Facebook Inc. v. Lamebook LLC
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DURIE TANGRI LLP
MARK A. LEMLEY (SBN 155830)
mlemley@durietangri.com
JOSEPH C. GRATZ (SBN 240676)
jgratz@durietangri.com
217 Leidesdorff Street
San Francisco, CA 94111
Telephone: 415-362-6666
Facsimile: 415-236-6300

BRACEWELL & GIULIANI LLP
CONOR M. CIVINS
conor.civins@bgllp.com
EDWARD A. CAVAZOS
ed.cavazos@bgllp.com
111 Congress Avenue, Suite 2300
Austin, TX 78701
Telephone: 512-472-7800
Facsimile: 800-404-3970

Attorneys for Defendant
LAMEBOOK, LLC

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

FACEBOOK, INC., a Delaware corporation,

Plaintiff,

v.

LAMEBOOK, LLC, a Texas limited liability company,

Defendant.

Case No. 3:10-CV-05048-RS

NOTICE OF MOTION, MOTION, AND MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF DEFENDANT LAMEBOOK, LLC'S MOTION TO DISMISS

Date: March 31, 2011
Time: 1:30 P.M.
Ctrm: 3
Judge: Honorable Richard Seeborg

Dockets.Justia.com

TO PLAINTIFF AND TO ITS ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on March 31, 2011, at 1:30 p.m., or as soon thereafter as the matter may be heard in the above-captioned Court, Defendant Lamebook, LLC (hereinafter "Defendant") will, and hereby does, move to dismiss this action.

The Court should dismiss this suit against Lamebook because Lamebook filed an action presenting substantially the same issues in the United States District Court for the Western District of Texas before the filing of the Complaint in this action.

This motion to dismiss is based upon this notice, the accompanying memorandum of points and authorities, the accompanying declarations and all exhibits attached thereto, the pleadings and other papers on file in this action, any matters of which the Court may or must take notice, and any and all documentary evidence or oral argument as may be presented in connection with the hearing on this matter.

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Defendant Lamebook, LLC is a two-person company located in Austin, Texas. Lamebook operates an eponymous blog which makes fun of Facebook and its users.

Facebook doesn't like being made fun of. It asked Lamebook to switch to another name, apparently fearing that confused web surfers might think that Facebook was making fun of itself and its own users. The parties entered into discussions about resolving their dispute. The back-and-forth lasted for eight months, and Lamebook faced substantial uncertainty about the matter which affected its ability to operate its business. Lamebook brought an action in federal court in Austin, Texas, where all of its operations are located. That action, filed in the United States District Court for the Western District of Texas, seeks a declaration that it is not a violation of the trademark laws to operate a blog about why Facebook is lame and call it "Lamebook."

Several days later, Facebook filed this lawsuit. Because the declaratory judgment action in the Western District of Texas was the first-filed action, this suit should be dismissed in favor of that one.

II. THIS CASE SHOULD BE DISMISSED IN FAVOR OF THE EARLIER-FILED ACTION IN THE WESTERN DISTRICT OF TEXAS.

Because this action was filed several days after Lamebook's declaratory judgment action in the Western District of Texas, this action should be dismissed under the "first to file" rule. That rule counsels that a court should "decline jurisdiction over an action when a complaint involving the same parties and issues has already been filed in another district." *Pacesetter Sys., Inc. v. Medtronic, Inc.*, 678 F.2d 93, 94-95 (9th Cir. 1982). The rule "serves the purpose of promoting efficiency well and should not be disregarded lightly." *Church of Scientology v. U.S. Dept. of Army*, 611 F.2d 738, 750 (9th Cir. 1979).

A. The threshold factors of the "first to file" rule are met.

"[A] court must look to three threshold factors in deciding whether to apply the first to file rule: the chronology of the two actions, the similarity of the parties, and the similarity of the issues." *Ward v. Follett Corp.*, 158 F.R.D. 645, 648 (N.D. Cal. 1994). Each of those threshold factors is present here. The "chronology of the two actions" is straightforward: the Texas action was filed on November 4, 2010, and this action was filed four days later, on November 8, 2010. *See* Declaration of Joseph C. Gratz in support hereof ("Gratz Decl.") Ex. 1 (Texas complaint); ECF No. 1 (California complaint). The four-day difference in this case is much greater than the differences of mere hours which have been held to trigger the "first to file" rule in several recent cases in this District. *See, e.g.*, *Meru Networks, Inc. v. Extricom Ltd.*, C-10-02021 RMW, 2010 WL 3464315 (N.D. Cal. Aug. 31, 2010) (dismissing the later-filed California action where only "several hours" elapsed after the filing of the earlier complaint); *Intuitive Surgical, Inc. v. California Inst. of Tech.*, C07-0063-CW, 2007 WL 1150787 (N.D. Cal. Apr. 18, 2007) (staying the later-filed California action where only "two hours" elapsed after the filing of the earlier complaint).

The parties are the same in both actions, and the issues are virtually identical. The question in each action is whether the Lamebook blog infringes Facebook's rights under the trademark laws. Facebook has, it is true, made some claims in this action which it had not raised in its talks with Lamebook – for example, its claim in this action that only Facebook is allowed to use the term "wall" to describe a place where messages may be posted. Because these issues had not previously arisen in

discussions, they were not included in the Texas complaint. But the gravamen of the two actions is the same, and "[t]he "sameness" requirement does not mandate that the two actions be identical." *Inherent.com v. Martindale-Hubbell*, 420 F. Supp. 2d 1093, 1097 (N.D. Cal. 2006). Instead, it is "satisfied if they are 'substantially similar.'" *Id.* Because both actions focus on alleged infringement of Facebook's trademark rights by Lamebook, this factor is satisfied. *See Intersearch Worldwide, Ltd. v. Intersearch Group, Inc.*, 544 F. Supp. 2d 949, 959 (N.D. Cal. 2008) (finding substantial similarity of issues where the same trademark was involved in both actions).

Thus, the threshold factors governing application of the "first to file" doctrine are met, and the only remaining question is whether some exception to the rule applies.

B. Because litigation by Facebook was not imminent when it was filed, the Texas action was not an "anticipatory suit."

The "first-to-file" rule does not apply when the earlier-filed action was an "anticipatory suit" – that is, when the first filer knew that the second filer was about to sue, and rushed to file first. "In order for a court to find that the initial suit was anticipatory, the plaintiff in the first action must have been in receipt of specific, concrete indications that a suit by defendant was imminent." *Ward*, 158 F.R.D. at 648. Of course, "a reasonable apprehension that a controversy exists sufficient to satisfy the constitutional requirements for a declaratory judgment action is not equivalent to an imminent threat of litigation." *Intersearch*, 544 F. Supp. 2d at 960 (quotation omitted). "Were this not the case, each time a party sought declaratory judgment in one forum, a defendant filing a second suit in a forum more favorable to defendant could always prevail under the anticipatory filing exception." *800-Flowers, Inc. v. Intercontinental Florist, Inc.*, 860 F. Supp. 128, 132 (S.D.N.Y. 1994).

Here, the parties had been discussing the dispute since April 1, 2010.[1] At the time Lamebook filed its declaratory judgment action, on-and-off talks had dragged on for eight months. Facebook had neither set aside its objections to Lamebook's site nor filed an infringement action. Lamebook appropriately sought judicial resolution of the uncertainty it faced due to Facebook's threats. While there

[1] The chronology of the parties' communications leading up to Lamebook's suit is set forth in Lamebook's opposition to Facebook's motion to dismiss the Texas action, Gratz Decl. Ex. 2, and Lamebook counsel Conor M. Civins' declaration in support thereof, Gratz Decl. Ex. 3.

was a reasonable apprehension of suit, Lamebook had no reason to think that litigation was imminent: indeed, eight months had passed since Facebook's initial threat, and no suit had been filed. As this Court has observed, "suit cannot remain 'imminent' for an indefinite period of time." *Z-Line Designs, Inc. v. Bell'O Int'l, LLC*, 218 F.R.D. 663, 666 (N.D. Cal. 2003). The law does not require an accused infringer to wait around forever. "[A] declaratory action is an appropriate vehicle to alleviate the necessity of waiting indefinitely for a [trademark] owner to file an infringement action." *Guthy-Renker Fitness, L.L.C. v. Icon Health & Fitness, Inc.*, 179 F.R.D. 264, 272 (C.D. Cal. 1998) (finding no anticipatory suit). *See also Intersearch*, 544 F. Supp. 2d at 960 (finding no anticipatory suit and dismissing later-filed trademark suit in favor of earlier-filed declaratory action).

This case presents circumstances notably unlike those in which this Court has permitted later-filed actions to proceed. For example, in *Inherent.com v. Martindale-Hubbell*, 420 F. Supp. 2d 1093, 1100 (N.D. Cal. 2006), a lawsuit was imminent at the time of the declaratory judgment filing. Martindale-Hubbell, the later filer, had sent a letter to Inherent.com, the earlier filer, saying that "unless a settlement is reached within five (5) business days a lawsuit will be filed." Inherent.com filed its suit on the fifth day, just before Martindale-Hubbell had told Inherent.com that it would file. Similarly, in *Z-Line Designs, Inc. v. Bell'O Int'l, LLC*, 218 F.R.D. 663, 666 (N.D. Cal. 2003), Bell'O had imposed a deadline after which it said it would file suit against Z-Line. And when that suit by Bell'O was imminent – "one day before the final deadline agreed upon by both parties" – Z-Line filed an anticipatory declaratory judgment suit. Here, talks had been dragging on, seemingly fruitlessly, for months. There was no deadline.

Because no litigation from Facebook was imminent at the time it was filed, the Western District of Texas action was not an improper "anticipatory suit."

III. CONCLUSION

Because the Texas action was filed earlier and was not an anticipatory suit, the "first to file" rule militates strongly in favor of dismissal. Facebook will not be without remedies: there is, indeed, an ongoing lawsuit about these very issues in the Western District of Texas, and Facebook is free to assert whatever counterclaims it wishes to assert. But Facebook should not be able to hale a two-person

company into court halfway across the country instead of litigating the issues raised by that company's earlier-filed action.

Dated: February 23, 2011

DURIE TANGRI LLP

By: *_/s/ Joseph C. Gratz_*
JOSEPH C. GRATZ

Attorneys for Defendant
LAMEBOOK, LLC

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CERTIFICATE OF SERVICE

I certify that all counsel of record is being served on February 23, 2011 with a copy of this document via the Court's CM/ECF system.

/s/ Joseph C. Gratz
Joseph C. Gratz
Attorneys for LAMEBOOK, LLC