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10 UNITED STATES DISTRICT COURT
 11 NORTHERN DISTRICT OF CALIFORNIA

13 FACEBOOK, INC. ,

14 Plaintiff,

15 v.

16 LAMEBOOK, INC.,

17 Defendant.

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

**PLAINTIFF FACEBOOK, INC.'S
 OPPOSITION TO DEFENDANT'S
 MOTION TO DISMISS**

DATE: March 31, 2011

TIME: 1:30 P.M.

CTRM: 3

JUDGE: Honorable Richard Seeborg

19
 20 **I. INTRODUCTION**

21 This Court should deny Lamebook's motion to dismiss because Lamebook's first filed
 22 Texas complaint¹ was an improper anticipatory suit brought only to deprive Facebook, the true
 23 plaintiff in this action, of its preferred venue. Lamebook filed its Texas declaratory judgment
 24 action in the midst of what Facebook believed to be good faith settlement discussions to resolve
 25 the dispute out of Court. For months, Lamebook's counsel represented to Facebook that
 26

27 _____
 28 ¹ The Texas case is captioned *Lamebook, LLC v. Facebook, Inc.*, Civil Action No. 1:10-cv-00833-SS (W.D. Tex.) (the "Texas Action").

1 Lamebook was exploring the possibility of changing its name. In the middle of those discussions,
2 and without any notice that it had abandoned any intention of a name change, Lamebook
3 suddenly filed its Texas complaint and issued a press release that it had “preemptively fil[ed] suit
4 in the Lone Star State.” Declaration of Gavin Charlston, (“Charlston Decl.”) ¶¶10-11 & Ex. F.²
5 Dismissal of Facebook’s complaint in this Court, filed just two business days after Lamebook’s
6 Texas complaint, would reward Lamebook’s deceptive tactics and discourage intellectual
7 property holders from exploring settlement before filing suit. The motion should therefore be
8 denied.

9 Alternatively, Facebook respectfully requests that this Court defer ruling on Lamebook’s
10 motion until the Texas court has ruled on Facebook’s motion to dismiss the Texas Action. That
11 motion is currently set for hearing on March 25 in Austin, Texas.

12 **II. BACKGROUND**

13 Facebook is a preeminent provider of online social networking services. *See* Complaint
14 (D.I.1), ¶8. Each month, hundreds of millions of users access Facebook worldwide, making it
15 one of the most heavily-trafficked websites in the world. *Id.* Since its launch in February 2004,
16 Facebook has continuously used the FACEBOOK mark in interstate commerce in the United
17 States in connection with its goods and services. *Id.*, ¶10. As a result of the considerable
18 publicity that Facebook receives and the broad base of users that enjoy Facebook’s services,
19 among other factors, the FACEBOOK mark has become famous. *Id.*, ¶17.

21 Defendant Lamebook is a Texas LLC that operates a website at www.lamebook.com.
22 Lamebook claims that its website is a “parody” of Facebook, but Lamebook does not write or
23 create any parodic material. Its website simply displays materials copied from individual
24 Facebook users’ pages, along with advertisements designed to generate income for Lamebook’s

26 ² The factual declarations from the Texas Action have been resubmitted here as Exhibits to the
27 Declaration of Jeffrey T. Norberg. The Charlston Declaration is Exhibit 1, the Johnston
28 Declaration is Exhibit 2, and the Dubois Declaration is Exhibit 3. For ease of reference, citation
in this brief is by declarant name rather than to the exhibit numbers associated with the Norberg
Declaration.

1 owners. Lamebook is not parodying Facebook; it is a commercial enterprise that consolidates
2 what it considers to be amusing postings by Facebook users and presents them under its own
3 infringing trademark in order to profit from the revenues generated by traffic to the
4 www.lamebook.com website. *See generally* Complaint (D.I. 1).

5
6 In November 2009, Lamebook applied to register the LAMEBOOK mark with the United
7 States Patent and Trademark Office. Charleston Decl. Ex. B. In the Spring of 2010, Facebook
8 contacted Lamebook by telephone to convey Facebook’s objection to both the trademark
9 application and the www.lamebook.com website in light of Facebook’s senior trademark rights.
10 Dubois Decl. ¶¶3-5. During a call in early April, Lamebook’s counsel Conor Civins said that
11 Lamebook was interested in reaching an amicable resolution to the dispute. *Id.* ¶3. Lamebook
12 abandoned its initial application to register the LAMEBOOK logo mark, but filed a second
13 application to register the LAMEBOOK word mark in May 2010. Complaint (D.I. 1), ¶¶27-28.
14 Facebook and Lamebook, through their counsel, continued to discuss throughout April and May,
15 2010, Facebook’s objections to Lamebook’s activities and the need for Lamebook to change its
16 name and website to end the infringement of Facebook’s trademarks. Dubois Decl. ¶¶4-5.

17
18 Facebook reiterated throughout these discussions that it was prepared to take legal action
19 if Lamebook did not change its infringing name. *Id.* ¶¶3-5. On July 1, 2010, for example, at the
20 request of Lamebook, Facebook sent a letter detailing Facebook’s objections to the LAMEBOOK
21 mark. *Id.*, ¶5; Charlston Decl. Ex. C. In its letter, Facebook emphasized that it was “prepared to
22 enforce its rights to the full extent of the law” but was willing to defer legal action while the
23 parties discussed resolution. Charlston Decl. Ex. C at 4-5.

24
25 In September 2010, Lamebook’s counsel Conor Civins told Facebook that Lamebook was
26 considering changing its name to “Lameblog.” Johnston Decl. ¶5. Facebook took Mr. Civins at
27 his word, continued to negotiate in good faith, and did not file suit. In late September, Mr. Civins
28

1 again indicated that his client was testing a new name and would soon be ready to transition away
2 from the LAMEBOOK mark. Charlston Decl. Ex. D. Mr. Civins wrote on September 30, 2010,
3 that he would be happy to provide “a status update and start discussing the possible terms of a
4 transition.” *Id.* Throughout October, the parties exchanged multiple phone calls and engaged in
5 further settlement negotiations. Charlston Decl. ¶¶7-9. Mr. Civins continued to claim that
6 Lamebook was testing and preparing to transition to the new name. *Id.* ¶8. Facebook continued
7 to defer filing suit based on these statements.
8

9 On November 2, 2010, at 12:55 p.m. California time, in response to a message from
10 Facebook’s counsel, Mr. Civins left a voicemail advising that he would be busy and unavailable
11 on November 2 and November 3, but would be available for further discussions on the afternoon
12 of November 4. *Id.* ¶10. Mr. Civins said:

13 [W]e should definitely be able to connect. . . . [I]f you want to just schedule
14 something, I’ve got a pretty crazy day tomorrow but we can just schedule a call if
15 you want on Thursday. Thursday afternoon looks pretty good for me. So just let
16 me know and we can talk about what’s going on. Talk to you soon. Bye.

17 *Id.* Ex. E. Mr. Civins apparently spent his “crazy” Wednesday preparing to sue Facebook, while
18 Facebook’s counsel waited to continue settlement discussions on Thursday afternoon, when Mr.
19 Civins said he would be available. On Thursday, Mr. Civins filed the Texas Action while his
20 client issued a press release stating that Lamebook “is fending off threats of trademark
21 infringement litigation from the multi-billion dollar giant [Facebook] by preemptively filing suit
22 in the Lone Star State through attorney Conor Civins[.]” Charlston Decl. Ex. F. Lamebook’s
23 founders continued this publicity campaign to promote Lamebook’s “David v. Goliath” battle by
24 appearing on two Austin news programs on Friday, November 5, just one day after filing the
25 Texas Action. Charlston Decl. Exs. G, H. Lamebook even used its own Facebook page to
26 promote its preemptive strike. Charlston Decl. Ex. I at 2-3.
27

28 Now faced with the certainty of litigation, Facebook sued Lamebook in the Northern

1 District of California the following Monday, November 8, 2010, asserting a full range of
2 trademark infringement claims and seeking comprehensive monetary and injunctive relief. *See*
3 *generally* Complaint (D.I. 1). Shortly thereafter, Facebook filed a motion to dismiss the Texas
4 Action on the ground that it was an improperly filed anticipatory suit. Norberg Decl. ¶5. That
5 motion is now fully briefed and set for hearing in Texas on March 25, 2011. *Id.*.

7 **III. ARGUMENT**

8 **A. Lamebook’s First Filed Texas Action is an Improper Anticipatory Suit.**

9 As Lamebook admits in its Motion, “[t]he ‘first-to-file’ rule does not apply when the
10 earlier-filed action was an ‘anticipatory suit’ – that is, when the first filer knew that the second
11 filer was about to sue, and rushed to file first.” Motion (D.I. 18) at 3; *see also Alltrade, Inc. v.*
12 *Uniweld Prods., Inc.*, 946 F.2d 622, 628 (9th Cir. 1991) (“The most basic aspect of the first-to-
13 file rule is that it is discretionary; ‘an ample degree of discretion, appropriate for disciplined and
14 experienced judges, must be left to the lower courts.’”) (quoting *Kerotest Mfg. Co. v. C-O-Two*
15 *Fire Equip., Co.*, 342 U.S. 180, 183-84 (1952)). The anticipatory suit doctrine is an exception to
16 the first-to-file rule, allowing a court to dismiss a declaratory relief action that was filed in
17 anticipation of a suit that the declaratory relief plaintiff knew was imminent elsewhere. *Alaris*
18 *Med. Sys., Inc. v. Filtertek, Inc.*, Civ. No. 00-CV-2404-L (AJB), 2001 WL 34053241, at *2 (S.D.
19 Cal. Dec. 20, 2001). The anticipatory exception applies to plaintiffs who bring a declaratory
20 action in another venue to subvert the “real plaintiff’s” right to choose the forum for its claims.
21 *Inherent.com v. Martindale-Hubbell*, 420 F. Supp. 2d 1093, 1100 (N.D. Cal. 2006); *Z-Line*
22 *Designs, Inc. v. Bell’o Int’l LLC*, 218 F.R.D. 663, 665 (N.D. Cal. 2003) (“‘The Declaratory
23 Judgment Act is not to be invoked to deprive a plaintiff of his conventional choice of forum and
24 timing, precipitating a disorderly race to the courthouse.’”) (quoting *DeFeo v. Procter & Gamble*
25 *Co.*, 831 F. Supp. 776, 778 (N.D. Cal. 1993)). The rule is intended to encourage intellectual
26 property holders to engage in settlement discussions rather than rushing to file suit. *Charles*
27 *Schwab & Co. v. Duffy*, 49 U.S.P.Q. 2d 1862, 1864 (N.D. Cal. 1998).

28 This case represents a classic example of why the anticipatory suit exception to the first-

1 to-file rule exists. Lamebook filed its declaratory judgment action in Texas to prevent the true
2 plaintiff – Facebook – from bringing its claims in the forum of its choosing. Lamebook was able
3 to file such an action first because it misled Facebook about its willingness to consider changing
4 its name. By inducing Facebook to continue settlement negotiations that Lamebook knew had no
5 chance of success, Lamebook bought time to file its action in Texas before Facebook could file
6 this action.

7 Lamebook’s motion does not seriously dispute that the Texas Action was a preemptive
8 strike, but instead argues that two California cases – *Martindale-Hubbel* and *Z-Line* – require
9 Facebook to have set an arbitrary specific deadline for litigation in order to invoke the
10 anticipatory suit doctrine. *Martindale-Hubbell*, 420 F. Supp. 2d at 1100; *Z-Line Designs*, 218
11 F.R.D. at 666. While the presence of such deadlines can be a factor in determining whether a suit
12 is anticipatory, there is no rule requiring a finding of deadlines for a court to find that a
13 declaratory relief plaintiff believed suit in another forum was imminent. Rather, the anticipatory
14 suit doctrine allows the Court to look to factors relating to fairness and judicial efficiency. Courts
15 look at all of the circumstances leading up to the filing of the declaratory relief action, such as the
16 length and tone of settlement discussions, and whether the plaintiff seeking declaratory relief
17 appears to be engaged in forum shopping. *See Kinetic Concepts, Inc. v. Connetics Corp.*, No.
18 Civ.A.SA-04-CA0237XR, 2004 WL 2026812, at *3 (W.D. Tex. Sept. 8, 2004) (dismissing
19 declaratory trademark case filed during settlement negotiations); *see also Martindale-Hubbell*,
20 420 F. Supp. 2d at 1100.

21 Here there is overwhelming evidence that Lamebook believed suit was imminent. In the
22 months leading up to the Texas Complaint, Facebook repeatedly warned Lamebook that it must
23 change its name or face legal action. Johnston Decl. ¶¶4-5; Charlston Decl. ¶¶6-10 & Ex. D.
24 During the two weeks before the Texas Action was filed, the parties exchanged numerous
25 voicemails regarding a speedy transition to a new name. Charlston Decl. ¶¶7-10. And, during the
26 parties’ final communication before the filing of the Texas Complaint, Facebook’s counsel told
27 Lamebook’s counsel that Lamebook “needed to develop a clear transition plan for the new name
28 in the very near future.” Charlston Decl. ¶8. It is now clear that during that call Lamebook had

1 no intention of changing its name, but rather than disclose this, Lamebook’s counsel simply told
2 Facebook’s counsel that he would respond within the next few days regarding how much time
3 would be needed for a transition. *Id.*

4 A rule requiring Facebook to have set a specific deadline makes no sense in the context of
5 this negotiating history. At the time Lamebook filed its complaint, Facebook believed that the
6 parties were close to settlement because Lamebook had led Facebook to believe as much.
7 Lengthy settlement negotiations are routine in trademark case such as this, and requiring
8 intellectual property holders to set arbitrary and tight deadlines in the middle of these negotiations
9 or risk losing their preferred forum would almost certainly result in rights holders filing suit first
10 and negotiating later. This is not the purpose of the Declaratory Relief Act, and it is precisely the
11 type of scenario the anticipatory suit doctrine was intended to prevent. *See Z-Line Designs*, 218
12 F.R.D. at 665 (“[a]pplication of the first to file rule [for anticipatory suits] would thwart
13 settlement negotiations, encouraging intellectual property holders to file suit rather than
14 communicate with an alleged infringer.”). Lamebook’s motion should be denied.

15 **B. This Court Should not Dismiss this Matter Before the Texas Court Rules on**
16 **Facebook’s Motion to Dismiss.**

17 To the extent this Court is not inclined to immediately deny Lamebook’s motion,
18 Facebook respectfully requests that the decision be delayed until such time as the Court in Texas
19 rules on Facebook’s pending motion to dismiss. That motion has been fully briefed and is
20 currently set for hearing on March 25, 2011, six days before Lamebook’s motion is scheduled to
21 be heard in this Court. Norberg Decl. ¶5. If the Texas Court grants Facebook’s motion, the case
22 will proceed in this Court. Dismissal before the Texas Court rules upon Facebook’s motion
23 would be inefficient, because it may require Facebook to refile its complaint in this Court.

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IV. CONCLUSION

For the foregoing reasons, Lamebook’s motion should be denied. In the alternative, Facebook respectfully requests that the Court delay ruling on this motion until after the Western District of Texas rules on Facebook’s motion to dismiss pending in that Court.

Dated: March 10, 2011

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