, and special damages. *See Big O Tires*, 561 F.2d at 1373. As noted above, however, there can be no false statement because the absence of adjudicated trademark rights leaves no “fact” to misrepresent. TFN provided no evidence of Oey’s malice; unlike the defendant in *Big O Tires*, Oey does not claim rights to the alleged mark, or use it in a commercial context, much less suggest that he is the sole source of “freecycling” services. ER 127-29. And there is no evidence of special damages linking Oey’s lay opinions to TFN’s reduced corporate sponsorships. *See* ER 43.

c. TFN Did Not Show A Probability Of Success Under Other Theories Of Liability.

TFN provided no evidence that would support an alternate basis to support the preliminary injunction. Oey’s lay opinions about the trademark status of “freecycle” cannot constitute infringement because Oey’s use of “freecycle” is not likely to confuse or mislead consumers about any product or service. *See M2 Software, Inc. v. Madacy Entertainment*, 421 F.3d 1073, 1080 & n.5 (9th Cir. 2005) (claims for trademark infringement or unfair competition under any source of law must establish likelihood of confusion). The trademark infringement and

false designation of origin laws do not apply” to uses of a mark “in a ‘non-trademark’ way—that is, in a way that does not identify the source of a product.” *Interactive Products Corp. v. a2z Mobile Office Solutions, Inc.*, 326 F.3d 687, 695 (6th Cir. 2003). There is no evidence that Oey uses “freecycle” to identify or distinguish a web site, an online group, a product, or a service. TFN’s contributory infringement claims are unsound for the same reason, as TFN provided no evidence that any third party encouraged by Oey had used “freecycle” in a manner likely to confuse or mislead consumers, and without direct infringement there can be no contributory infringement. *See Fonovisa*, 76 F.3d at 264.

Nor can Oey’s non-commercial opinions support an injunction based on TFN’s state-law claims for injurious falsehood or defamation. Those actions require proof of a false statement. *Aldabbagh v. Dept. of Liquor Licenses*, 783 P.2d 1207, 1213 (Ariz. App. 1989) (claim for injurious falsehood must allege “statements were false” and defendant “knew they were false”); *Morris v. Warner*, 770 P.2d 359, 366 (Ariz. App. 1988) (defamation requires “false statement”). As explained above, there can be no false statement about the status of TFN’s unadjudicated trademark rights.

B. TFN Did Not Establish That It Would Be Irreparably Harmed By Oey’s Speech.

TFN did not show that it would be irreparably harmed by Oey’s continued speech. Accordingly, the district court did not identify any evidence of irreparable

harm and, indeed, there was none. Rather, the court relied exclusively on a presumption of irreparable harm that attends a showing of trademark *infringement*. ER 294 (citing *El Pollo Loco, Inc. v. Hashim*, 316 F.3d 1032, 1038 (9th Cir. 2003)). But the court also identified no evidence of infringement, and did not enjoin any infringing activity; rather, it enjoined only speech that might “disparage” TFN’s “possible trademark.” The presumption of irreparable harm does not apply in these circumstances, and without it TFN has not shown irreparable harm at all.

C. The Balance Of Hardships Clearly Favors Oey.

This Court presumes that deprivation of a constitutional right causes irreparable injury. *See Warsoldier v. Woodford*, 418 F.3d 989, 1001-02 (9th Cir. 2005). That presumption fully applies to the silencing of Oey here. By contrast with that presumption, the district court’s balancing of hardships assigned no value to Oey’s First Amendment rights. As the district court saw the matter, Oey is “merely prohibited from making public comments.” ER 294. But “making public comments” is the central activity protected by the First Amendment. Muzzling Oey’s voice in the debate over the future of freecycling imposes a constitutionally significant hardship.

As another district court in this Circuit recently recognized, the hardship flowing from the suppression of even “arguably protected speech” prevents “the balance of hardships” from tipping “decidedly in Plaintiff’s favor” even if there is

a “serious question going to the merits of ...[a claim under] section 43 of the Lanham Act.” *J.K. Harris & Co.*, 253 F.Supp. 2d at 1129. Here, where TFN has raised no serious question of liability under the Lanham Act, the balance tips still more pronouncedly in Oey’s favor.

To support its contrary conclusion, the district court merely speculated that TFN “could very well suffer loss of good will and confusion with respect to its trademark rights (assuming it does in fact have those trademark rights).” ER 294. TFN submitted no evidence of either good will associated with the asserted mark, or of consumer confusion resulting from Oey’s activities. Although TFN complains that one corporate sponsor reduced its support (ER 43), TFN provided no evidence that Oey’s comments caused that reduction. Oey’s right to speech cannot be subordinated to a speculative loss.

D. The Public Interest Is Promoted By Open, Robust Discussion Of Intellectual Property Rights.

The “core value of the Free Speech Clause of the First Amendment” is “having free and unhindered debate on matters of public importance.” *Pickering v. Board of Ed. Of Tp. High School*, 391 U.S. at 563, 573 (1968). Criminal or civil sanctions may chill debate, but prior restraints “freeze it.” *Nebraska Press*, 427 U.S. at 559. If this order is sustainable, not just Oey, but any newspaper columnist or scholar—not to mention any accused infringer—could be prohibited from questioning the validity of any intellectual property right.

Moreover, the injunction impairs the public interest in the vigorous operation of the various adversary proceedings to determine the validity of TFN's trademark claims. Under the terms of this injunction, Oey risks contempt if he makes statements that support his side in this litigation, the Northern District of California litigation (in which he is closely involved), or the TTAB opposition proceeding. The very essence of each of these actions is to "disparage" (*i.e.*, challenge the validity of) TFN's asserted trademark rights. Indeed, Oey's efforts to secure favorable witness testimony in the Northern District matter, or aid his lawyers in preparation of the case, may fall within the sweeping scope of the preliminary injunction as well.

As a consequence, the injunction impairs Oey's "fundamental constitutional right" of access to the courts, *Bounds v. Smith*, 430 U.S. 817, 828 (1977), a right that "extends beyond mere physical access to a courtroom and a judge." *Monsky v. Moraghan*, 127 F.3d 243, 246 (2d Cir. 1997). The district court in this matter recognized that the first-filed Northern District action provided the appropriate forum to resolve the status of TFN's trademark claims, staying the further progress of this case. But the preliminary injunction takes back what the stay provides, and more, by severely hampering Oey's ability to participate in the Northern District litigation. For that reason as well, the preliminary injunction cannot stand.

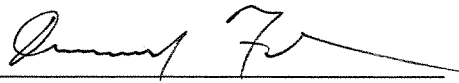
CONCLUSION

The preliminary injunction should be vacated.

Dated: July 13, 2006

Respectfully submitted.

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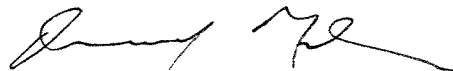
**CERTIFICATE OF COMPLIANCE WITH RULE 32(A)
AND NINTH CIRCUIT RULE 32-1**

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Typeface Requirements, and Type Style Requirements**

1. This opening brief of Petitioners/Appellants Tim Oey and Jane Doe Oey complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B) because this brief contains 10,528 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii).

2. This opening brief of Petitioners/Appellants Tim Oey and Jane Doe Oey complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because this brief has been prepared in a proportionately spaced typeface using Microsoft Word 2002 in 14 point Times New Roman.

DATED: July 13, 2006



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CERTIFICATE OF SERVICE

I, Rowena Barreras, declare as follows:

I am a resident of the State of California and over the age of eighteen years, and not a party to the within action; my business address is: Two Palo Alto Square, Suite 300, 3000 El Camino Real, Palo Alto, California 94306-2112. On July 13, 2006, I served the foregoing document(s) described as:

BRIEF FOR THE APPELLANTS

- By transmitting via facsimile the document(s) listed above to the fax number(s) set forth below on this date before 5:00 p.m.
- By placing the document(s) listed above in a sealed envelope with postage prepaid, via First Class Mail, in the United States mail at Palo Alto, California addressed as set forth below.
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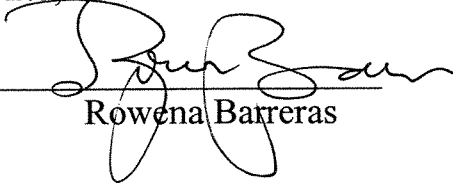
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I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid in the ordinary course of business.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 13, 2006, at Palo Alto, California.



Rowena Barreras