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9 UNITED STATES DISTRICT COURT
 10 CENTRAL DISTRICT OF CALIFORNIA
 11 WESTERN DIVISION

Glaser Weil Fink Jacobs
 Howard Avchen & Shapiro LLP

12
 13 LEGALZOOM.COM, INC., a Delaware
 corporation

14 Plaintiff,

15 v.

16 ROCKET LAWYER INCORPORATED,
 a Delaware corporation

17 Defendant.

CASE NO.: CV 12-9942-GAF (AGR_x)

Hon. Gary A. Feess

**LEGALZOOM.COM, INC.’S
 ANSWER TO ROCKET LAWYER
 INCORPORATED’S AMENDED
 COUNTERCLAIMS**

Courtroom: 740
 Judge: Judge Gary A. Feess
 255 East Temple Street
 Los Angeles, CA 90012

Original Complaint Filed: November
 20, 2012

1 Plaintiff LegalZoom.com, Inc. (“LegalZoom” or “Plaintiff”), by and through its
2 undersigned counsel, hereby respond to, and answer as follows to Defendant Rocket
3 Lawyer Incorporated’s (“RocketLawyer” or “Defendant”) Counterclaims:

4 **ANSWER**

5 1. Denied. LegalZoom has brought this lawsuit to expose the willful and
6 systematic acts of false advertising and unfair competition by RocketLawyer, which
7 misleads consumers and inflicts competitive harm upon LegalZoom and others.

8 2. Denied. LegalZoom specifically denies that it “created” or “sanctioned
9 the creation” of the website Legalspring.com. LegalZoom further denies that
10 Legalspring.com’s registrant and manager, Travis Giggy, is LegalZoom’s agent.

11 3. Admitted.

12 4. Admitted.

13 5. Denied except to admit that the court has personal jurisdiction over it.

14 6. Admitted.

15 7. Admitted.

16 8. Denied. LegalZoom provides personalized, affordable, online legal
17 solutions for families and small businesses.

18 9. Denied except to admit that LegalZoom was founded in 2000 by
19 attorneys with experience at some of the top law firms in the country, and has helped
20 over two million Americans become protected with binding legal documents.

21 10. After reasonable investigation, LegalZoom is without knowledge or
22 information sufficient to form a belief as to the truth of the allegations of this
23 paragraph and they are therefore denied.

24 11. After reasonable investigation, LegalZoom is without knowledge or
25 information sufficient to form a belief as to the truth of the allegations of this
26 paragraph and they are therefore denied.

27 12. After reasonable investigation, LegalZoom is without knowledge or
28 information sufficient to form a belief as to the truth of the allegations of this

1 paragraph and they are therefore denied.

2 13. After reasonable investigation, LegalZoom is without knowledge or
3 information sufficient to form a belief as to the truth of the allegations of this
4 paragraph and they are therefore denied.

5 14. Admitted.

6 15. Denied. LegalZoom does not currently purchase search terms from
7 Google and other search engines such as Bing.com and Yahoo.com that relate to
8 RocketLawyer.

9 16. After reasonable investigation, LegalZoom is without knowledge or
10 information sufficient to form a belief as to the truth of the allegations of this
11 paragraph and they are therefore denied. However, to the extent that this paragraph
12 purports to interpret the contents of the SpyFu.com website and the Wall Street
13 Journal article, such documents, being in writing, speak for themselves.

14 17. Admitted.

15 18. The allegations of this paragraph are conclusions of law to which no
16 response is required. To the extent any allegations in paragraph 18 are factual,
17 LegalZoom denies all such allegations to the extent that such allegations pertain to it.

18 19. LegalZoom admits only that certain of LegalZoom's advertisements for
19 its incorporation services say "Launch your new corporation. Free to Get Started,"
20 but specifically denies that the language is in any way similar to RocketLawyer's
21 advertisements.

22 20. After reasonable investigation, LegalZoom is without knowledge or
23 information sufficient to form a belief as to the truth of the allegations of this
24 paragraph and they are therefore denied.

25 21. After reasonable investigation, LegalZoom is without knowledge or
26 information sufficient to form a belief as to the truth of the allegations of this
27 paragraph and they are therefore denied.

28 22. The allegations of this paragraph are conclusions of law to which no

1 response is required. To the extent any allegations in paragraph 22 are factual,
2 LegalZoom denies all such allegations to the extent that such allegations pertain to it
3 except to admit that RocketLawyer has registered the two domain names –
4 www.legalzoomer.com and www.legalzoomgadget.com.

5 23. Denied. When accessing Legalzoomer.com on Internet Explorer,
6 Mozilla and Chrome, a user is directed to the GoDaddy.com website, which provides
7 the greeting, “Welcome to legalzoomer.com.”

8 24. After reasonable investigation, LegalZoom is without knowledge or
9 information sufficient to form a belief as to the truth of the allegations of this
10 paragraph and they are therefore denied. However, if RocketLawyer is in fact willing
11 to transfer these domains to LegalZoom, LegalZoom will accept RocketLawyer’s
12 transfer of these domains to LegalZoom.

13 25. Admitted.

14 26. After reasonable investigation, LegalZoom is without knowledge or
15 information sufficient to form a belief as to the truth of the allegations of this
16 paragraph and they are therefore denied.

17 27. Denied except to admit that LegalZoom operates
18 www.legalcenterpro.com.

19 28. Denied except to the extent that this paragraph purports to characterize
20 the Reuter article and LegalZoom’s May 10, 2012 S-1 filing. Such documents, being
21 in writing, speak for themselves.

22 29. Denied.

23 30. Denied.

24 31. Denied except to admit that LegalZoom states on its website that it is the
25 leading, nationally recognized legal brand for small business and consumers in the
26 United States.

27 32. The allegations of this paragraph are conclusions of law to which no
28 response is required. To the extent any allegations in paragraph 32 are factual,

1 LegalZoom denies all such allegations to the extent that such allegations pertain to it.

2 33. Denied except to admit that Legalspring.com does not reference, among
3 other legal services websites, Rocket Lawyer. Legalspring.com does, however,
4 reference (and provide reviews) for some of LegalZoom's top competitors.

5 34. Admitted only that the Legalspring.com website is a document that
6 speaks for itself.

7 35. Denied except to admit that Legalspring.com is registered to Travis
8 Giggy.

9 36. Denied except to admit that Legalspring.com, is a participant in
10 LegalZoom's Affiliate Program and, as a participant, is entitled to receive a
11 commission for directing customers of Legalspring.com to the LegalZoom website
12 using a unique URL.

13 37. The allegations of this paragraph are conclusions of law to which no
14 response is required. To the extent any allegations in paragraph 32 are factual,
15 LegalZoom denies all such allegations to the extent that such allegations pertain to it.

16 38. Denied.

17 39. Denied.

18 40. Admitted only that the Legalspring.com website is a document that
19 speaks for itself.

20 41. Denied except to admit that LegalZoom operated
21 www.legalcenterpro.com and www.lightwavelaw.com. Legaldocumentfinder.com
22 and Estateguidance.com are independent affiliate sites.

23 42. Denied.

24 **COUNT I**

25 43. Realleges paragraphs 1 through 42.

26 44. Denied except to admit that an actual and justiciable case and
27 controversy exists between the parties as to whether RocketLawyer has engaged in
28 federal false advertising or unfair competition in violation of the Lanham Act based

1 on its advertisements of its purportedly “free” services and the terms of its “free”
2 services.

3 45. Denied.

4 **COUNT II**

5 46. Realleges paragraphs 1 through 45.

6 47. Denied except to admit that an actual and justiciable case and
7 controversy exists between the parties as to whether RocketLawyer has engaged in
8 false advertising in violation of California Business and Professions Code section
9 17500 based on its advertisements of its purportedly “free” services and the terms of
10 its “free” services.

11 48. Denied.

12 **COUNT III**

13 49. Realleges paragraphs 1 through 48.

14 50. Denied except to admit that an actual and justiciable case and
15 controversy exists between the parties as to whether RocketLawyer has engaged in
16 unfair competition in violation of California Business and Professions Code section
17 17200 based on its advertisements of its purportedly “free” services and the terms of
18 its “free” services through key word bidding.

19 51. Denied.

20 **COUNT IV**

21 52. Realleges paragraphs 1 through 51.

22 53. LegalZoom is without knowledge or information sufficient to form a
23 belief as to the truth of any of the allegations set forth in this paragraph and they are
24 therefore denied.

25 54. Denied except to admit that LegalSpring.com states that LegalZoom is
26 the best legal services website.

27 55. Denied.

28 56. Denied.

1 57. Denied.

2 58. Denied.

3 59. Denied.

4 **COUNT V**

5 60. Realleges paragraphs 1 through 59.

6 61. Denied.

7 62. LegalZoom is without knowledge or information sufficient to form a
8 belief as to the truth of any of the allegations set forth in this paragraph and they are
9 therefore denied.

10 63. Denied except to admit that LegalSpring.com states that LegalZoom is
11 the best legal services website.

12 64. Denied.

13 65. Denied.

14 66. Denied.

15 67. Denied.

16 68. Denied.

17 69. Denied.

18 **COUNT VI**

19 70. Realleges paragraphs 1 through 69.

20 71. Denied.

21 72. Denied.

22 73. Denied.

23 74. Denied.

24 75. Denied.

25 76. Denied.

26 **RESPONSE TO ROCKETLAWYER’S PRAYER FOR RELIEF**

27 1. The remaining paragraphs contain prayers for relief to which no response
28 is required. To the extent a response is required, LegalZoom denies that

1 RocketLawyer is entitled to any relief.

2 **AFFIRMATIVE DEFENSES**

3 LegalZoom provides its affirmative defenses as known at this time below
4 without assuming the burden of proof when such burden would otherwise be on
5 RocketLawyer.

6 **FIRST AFFIRMATIVE DEFENSE**

7 **(Failure to State a Claim)**

- 8 1. RocketLawyer fails to state a claim upon which relief may be granted.

9 **SECOND AFFIRMATIVE DEFENSE**

10 **(Unclean Hands)**

- 11 2. RocketLawyer's claims and remedies are barred, in whole or in part, for
12 want of equity or by the doctrine of unclean hands. Specifically, RocketLawyer
13 engages in false and misleading advertising and unfair competition practices. *See*
14 First Amended Complaint at ¶¶ 12-16. RocketLawyer's unclean hands warrant
15 dismissal and denial of all remedies.

16 **THIRD AFFIRMATIVE DEFENSE**

17 **(Injunctive Relief Unavailable)**

- 18 3. RocketLawyer is not entitled to an injunction because, among other
19 things, assuming it was entitled, RocketLawyer has an adequate remedy at law, and
20 no basis exists for the grant of equitable relief.

21 **FOURTH AFFIRMATIVE DEFENSE**

22 **(Laches)**

- 23 4. On information and belief, RocketLawyer delayed filing suit for an
24 unreasonable and inexcusable length of time from when it knew or reasonably should
25 have known of LegalZoom's alleged misconducts. RocketLawyer raises the alleged
26 misconduct only to attempt to deflect the negative publicity resulting from
27 LegalZoom's filing of its complaint against RocketLawyer. This delay has prejudiced
28 and injured LegalZoom.

1 **FIFTH AFFIRMATIVE DEFENSE**

2 **(Statute of Limitations)**

3 5. RocketLawyer’s claims are barred, in whole or in part, by the applicable
4 statute of limitations to the extent that RocketLawyer’s claims are based on conduct
5 outside the statute of limitations.

6 **SIXTH AFFIRMATIVE DEFENSE**

7 **(Punitive and Exemplary Damages Unavailable)**

8 6. The requirements and circumstances warranting punitive and exemplary
9 damages are not satisfied. Even more, punitive damages is not an available remedy
10 for the alleged violation of California Business and Professions Code Sections 17200
11 and 17500.

12 **SEVENTH AFFIRMATIVE DEFENSE**

13 **(No Agency)**

14 7. If RocketLawyer sustained any injury or incurred any loss or damages as
15 alleged in RocketLawyer’s Counterclaims, such injuries were caused in whole or in
16 part by acts or omissions of persons over whom LegalZoom neither exercised nor had
17 any right of control for whom LegalZoom is and was not responsible, and whose
18 conduct LegalZoom had no duty or reason to anticipate or control. Specifically,
19 Legalspring.com’s registrant and manager, Travis Giggy, is *not* LegalZoom’s agent.

20 **EIGHTH AFFIRMATIVE DEFENSE**

21 **(Lack of Standing)**

22 8. RocketLawyer lacks standing to bring all or some of its claims alleged in
23 its Amended Counterclaims.

24 **RESERVATION OF ADDITIONAL DEFENSES**

25 9. Discovery in this action has not yet commenced and LegalZoom
26 continues to investigate the allegations set forth in RocketLawyer’s Counterclaims.
27 LegalZoom specifically gives notice that it intends to rely upon such other defenses as
28

1 may become available by law, or pursuant to statute, or discovery proceedings in this
2 case, and hereby reserves the right to assert such additional defenses.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, LegalZoom respectfully requests:

- 5 1. That RocketLawyer's Counterclaims be dismissed in its entirety, with
6 prejudice;
- 7 2. That RocketLawyer take nothing by way of its Counterclaims and that
8 judgment be rendered in favor of LegalZoom; and
- 9 3. That LegalZoom be awarded its reasonable costs and attorneys' fees and
10 such other and further relief as may be just and proper.

11
12 DATED: February 11, 2013

GLASER WEIL FINK JACOBS
HOWARD AVCHEN & SHAPIRO LLP

13
14 By: /s/ Fred D. Heather

15 PATRICIA L. GLASER

16 FRED D. HEATHER

17 MARY ANN T. NGUYEN

Attorneys for Plaintiff

18 LegalZoom.com, Inc.

19 **JURY TRIAL DEMAND**

20 In accordance with Rule 38 of the Federal Rules of Civil Procedure and L.R.
21 38-1, LegalZoom respectfully demands a trial by jury on all issues and claims so
22 triable.