

No. 02-1902

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2007 NOV 13 PM 4:43

**UNITED STATES COURT OF APPEALS  
FOR THE FOURTH CIRCUIT**

U.S. COURT OF APPEALS  
FOURTH CIRCUIT

WASHINGTONPOST.NEWSWEEK INTERACTIVE COMPANY, LLC;  
THE WASHINGTON POST COMPANY; GANNETT SATELLITE  
INFORMATION NETWORK, INCORPORATED; MEDIA WEST-GSI,  
INCORPORATED; THE NEW YORK TIMES COMPANY; NYT  
MANAGEMENT SERVICES; GLOBE NEWSPAPER COMPANY,  
INCORPORATED; DOW JONES AND COMPANY, INCORPORATED;  
DOW JONES L.P.; SMARTMONEY; TRIBUNE INTERACTIVE,  
INCORPORATED; CONDENET, INCORPORATED; AMERICAN CITY  
BUSINESS JOURNALS, INCORPORATED; CLEVELAND LIVE,  
INCORPORATED; KNIGHT RIDDER DIGITAL; KR U.S.A.,  
INCORPORATED,

*Plaintiffs-Appellees,*

versus

THE GATOR CORPORATION,

*Defendant-Appellant.*

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On Appeal From the United States District Court for the  
Eastern District of Virginia at Alexandria

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**APPELLANT'S OPENING BRIEF**

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COOLEY GODWARD LLP

Janet L. Cullum  
Thomas J. Friel, Jr.  
Michael J. Klisch  
One Freedom Square,  
Reston Town Center  
11951 Freedom Drive  
Reston, VA 20190-5656  
Phone: (703) 456-8000

BAKER BOTTS, LLP

William H. Jeffress, Jr.  
Michael J. Barta  
The Warner  
1299 Pennsylvania Ave., NW  
Washington, DC 20004  
(202) 639-7700

THE GATOR CORPORATION

L. Scott Primak  
2000 Bridge Parkway, Suite 100  
Redwood City, CA 94065  
(650) 232-0300

*Attorneys for Appellant*

THE GATOR CORPORATION

DISCLOSURE OF CORPORATE AFFILIATIONS AND OTHER ENTITIES WITH A DIRECT FINANCIAL INTEREST IN LITIGATION

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U.S. DISTRICT COURT  
FOURTH CIRCUIT

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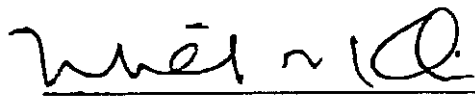
No. 02-1902 Caption: WashingtonpostNewsweek Interactive Company, LLC,  
et al. v. The Gator Corporation

Pursuant to FRAP 26.1 and Local Rule 26.1,

The Gator Corporation who is Appellant  
(name of party/amicus) (appellant/appellee/amicus)

makes the following disclosure:

1. Is party/amicus a publicly held corporation or other publicly held entity?  
( ) YES (X) NO
2. Does party/amicus have any parent corporations?  
( ) YES (X) NO  
If yes, identify all parent corporations, including grandparent and great-grandparent corporations:
3. Is 10% or more of the stock of a party/amicus owned by a publicly held corporation or other publicly held entity?  
( ) YES (X) NO  
If yes, identify all such owners:
4. Is there any other publicly held corporation or other publicly held entity that has a direct financial interest in the outcome of the litigation (Local Rule 26.1(b))?  
( ) YES (X) NO  
If yes, identify entity and nature of interest:
5. Is party a trade association?  
( ) YES (X) NO  
If yes, identify all members of the association, their parent corporations, and any publicly held companies that own 10% or more of a member's stock:

  
(signature)

9/3/02  
(date)

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## JURISDICTIONAL STATEMENT

The Gator Corporation ("TGC") appeals from a preliminary injunction issued July 17, 2002, enjoining TGC from conducting its business relating to appellees, and from an August 9, 2002 order denying TGC's motion to modify or clarify the July 17, 2002 order.

The district court has original jurisdiction over this action because it arises under the Lanham Act and the Copyright Act. 15 U.S.C. § 1121; 28 U.S.C. §§ 1331, 1338(a), 1338(b). It has jurisdiction over the plaintiffs' state-law claims under 28 U.S.C. § 1367(a).

This Court has jurisdiction under 28 U.S.C. § 1292(a)(1), which provides for direct appeal as of right of an order granting or refusing to dissolve or modify an injunction. *See also Hoechst Diafoil Co. v. Nan Ya Plastics Corp.*, 174 F.3d 411, 416 (4th Cir. 1999).

TGC timely filed a notice of appeal from the July 17 and August 9, 2002 orders on August 12, 2002.

## STATEMENT OF ISSUES

1. Did the district court fail to comply with Federal Rule of Civil Procedure 52(a)'s requirement that an injunction be supported by specific findings of fact and conclusions of law?

2. Did the district court fail to comply with Federal Rule of Civil Procedure 65(d)'s requirements that an injunction state the reasons for its issuance, be specific in its terms, and describe in reasonable detail the conduct enjoined?

2. Did the district court abuse its discretion in denying TGC's motion to modify or clarify the preliminary injunction order?

## STATEMENT OF THE CASE

TGC is an emerging company that offers innovative software products and highly effective online advertising services. TGC's advertising services use behavioral targeting techniques, a major advance over prevailing advertising practices. *See* App. 661-76. On June 25, 2002, plaintiffs filed a complaint and a motion for preliminary injunction against TGC, seeking to enjoin TGC from continuing to offer its breakthrough online advertising service. App. 15-55 (complaint); *id.* 114-15 (motion). Plaintiffs—large, established media companies that also engage in online advertising—asserted a variety of claims against TGC, including trademark and copyright infringement. App. 15-55.

The district court heard the plaintiffs' motion for preliminary injunction on July 12, 2002. App. 766-91. The court ruled from the bench, granting the motion and stating:

Well, I find that there is a sufficient showing here that there is a violation of the mark in this advertising coming up. Irreparable harm is presumed in the violation of that mark.

And I find that the plaintiffs are entitled to the entry of a preliminary injunction that pending this suit there will be no violation of the mark.

App. 790:10-16. The district court then issued an order granting a preliminary injunction against TGC on July 17, 2002. App. 792-93. The preliminary injunction order contained no findings of fact or conclusions of law, instead stating that "[f]or the reasons stated from the bench, it is hereby, ORDERED that Plaintiff's Motion for a Preliminary Injunction is GRANTED." *Id.* at 792. The ordering paragraphs enjoin TGC from:

1. Causing its pop-up advertisements to be displayed on any website owned by or affiliated with Plaintiffs without the express consent of the Plaintiffs;
2. Altering or modifying, or causing any other entity to alter or modify, any part of a website owned by or affiliated with the Plaintiffs, in any way, including its appearance or how it is displayed.
3. Infringing, or causing any other entity to infringe Plaintiffs' copyrights;

4. Making any designations of origin, descriptions, representations or suggestions that Plaintiffs are the source, sponsor or in any way affiliated with Defendant's advertisers or their web sites, services and products, and;

5. Infringing, or causing any other entity to infringe, Plaintiffs' trademark and/or other service mark rights . . .

App. 792-93.

On August 2, 2002, TGC moved to modify or clarify the preliminary injunction order. *See* App. 794-95. TGC asked the district court to delete paragraphs three and five, which are a general prohibition against TGC violating trademark and copyright law but which provide no meaningful guidance as to what conduct is prohibited. App. 804-805 & n.3.<sup>1</sup> TGC also asked the district court to modify the first paragraph because of its ambiguity and potential overbreadth. *Id.* at 798-804.

Finally, TGC asked the district court to delete paragraph two, which enjoins conduct in which TGC does not even engage: it prohibits TGC from "[a]ltering or modifying" plaintiffs' websites. App. 792, ¶ 2. As set forth in further detail below, TGC's GAIN AdServer software simply delivers advertising windows to

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<sup>1</sup> The motion to modify actually referenced paragraph four of the preliminary injunction in connection with this argument due to a typographical error. From the context, however, it is clear that TGC's complaint in this regard was directed toward paragraph five.

the user's computer screen and does not interact in any way with the plaintiffs' websites, much less modify or alter them.

The district court denied TGC's motion to modify or clarify from the bench on August 9, 2002. App. 869, 873.

#### STATEMENT OF FACTS

TGC offers a software service called the "Gator Advertising and Information Network," or GAIN, a system that makes available to TGC's subscribers a variety of TGC, and third-party, innovative consumer software. App. 508, ¶ 2. This software is provided free-of-charge in exchange for the subscriber's agreement to receive advertising and the acceptance of TGC's Privacy Statement and End User License Agreement. *Id.* As these documents disclose in detail, a consumer chooses to download and install on the consumer's computer TGC's "advertisement serving" software along with TGC's innovative free software products. *Id.*

TGC's advertising software, known as the "GAIN AdServer," gains information on a consumer's purchasing interests by tracking the Internet addresses that the consumer types into an Internet browser. App. 564-65, ¶ 8. With that information, the GAIN AdServer can deliver to the consumer advertisements for products and services that correlate with that consumer's particular interests. *Id.* The GAIN AdServer software causes these advertisements

to be displayed in separate windows that open on the user's computer screen. App. 463. These windows are no different than the multitude of windows—such as appointment reminders, virus alerts, and “you’ve got mail” notices—that Microsoft Windows operating system allows a typical computer user to open on her computer screen: the advertising windows can be reduced in size, moved, and variously arranged and overlapped, and the user can (and often does) switch back and forth between the advertisement window and other windows. App. 491-92, ¶¶ 6-7; 595-96, ¶¶ 21-23. And just like any other window, these advertising windows can be closed by simply clicking the “X” in the upper right hand corner. *Id.*

The GAIN AdServer software does not “deliver” ads to the plaintiffs’ websites. App. 496, ¶ 28. In fact, the software does not interact with the plaintiffs’ websites at all. *Id.* The pop-up advertising window appears only on the individual screen of a user who has installed the GAIN AdServer software. *Id.* ¶ 27. Nevertheless, plaintiffs contend that the appearance of TGC’s pop-up advertisements on a computer user’s screen while that user is viewing one of the plaintiffs’ websites constitutes copyright and trademark infringement and “hot news” misappropriation. *See* App. 140-49.

## SUMMARY OF THE ARGUMENT

This Court should reverse the preliminary injunction issued against TGC because the district court failed to comply with Federal Rules of Civil Procedure 52(a) and 65(d). Not only did the district court fail to make the findings of fact and conclusions of law required by Rule 52(a), it failed to meet Rule 65(d)'s requirement that the injunction contain a specific statement of the reasons for its issuance. The district court at best made a conclusory finding of trademark violation, but failed to make any of the required subsidiary findings, including whether TGC uses the plaintiffs' marks and whether there is a likelihood of confusion. Though the district court purported to enjoin TGC from violating copyright law, it made no finding whatsoever as to copyright infringement. Nor did the court address the critical balance of hardship and public interest factors set forth by this Court in *Blackwelder Furniture Co. v. Seilig Manufacturing, Co.*, 550 F.2d 189 (4th Cir. 1977).

In addition to violating Rule 52(a) and Rule 65(d)'s requirement that an injunction "set forth the reasons for its issuance," the district court's preliminary injunction order was also deficient in its failure to "be specific in its terms" and "describe in reasonable detail . . . the act or acts to be enjoined." Fed. R. Civ. P. 65(d).

The district court's failure to comply with these rules is not a mere technicality; TGC submits that, had the district court complied with the rules, it would have reached a different conclusion or, at a minimum, that the court's opinion would have demonstrated that the preliminary injunction order rests on legal and factual error. Indeed, to the extent that the district court concluded that the mere juxtaposition of two separate windows on a particular computer user's screen constitutes a trademark or copyright violation, the unprecedented decision threatens to outlaw the most basic advertising practices of the defendant as well as the plaintiffs and countless other Internet advertisers, and calls into serious question the legal status of the entire Windows operating system.

The district court's preliminary injunction order leaves TGC in the untenable position of being governed by a preliminary injunction the basis of which has never been explained and the scope of which is uncertain. When TGC requested that the district court modify or clarify its decision, TGC was in essence told to test the scope of the injunction through contempt proceedings. The district court explicitly left it to the plaintiffs to "let [TGC] know" if it was violating the injunction. App. 868:12. The district court's refusal to modify the injunction in response to TGC's request was a clear abuse of discretion.

## ARGUMENT

### I. STANDARD OF REVIEW

Although the propriety of a preliminary injunction order is ordinarily reviewed for abuse of discretion, if a preliminary injunction appeal involves only questions of law, *de novo* review is appropriate. *Commodity Futures Trading Comm'n v. Kimberlynn Creek Ranch, Inc.*, 276 F.3d 187, 191 (4th Cir. 2002). The sufficiency of the preliminary injunction order under Federal Rules of Civil Procedure 52(a) and 65(d) is a question of law and thus should be reviewed by this Court *de novo*.

A district court's denial of a motion to clarify or modify a preliminary injunction is reviewed for abuse of discretion. *Favia v. Indiana Univ.*, 7 F.3d 332, 340 (3d Cir. 1993); *Sea-Land Serv., Inc. v. Int'l Longshoremen's Ass'n*, 625 F.2d 38, 40 (5th Cir. 1980).

### II. THE PRELIMINARY INJUNCTION DOES NOT COMPLY WITH RULES 52(a) AND 65(d).

The preliminary injunction issued by the district court fails to comply with Rules 52 and 65 of the Federal Rules of Civil Procedure. Those rules contain specific requirements for orders granting or refusing injunctions. Rule 52(a) requires that an injunction be supported by findings of fact and conclusions of law:

[I]n granting or refusing interlocutory injunctions the court shall . . . set forth the findings of fact and conclusions of law which constitute the grounds of its action . . . . It will be sufficient if the findings of fact and conclusions of law are stated orally and recorded in open court following the close of the evidence or appear in an opinion or memorandum of decision filed by the court.

Fed. R. Civ. P. 52(a). Rule 65(d) further provides that:

Every order granting an injunction . . . shall set forth the reasons for its issuance; shall be specific in terms; shall describe in reasonable detail and not by reference to the complaint or other document, the act or acts sought to be restrained . . . .

Fed. R. Civ. P. 65(d).

The requirements of Rules 52(a) and 65(d) are mandatory, and a district court's failure to comply with either rule constitutes reversible error. *See Hoechst Diafoil Co. v. Nan Ya Plastics Corp.*, 174 F.3d 411, 421 (4th Cir. 1999) (finding injunction order insufficient where it failed to address the relevant hardship and balancing factors and made no specific findings of fact); *First-Citizens Bank & Trust Co. v. Camp*, 432 F.2d 481, 484 (4th Cir. 1970) (reversing preliminary injunction order where district court failed to make findings as to disputed factual issues); *Alberti v. Cruise*, 383 F.2d 268, 271 (4th Cir. 1967) (“[Rule 65(d)]’s terms are mandatory and must be observed in every instance.”).

Requiring courts to explain their injunction orders serves several purposes. First, a detailed explanation of the district court's reasoning allows appellate courts to meaningfully review the decision. *Hoechst*, 174 F.3d at 423. Second, it permits the parties to better understand the reasons for the court's action. *Id.* In addition, Rule 65 serves "to prevent uncertainty and confusion on the part of those faced with injunctive orders, and to avoid the possible founding of a contempt citation on a decree too vague to be understood." *CPC Int'l, Inc. v. Skippy Inc.*, 214 F.3d 456, 459 (4th Cir. 2000).

The district court's order violates all of these basic purposes. The cursory nature of the preliminary injunction order deprives TGC of an opportunity to obtain meaningful appellate review of the substantive issues underlying the preliminary injunction. Because the district court failed to set forth the bases for its order, this Court, and TGC, are left to guess at the court's reasoning. Neither Rule 52(a) nor 65(d) countenances such an approach.

**A. The Preliminary Injunction Order Does Not Comply with Rule 52(a).**

Fourth Circuit precedent requires that a preliminary injunction be supported by specific findings of fact. *United States v. Commonwealth of Va.*, 569 F.2d 1300, 1302-03 (4th Cir. 1978) (vacating preliminary injunction order and remanding the case where the order did not include subsidiary findings to support its broad conclusory findings). Although a district court may rely on reasons stated

from the bench as support for its injunction order, this reliance is sufficient only if the reasons stated in open court provide detailed findings of fact and conclusions of law. *Id.* at 1302 (holding that although the written order referred to the “reasons stated from the bench,” the oral opinion and subsequent order failed to comply with Rules 52(a) and 65(d)).

The preliminary injunction order against TGC falls woefully short of Rule 52(a)’s requirements. The entire preliminary injunction appears to rest on the following brief statement by the district court at the conclusion of the preliminary injunction hearing:

Well, I find that there is a sufficient showing here that there is a violation of the mark in this advertising coming up. Irreparable harm is presumed in the violation of that mark.

And I find that the plaintiffs are entitled to the entry of a preliminary injunction that pending this suit there will be no violation of the mark.

App. 790:10-16. Although the district court’s preliminary injunction order purports to rely on “the reasons stated from the bench,” App. 792, those “reasons,” quoted above, do not come close to satisfying Rule 52(a)’s requirements.

Even if the district court’s ambiguous statement can be interpreted as a finding that TGC’s advertising services violated plaintiffs’ trademarks, it does not satisfy Rule 52(a) under well-settled case law in this Circuit. Factual findings made in “broad conclusory terms” are not sufficient. *United States v.*

*Commonwealth of Va.*, 569 F.2d at 1303 (quoting *EEOC v. United Va. Bank/Seaboard Nat'l*, 555 F.2d 403, 405 (4th Cir. 1977)). Instead, the district court is obligated to provide subsidiary findings that would “give appropriate support to the Court’s conclusory findings.” *Id.* Moreover, the district court must “clearly identify what law it [is] applying” and the “conclusions of law it made from an application of the law to the facts.” *Id.* (citations omitted).

The district court in this case did none of these things. The district court failed to identify any law in support of its decision, much less apply that law to the facts.

At best, the district court made a conclusory finding of a trademark violation. The Court failed, however, to make the required subsidiary findings in support of that conclusion. A plaintiff seeking to recover for trademark infringement must show (1) ownership of a valid, protectable mark, (2) that defendant used the mark in commerce, and (3) that the use is likely to cause confusion. *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922, 930 (4th Cir. 1995). In the Fourth Circuit, to determine likely confusion, courts must consider numerous factors including: the similarity of the two marks, similarity of the two services, similarity of the channels of distribution, similarity of the advertising used by the parties, strength or distinctiveness of the plaintiff’s mark, the defendant’s intent, actual confusion, and the sophistication of the

consumer. *Id.* at 933; *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 463 (4th Cir. 1996). The court must weigh the evidence on each of the factors in reaching a conclusion on the issue.

The district court here failed to make a specific finding as to any of the elements of the trademark claim and as to any of the factors in the likelihood-of-confusion analysis. In fact, the district court in its brief remark from the bench did not address any element of plaintiffs' trademark claim. Not only did the district court make no finding that likelihood of confusion exists, it failed to address any of the various factors that must be considered in determining whether confusion exists.

TGC submits that had the district court applied the appropriate rigor to the analysis, as mandated by this Court's precedent, the court could not have found trademark infringement since, at the outset, TGC simply does not use any mark of any plaintiff. Moreover, the confusion that the likely-confusion factors are used to assess is not relevant to this case. TGC offers software to consumers and advertising services to its clients; plaintiffs claim that there is confusion over the source of the advertisements and that viewers of their web pages will be "confused" into believing that plaintiffs sponsor all pop-up ads appearing while users are viewing their web pages. App. 42-43. Even if true, this is not trademark confusion; the viewers of plaintiffs' web pages are not likely, as a result of this

type of confusion, to purchase a product on a mistaken belief as to its source—the source of the products is clear in the content of the pop-up advertisements. Plaintiffs do not contend that viewers of their websites believe plaintiffs sponsor all products or services that may be advertised on the users’ computer screens. Thus, plaintiffs’ trademark claim fails because trademark law does not remedy the “confusion” of which plaintiffs complain. The district court’s failure to articulate the basis for its reasoning masks the underlying reality that there is no supportable basis for the order entered.<sup>2</sup>

As to the plaintiffs’ copyright claims, the district court made no finding at all, much less the required subsidiary findings. In a copyright case alleging direct infringement, plaintiff must prove that it owns a valid copyright and that the defendant violated one of the exclusive rights provided to a copyright holder by the

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<sup>2</sup> The district court’s failure to comply with Rule 52(a) well illustrates the harm that results when the rule is not followed. As the Second Circuit has noted:

[T]he rule also encourages the trial judge to ascertain the facts with due care and to render a decision in accord with the evidence and the law. Judge Frank explained: “as every judge knows, to set down in precise words the facts as he finds them is the best way to avoid carelessness in the discharge of that duty: Often a strong impression that, on the basis of the evidence, the facts are thus-and-so gives way when it comes to expressing that impression on paper.”

*Inverness Corp. v. Whitehall Labs.*, 819 F.2d 48, 50 (2d Cir. 1987) (quoting *United States v. Forness*, 125 F.2d 928, 942 (2d Cir. 1942)).

Copyright Act. 17 U.S.C. § 106; *Keeler Brass Co. v. Continental Brass Co.*, 862 F.2d 1063, 1065 (4th Cir. 1988). Plaintiffs' claim that TGC violated plaintiffs' exclusive right to display their copyrighted work fails. Plaintiffs submitted no evidence that TGC reproduces, prepares derivatives of, distributes, publicly performs, or displays any protected work. Section 106(5) of the Copyright Act provides copyright owners a cause of action to prevent others from publicly performing their copyrighted work. 17 U.S.C. § 106(5). Plaintiffs advanced the novel argument that this section provides a cause of action against someone who allegedly "prevents" the copyright owners from publicly displaying their work, App. 146, a position that would eviscerate the copying element of a copyright infringement claim. There is no, and should be no, support in copyright law for this assertion. Section 106(4) is a negative right that prevents others from performing publicly the owner's work—it is not a positive right that gives the owner a mandate to perform her work publicly. If that was the case, every struggling playwright would have a cause of action under Section 106(4) when she received rejection letters from producers.

Similarly, the Copyright Act fails to support plaintiffs' alternative claim that TGC creates a derivative work in violation of Section 106(2). Software that users install on their computers and which subsequently opens a separate, independently controllable window containing advertising on that user's computer screen does

not abridge, condense, recast, transform, or adapt the web page in the underlying window any more than laying one document partially over another alters or modifies the underlying document. Again, the district court failed to analyze, much less make findings as to, any of the elements of a copyright infringement claim, yet nonetheless included in its order a prohibition against copyright infringement.

Additionally, the district court omitted key factual findings on disputed factors critical to the plaintiffs' entitlement to a preliminary injunction, such as the balance of hardships and the public interest. TGC vigorously disputed that the balance of hardships weighed in favor of the injunction and that the injunction would favor the public interest. Indeed, TGC argued in opposition to the plaintiffs' motion for preliminary injunction that the balance of harms under *Blackwelder Furniture Co. v. Seilig Manufacturing Co.*, 550 F.2d 189 (4th Cir. 1977), is the "central issue on a preliminary injunction." App. 469. Whether an injunction would be in the public interest was also sharply disputed. See App. 485, 654-55. The district court nonetheless failed to make any findings on the balance of hardships and public interest injunction factors.

In sum, the district court's order failed to provide any findings of fact and conclusions of law that would satisfy the requirements of Rule 52(a) and well-established Fourth Circuit precedent. The order should be reversed on that basis alone.

**B. The Preliminary Injunction Order Also Failed to Comply with Rule 65(d)'s Requirements.**

**1. The Preliminary Injunction Order Did Not Set Forth the Reasons for Its Issuance.**

In addition to Rule 52(a)'s requirement that an injunction be supported by detailed findings of facts and conclusions of law, Rule 65(d) requires that “[e]very order granting an injunction . . . shall set forth the reasons for its issuance.” Fed. R. Civ. P. 65(d). The district court failed to comply with this requirement as well. Under well-established case law in this Circuit, the district court's oral statement that “I find that there is a sufficient showing here that there is a violation of the mark in this advertising coming up” is insufficient to satisfy Rule 65(d). *See, e.g., CPC Int'l*, 214 F.3d at 459-61; *Alberti*, 383 F.2d at 272.

In *CPC International, Inc. v. Skippy Inc.*, this Court held that the injunction at issue did not satisfy Rule 65(d) because it failed to provide a sufficiently specific statement of the reasons for the injunction's issuance. 214 F.3d at 458-59. In response to a contempt motion directed to a previous injunction, the district court issued a new “terse and sweeping” injunction that required the defendant to

remove “significant portions” of its website. *Id.* at 459, 458. This Court explained that “a proper injunction would identify specific passages [from the defendant’s website] and explain how they violate the [earlier] order,” *id.* at 461, and that “the district court must explain on remand precisely how the statements violate the order.” *Id.* at 460.

The district court’s sweeping statement in this case regarding “violation of the mark in this advertising coming up” is likewise insufficient to satisfy Rule 65(d)’s requirement that an injunction contain the reasons for its issuance. As deficient as this trademark violation “finding” is, the portion of the injunction directed to copyright infringement is supported by no statement of reasons, terse or otherwise. The injunction should be reversed for failure to comply with Rule 65(d)’s mandatory requirement that an injunction specify the reasons for its issuance.

**2. Paragraphs Three and Five of the Injunction Constitute Invalid “Obey-the-Law” Injunctions.**

Paragraphs three and five of the preliminary injunction do no more than tell TGC not to violate the plaintiffs’ trademarks or copyrights. App. 792 ¶ 3 (prohibiting TGC from “[i]nfringing, or causing any other entity to infringe Plaintiffs’ copyrights”); *id.* ¶ 5 (prohibiting TGC from “[i]nfringing, or causing any other entity to infringe, Plaintiffs’ trademark and/or other service mark rights . . .”).

“[U]nder Rule 65(d), an injunction must be more specific than a simple command that the defendant obey the law.” *Peregrine Myanmar Ltd. v. Segal*, 89 F.3d 41, 51 (2d Cir. 1996). “Broad, non-specific language that merely enjoins a party to obey the law or comply with an agreement . . . does not give the restrained party fair notice of what conduct will risk contempt.” *Hughey v. JMS Dev. Corp.*, 78 F.3d 1523, 1531 (11th Cir. 1996) (quoting *Epstein Family Partnership v. Kmart Corp.*, 13 F.3d 762, 771 (3d Cir. 1994)). Paragraphs three and five thus constitute invalid obey-the-law provisions and should be stricken from the preliminary injunction.

**3. The Scope of Conduct Prohibited by Paragraph One of the Preliminary Injunction is Unclear.**

Paragraph one of the preliminary injunction order enjoins TGC from “[c]ausing its pop-up advertisements to be displayed on any website owned by or affiliated with the Plaintiffs without the express consent of the Plaintiffs.” App. 792. This paragraph is insufficiently specific under Rule 65(d) because the district court’s use of the term “pop-up advertisement” and the phrase “displayed on” is ambiguous. The term “pop-up advertisement” could be construed to cover advertising conduct in which the plaintiffs themselves engage: “pop-under” advertisements. A “pop-under” advertisement is a form of pop-up advertisement that is opened in a window that is not then visible to the user, but when ultimately viewed by the user will appear to be floating over any other window then also

visible. *See* App. 803. Because the Microsoft Windows operating system allows the computer user to control when and how various windows are displayed on their computer screens, an advertisement that is spawned as a “pop-under advertisement” may ultimately appear floating over other windows. App. 798-803. The meaning of “displayed on” is likewise unclear. Indeed, as TGC demonstrated with screen printouts in its motion to modify or clarify, advertisements sponsored by the plaintiffs themselves will be “displayed on” the websites of others, including TGC’s website, if the user, for example, closes the window displaying the plaintiff’s site. App. 800-803.

In TGC’s motion to modify or clarify the preliminary injunction, TGC presented alternative language that would have resolved paragraph one’s overbreadth and ambiguity by more narrowly tailoring the injunctive relief. This alternative language would have enjoined TGC from:

directly causing its less than full screen advertisements to be displayed in the foreground of a computer screen, in proximity to a plaintiff’s trademark, when a user is then viewing any of the Plaintiffs’ websites, without the express authorization of the owner of that website.

App. 803-04. The district court summarily declined to clarify the preliminary injunction. App. 873.

The district court emphasized at the hearing on the motion to modify that plaintiffs did not contend that TGC had violated the injunction by serving the pop-under advertisements. App. 861:17-19; 862:8-11. Indeed, counsel for plaintiffs did appear to take the position that the preliminary injunction does not cover pop-under advertisements. App. 866:7-16. But how plaintiffs' counsel interprets the preliminary injunction is beside the point. The district court's approach in essence deputized the plaintiffs by placing in their hands the right to decide what does and does not violate the order. See App. 868:11-12 ("Live with it. If you are not living within [the injunction], they [plaintiffs] will let you know."); App. 869:16-19 ("[The plaintiffs] haven't got any problem with what's been going on. They haven't raised the issue that you are in violation of my Order."). That approach is a clear abuse of discretion.

Rule 65(d) requires that an injunction be specific in its terms, and one aspect of that specificity requirement is that the language of the injunction should be narrowly drawn to address only the alleged wrongful conduct. See *CPC Int'l*, 214 F.3d at 461. Paragraph one fails to satisfy Rule 65(d)'s specificity requirements.

**III. THE DISTRICT COURT ABUSED ITS DISCRETION BY REFUSING TO MODIFY OR CLARIFY THE PRELIMINARY INJUNCTION ORDER.**

**A. The District Court Abused Its Discretion by Refusing to Delete Paragraphs Three and Five of the Preliminary Injunction.**

In TGC's motion to modify, it brought to the district court's attention that paragraphs three and five of the injunction provide TGC with no specific guidance as to the conduct prohibited, but instead broadly prohibit TGC from violating the law. App. 804, 805 & n.3. As set forth in Part II.B.2 above, these paragraphs constitute invalid "obey-the-law" injunctions. TGC also pointed out that the district court made no finding that TGC committed any copyright violation and that paragraph three was improper for that additional reason. App. 804. TGC asked the court to delete these paragraphs. App. 805. The district court summarily refused to do so. App. 873. That refusal was an abuse of discretion.

**B. The District Court Abused Its Discretion by Refusing to Delete Paragraph Four, Which is Directed Toward Conduct in Which TGC Does Not Engage.**

TGC also requested that the district court delete paragraph four of the preliminary injunction order, which enjoins TGC from "[a]ltering or modifying, or causing any other entity to alter or modify, any part of a website owned by or affiliated with the Plaintiffs, in any way, including its appearance or how it is displayed." App. 792-93. This paragraph represents a profound misunderstanding about how the technology at issue works. TGC's GAIN advertising software does

not “alter” or “modify” the plaintiffs’ websites. App. 465-66, 483, 496, ¶ 32. Instead, the evidence is undisputed that TGC’s advertisements appear only on the computer screen of a user with whom TGC has contracted to provide its advertising services. App. 465, 496, ¶ 22. Thus, the district court abused its discretion by refusing to modify the injunction to eliminate this paragraph.

**C. The District Court Abused Its Discretion by Refusing to Modify the Language of Paragraph One to Cover Only Prohibited Conduct.**

For the reasons discussed in Part III.B.3 above, the district court’s refusal to modify the language of paragraph one to eliminate any ambiguity as to whether that paragraph covers pop-under advertising and as to the meaning of “displayed on” was an abuse of discretion.

## CONCLUSION

The preliminary injunction in this case failed to satisfy the requirements of both Rule 52(a) and 65(d). In response to TGC's motion to modify or clarify, in which it expressed the concerns central to Rule 65's certainty requirements and pointed out the lack of findings to support the injunction, the district court essentially told TGC that it would have to operate at the plaintiffs' mercy and take its chances as to whether plaintiffs would take the position that particular conduct violated the order. App. 867:16-20. But the reason that Rule 65(d) requires an injunction to "be specific in its terms" and "describe in reasonable detail . . . the acts or acts sought to be restrained" is precisely so that party will not have to test the scope of the order at the risk of being found in contempt.

For all these reasons, TGC respectfully requests that the Court reverse or vacate the preliminary injunction order issued by the district court on July 17, 2002. TGC in the alternative requests that the Court reverse the district court's order denying the motion to modify or clarify the preliminary injunction and remand with instructions that the district court modify the preliminary injunction order in a manner consistent with this Court's opinion.

Dated: November 13, 2002

COOLEY GODWARD LLP

By: Michael J. Klisch

Michael J. Klisch  
Attorneys for Appellant  
THE GATOR CORPORATION

CERTIFICATE OF COMPLIANCE

This Brief of Appellant has been prepared using:

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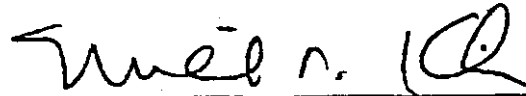
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**CERTIFICATE OF FILING AND SERVICE**

I hereby certify that on this 13<sup>th</sup> day of November, 2002, I filed with the Clerk's Office of the United States Court of Appeals for the Fourth Circuit, via hand delivery, the required number of copies of this Brief of Appellant and Joint Appendix, and I further certify that I served, via UPS Ground Transportation, the required copies upon:

Terence P. Ross  
Rachel A. Clark  
GIBSON, DUNN & CRUTCHER  
1050 Connecticut Avenue, NW  
Suite 900  
Washington, DC 20036

*Counsel for Appellees*



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Michael J. Klisch