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10 **UNITED STATES DISTRICT COURT**  
 11 **NORTHERN DISTRICT OF CALIFORNIA**  
 12 **OAKLAND DIVISION**

13

14 FREECYCLESUNNYVALE,  
 a California unincorporated association,

15 **Plaintiff,**

16

v.

17

18 THE FREECYCLE NETWORK, INC.,  
 an Arizona corporation,

19 **Defendant.**

20

21 THE FREECYCLE NETWORK, INC.  
 an Arizona corporation,

22 **Counterclaimant,**

23

v.

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25 FREECYCLESUNNYVALE,  
 a California unincorporated association,

26 **Counterdefendant,**

27

28

CASE NO. C 06-00324 CW

**THE FREECYCLE NETWORK, INC.'S  
 MEMORANDUM OF POINTS AND  
 AUTHORITIES IN OPPOSITION TO  
 PLAINTIFF'S MOTION FOR SUMMARY  
 ADJUDICATION UNDER FED.R.CIV.P. 56**

Date: September 27, 2007  
 Time: 2:00 p.m.  
 Before: Honorable Claudia Wilken  
 Location: Courtroom 2

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**I. INTRODUCTION**

1  
2 As a preliminary matter, Plaintiff and Counterdefendant FreecycleSunnyvale (“Plaintiff”)  
3 should be denied summary adjudication at this time simply because discovery in this case has  
4 not yet been completed, despite Plaintiff’s blatant misrepresentation to the contrary before the  
5 Court. As discussed in The Freecycle Network’s Motion to Strike, Plaintiff failed to provide  
6 The Freecycle Network with an adequate opportunity to take the deposition of Miles Dennis  
7 Robertson, Jr., or to conduct expert discovery. Dkt. No. 101. Furthermore, just days ago, on  
8 August 31, 2007, it produced an additional 60,000 documents to The Freecycle Network.  
9 Declaration of Lisa Kobialka in Support of The Freecycle Network’s Opposition to  
10 FreecycleSunnyvale’s Motion for Summary Adjudication (“Kobialka Decl.”), ¶ 112, Ex. 110.  
11 Moreover, the expert consulting with The Freecycle Network that was prepared to provide a  
12 report on this issue during the Court-approved schedule that was mutually agreed upon by the  
13 parties was unavailable on such short notice to provide a declaration in support of the present  
14 opposition. *Id.*, ¶ 2. Plaintiff therefore has rashly and inappropriately imposed the burden of  
15 summary judgment briefing upon the Court, even while still actively engaged in discovery.  
16 Plaintiff’s late production also sandbags The Freecycle Network with the impossible task of  
17 reviewing all of the documents within a period of days before filing its opposition to Plaintiff’s  
18 motion for summary adjudication. Such disregard of proper procedure and misrepresentation to  
19 the Court cannot be condoned, and The Freecycle Network as such respectfully requests the  
20 Court to deny Plaintiff’s Motion for Summary Judgment or, in the Alternative, Summary  
21 Adjudication, on FreecycleSunnyvale’s First Claim for Relief and The Freecycle Network’s  
22 Counterclaims (“MSJ”).

23 Plaintiff attempts to stylize its MSJ as a simple discrete issue that would resolve the  
24 trademark-based claims and counterclaims. However, Plaintiff cannot simply overcome the  
25 stringent standard of proof for showing that The Freecycle Network has engaged in naked  
26 licensing, thereby forcing an involuntary forfeiture of the Freecycle Network’s trademark rights.  
27 Indeed, Plaintiff cannot show that The Freecycle Network engaged in naked licensing as genuine  
28

1 issues of material fact exist such that The Freecycle Network can demonstrate that it established  
2 quality control standards and exercised actual quality control.<sup>1</sup>

3 Plaintiff attempts to argue that since there was no central authoritarian leadership to  
4 create and enforce quality standards and controls, The Freecycle Network could not have policed  
5 and monitored its member groups. However, since its inception, The Freecycle Network has  
6 built upon its Mission and Ethos, which not only coordinates the reuse, recycling, and re-gifting  
7 services, but also defines the types of participation and interactions that occur within its groups.  
8 The Freecycle Network instituted clear rules and standards, including specific trademark  
9 policies, by which its member groups must abide, including the most important rule that goods  
10 that members post must be “free, legal, and appropriate for all ages.” As a small, grassroots  
11 organization, Deron Beal, the founder of The Freecycle Network, initially monitored the quality  
12 controls and standards. However, as The Freecycle Network quickly expanded, it outgrew these  
13 informal quality controls and The Freecycle Network formed new, more formalized  
14 mechanisms. The Freecycle Network has maintained a consistent experience among its users by  
15 implementing posting standards, pick-up procedures, approval requirements, and setting out an  
16 appropriate etiquette by which member groups must comply. The Freecycle Network operates  
17 under a structure of authority in which moderators, New Group Approvers, Group Outreach  
18 Assistants, Interim Moderators, and the Penguin Patrol monitor and control the FREECYCLE  
19 name and service. Moreover, consistent with its grassroots origins, The Freecycle Network  
20 continues to operate as a decentralized, democratic leadership that allows regional member  
21  
22

23  
24 <sup>1</sup> Plaintiff continues to improperly use the term FREECYCLE in a generic manner  
25 throughout its Motion to induce the Court into construing the term as generic and thus, not  
26 entitled to protection. The primary significance of the term is to describe The Freecycle  
27 Network and not just the type of service The Freecycle Network provides. FREECYCLE is  
28 used or understood by consumers and members as indicating the source or the umbrella  
organization under which the service is the re-using, recycling, and gifting of goods. As such,  
any such usage by Plaintiff in its Motion to persuade the Court that the term is generic is  
inappropriate and offensive. This, moreover, as Plaintiff admits, is not at issue in this motion  
and therefore, is not addressed substantively herein.

1 groups, through the structure of authority, to adapt The Freecycle Network's rules and  
 2 procedures to the particular needs of their communities.

3 Plaintiff cannot meet the high burden necessary to obtain the extraordinary relief of  
 4 forcibly taking away all of The Freecycle Network's trademark rights by showing a naked  
 5 license on summary judgment. In particular, genuine issues of material fact exist as to whether  
 6 The Freecycle Network established quality standards, retained the right to inspect or supervise,  
 7 engaged in or currently engages in quality control, and to the extent it is an issue, has since  
 8 recaptured its rights in the Marks. As a result, The Freecycle Network respectfully requests that  
 9 the Court deny Plaintiff's MSJ.

## 10 II. STATEMENT OF FACTS

### 11 A. The Freecycle Network's Mission and Ethos

12 The Freecycle Network is an umbrella nonprofit Arizona corporation with member  
 13 groups throughout the world dedicated to encouraging and coordinating the reuse, recycling, and  
 14 gifting of goods throughout the United States and other countries. Declaration of Deron Beal in  
 15 Support of The Freecycle Network's Opposition to FreecycleSunnyvale's Motion for Summary  
 16 Adjudication ("Beal Decl."), ¶ 2; Kobialka Decl., ¶ 3, Ex. 1. The non-profit organization  
 17 started in Tuscon, Arizona in May, 2003, with a single recycling center. *Id.* Today, The  
 18 Freecycle Network is a worldwide organization, with thousands of local recycling groups and  
 19 more than an estimated two million individual members. *Id.*

20 The Freecycle Network's "mission is to build a worldwide gifting movement that  
 21 reduces waste, saves precious resources & eases the burden on our landfills while enabling our  
 22 members to benefit from the strength of a larger community." Beal Decl., ¶ 2; Kobialka Decl.,  
 23 ¶4, Ex. 2. To support this mission, The Freecycle Network maintains an Internet web site,  
 24 located at [www.freecycle.org](http://www.freecycle.org), with a directory of local Freecycle affiliated groups throughout  
 25 the world and provides resources for volunteers to create new Freecycle groups. Beal Decl., ¶ 3.

26 The Freecycle Network does more than simply coordinate reuse, recycling, and gifting  
 27 efforts by its members. Since its inception, The Freecycle Network has cultivated and  
 28 maintained a "Freecycle Ethos" among Freecycle groups that defines the types of interactions

1 that occur within its group and the types of people that participate in its groups. Kobialka Decl.,  
 2 ¶¶ 6-8, Exhs. 4-6; Beal Decl., ¶ 9. The Freecycle Ethos involves cultivating a positive, “warm-  
 3 fuzzy” environment in which individuals are encouraged to act selflessly by giving to others  
 4 without personal gain. *Id.* As Deron Beal, the founder of The Freecycle Network describes it:

5 It’s the beauty of the beast called Freecycle. It is intrinsically good and draws on the  
 6 good aspect of each person – the grumpy old guy is tickled to get rid of his junk, the  
 7 nonprofit gets what they [sic] need, every individual giver experiences the fun of helping  
 someone else out in a big way with absolutely no sweat off their [sic] back. And, we all  
 get to get in a completely guilt-free and warm-fuzzy way.

8 Kobialka Decl., ¶ 9, Exh. 7. Part of the Freecycle Ethos includes decentralized, democratic  
 9 leadership that allows regional groups to adapt their rules and procedures to the particular needs  
 10 of their communities. Kobialka Decl., ¶¶ 5, 10-13, Exhs. 3, 8-11; Beal Decl., ¶ 9. This Ethos,  
 11 however, is specifically for members of The Freecycle Network. *See id.* Rather than dictatorial  
 12 leadership from Mr. Beal, The Freecycle Network’s decisions are made through the use of  
 13 surveys and discussions between group moderators. *Id.* This “Freecycle Ethos” of “warm-  
 14 fuzzy” feelings and democracy is an essential quality of the groups that The Freecycle Network  
 15 has carefully regulated by putting in place rules and mechanisms for enforcing those rules. *Id.*;  
 16 Kobialka Decl., ¶¶ 14-16, Exhs. 12-14.

17 **B. The FREECYCLE Mark, THE FREECYCLE NETWORK Mark and The**  
 18 **Freecycle Network’s Logo**

19 The public has come to associate the Freecycle Ethos with The Freecycle Network’s  
 20 name and marks. The Freecycle Network has been using the trademarks FREECYCLE, THE  
 21 FREECYCLE NETWORK, and the distinctive FREECYCLE logo (collectively “The Freecycle  
 22 Network’s Marks” or “the Marks”) exclusively and continuously since at least May 1, 2003 as a  
 23 service mark to identify its re-using, recycling, and gifting services. Beal Decl., ¶ 4, Exh. 1;  
 24 Kobialka Decl., ¶ 17, Exh. 15. As a result of its use and promotion of The Freecycle Network’s  
 25 Marks, The Freecycle Network has built up and now owns valuable goodwill that is symbolized  
 26 by these trademarks. Kobialka Decl., ¶¶ 3, 18-19, Exhs. 1, 16-17. Furthermore, The Freecycle  
 27 Network’s Marks comprise the core of The Freecycle Network’s intellectual property. *Id.*  
 28 Federal registration of The Freecycle Network’s Marks is pending before the United States



1 Patent and Trademark Office. Id.; Beal Decl., ¶ 5, Exhs. 2-3. In addition, The Freecycle  
2 Network's Marks have received registration in foreign countries. Id.

3 The Freecycle Network gives its local groups permission to use The Freecycle Network's  
4 Marks for local promotions. Id., ¶ 6. The Freecycle Network's Marks are used to identify local  
5 recycling organizations which participate with The Freecycle Network organization. Id.;  
6 Kobiarka Decl., ¶ 20, Exh. 18. The Freecycle Network's Marks are further used by The  
7 Freecycle Network to promote recycling of usable items within a community. Beal Decl., ¶ 6;  
8 Kobiarka Decl., Ex. 19. Individual recyclers rely on the Marks to know that they are dealing  
9 with a local organization officially affiliated with The Freecycle Network. Beal Decl., ¶ 7;  
10 Kobiarka Decl., ¶¶ 20, 22-27, 104-06, Exhs. 18, 20-25, 102-04. The member groups frequently  
11 modify the Marks by adding a word or phrase, and often identifying a geographic location, that  
12 further identifies the member group. For example, a member group is named  
13 "FreecycleSanFrancisco" to signify that the member group is located in San Francisco,  
14 California. However, these modified marks share the same core, i.e. the word "freecycle," and  
15 are therefore substantially the same. Kobiarka Decl., ¶ 29, Exh. 27.

### 16 **C. The Freecycle Network's Copyright and Trademark Policy**

17 In early 2004, The Freecycle Network created an intellectual property working group  
18 tasked with developing guidelines for protecting The Freecycle Network's intellectual property,  
19 including The Freecycle Network's Marks. Beal Decl., ¶ 25, Exh. 44. Tim Oey, a co-owner of  
20 FreecycleSunnyvale, was an active member of The Freecycle Network from early 2004 until late  
21 2005. Id. He vigorously defended The Freecycle Network's rights to The Freecycle Network's  
22 Marks in public email exchanges and various Internet fora while he was a member of The  
23 Freecycle Network. Id. For example, in an e-mail dated September 17, 2004, Oey stated, in  
24 pertinent part, "Everyone in the Freecycle network needs to protect the "Freecycle" trademark."  
25 Id. Additionally, he prepared trademark protection guidelines to further preserve The Freecycle  
26 Network's Marks. Id. The Freecycle Network requires each and every one of its members to  
27 abide by The Freecycle Network Trademark policy. Id., ¶ 26. Member groups that fail to  
28 properly use both the FREECYCLE trademark and logo are initially sent cease and desist letters.

1 Id. The Freecycle Network will only request Yahoo! Groups to remove members that continue  
2 to violate the Trademark policy. Id.

3 **D. The Freecycle Network's Strict Requirements for Approval**

4 The Freecycle Network instituted clear guidelines since its inception and required  
5 members to abide by them. Beal Decl., ¶ 20. Since October 2003, Mr. Beal and other  
6 moderators have recruited individuals to create and join a member group as part of The  
7 Freecycle Network. *See id.*, ¶¶ 27, 30. The existing moderators instructed new members to join  
8 Yahoo! groups and provided The Freecycle Network's approved etiquette to new member  
9 groups, which was listed on The Freecycle Network's web site. Id. As the number of member  
10 groups increased throughout the country and the world, The Freecycle Network created a more  
11 detailed sign-up procedure and guidelines for how potential members would be allowed to join  
12 The Freecycle Network. Id., ¶ 20; Kobialka Decl., ¶¶ 28-29, Exhs. 26-27. In a rapid, but  
13 structured process, committees comprised of participating moderators established policies and  
14 modified them through extensive discussion to prevent overlapping and duplicate groups. Beal  
15 Decl., ¶ 20; Kobialka Decl., ¶¶ 20, 28, Exhs. 18, 26. To maximize its efficiency and to minimize  
16 confusion, The Freecycle Network created guidelines regarding the number and organization of  
17 member groups. Beal Decl., ¶ 20; Kobialka Decl., ¶¶ 5, 22, 27, Exhs. 3, 20, 25. New groups  
18 must also comply with The Freecycle Network's geographic guidelines. Kobialka Decl., ¶¶ 20,  
19 30, 32, Exhs. 18, 28, 30. The Freecycle Network implements "smallest viable size" groups in  
20 order to allow as many groups as possible in a community. Id., ¶ 33, Exh. 31. It is also  
21 consistent with The Freecycle Network's environmental goals by reducing driving time and the  
22 use of fossil fuels. Id., ¶¶ 21, 34, Exhs. 19, 32. The Freecycle Network imposes these standards  
23 on approximately 10,000-30,000 members per town or area. Id., ¶ 33, Exh. 31. The guidelines  
24 also discourage regional groups or larger county groups as unnecessary overlap might occur  
25 when smaller communities form separate groups. Id., ¶¶ 20-21, 107, Exhs. 18-19, 105. When a  
26 potential overlap occurs between a new group and an existing group, The Freecycle Network's  
27 policy is to defer to the existing group owner to decide if the area should be split into two or  
28 three groups. Id., ¶¶ 21, 36, 107, Exhs. 19, 34, 105. The committees also created guidelines for

1 use of the mark FREecycle, and The Freecycle Network name and logo for existing  
2 registered groups. Id., ¶¶ 28, 30-31, Exhs. 26, 28-29. Existing groups unwilling or unable to  
3 abide by the guidelines could no longer use these Marks. Id., ¶ 30, Exh. 28.

4 Finally, The Freecycle Network also mandates the “one group per owner” rule and  
5 requires the owner to actually live in the area. Id., ¶¶ 37-39, Exhs. 35-37. These rules promote  
6 the community concept engendered by The Freecycle Network’s goals. Id. Local owners have  
7 the ability to know and rely on their local recycling contacts. Id. In addition, a local owner will  
8 be able to better plan a local café meet up and coordinate local events. Id.

### 9 **E. The Freecycle Network’s Rules & Etiquette**

10 To ensure that member groups stay true to The Freecycle Network’s mission and Ethos,  
11 and that members will have consistent user experiences, The Freecycle Network maintains a  
12 long list of rules and policies by which groups and members must abide. Id., ¶¶ 16, 40-48, 64,  
13 108, Exhs. 14, 38-46, 62, 106 These rules govern the procedures for offering, requesting, and  
14 accepting goods, the types of goods that can be gifted, and the content of acceptable messages.  
15 Id., ¶¶ 40, 42-44, 47-48, 61, Exhs. 38, 40-42, 45-46, 59. Local group moderators must enforce  
16 these rules among their members. Id., ¶¶ 16, 45, 50-51, Exhs. 14, 43, 48, 49. For minor  
17 infractions, The Freecycle Network institutes a “two strikes and you’re out” rule, but for gross  
18 misconduct, such as sending spam messages, a much harsher “one strike and you’re out” rule is  
19 enforced. Id., ¶¶ 29, 42, 44, Exhs. 27, 40, 42.

20 Chief among its rules, The Freecycle Network requires all members and groups to keep  
21 the contents of their postings and the goods that they post “free, legal, and appropriate for all  
22 ages.” Id., ¶¶ 10, 16, 27, 40, 44, 52-56, Exhs. 8, 14, 25, 38, 42, 50-54. Shortly after its  
23 inception, The Freecycle Network mandated this phrase after a vote in January 2004 among the  
24 moderators. Beal Decl., ¶ 10; *see* Declaration of Lisanne Abrahams in Support of  
25 FreecycleSunnyvale’s Motion for Summary Adjudication (“Abraham Decl.”) (Dkt. No. 72), ¶¶  
26 21-22, Exhs. H-I. It was overwhelmingly approved, as the requirement is critical to defining and  
27 maintaining the Freecycle Ethos. Beal Decl., ¶ 10. The “free” requirement not only prohibits  
28 members from posting items for sale, but also items for trade, advertisements for yard sales, or

1 any other offer that comes “with strings attached.” Kobialka Decl., ¶¶ 41, 45, 50, 55, Exhs. 39,  
2 43, 48, 53. As Mr. Beal himself described it, the goal of The Freecycle Network is “to gift  
3 without any expectation of personal benefit or sales,” and the “free” requirement embodies that  
4 goal. *Id.*, ¶ 57, Ex. 55. The “legal” requirement prevents Freecycle groups from becoming a  
5 source of illegal goods that could threaten its groups with legal liability and alter the “family  
6 friendly” nature of The Freecycle Network. *Id.*, ¶¶ 10, 52, 58-59, Exhs. 8, 50, 56-57. The  
7 “appropriate for all ages” requirement further reinforces the family friendly nature of The  
8 Freecycle Network, ensuring that anyone, regardless of age, can participate in its gifting services  
9 without fear of exposure to inappropriate content. *Id.*, ¶¶ 43, 59-60, Exhs. 41, 57-58.

10 The Freecycle Network defined “appropriate for all ages” as excluding, at a minimum  
11 “weapons, alcohol, tobacco, drugs of any kind, porn, etc.” *Id.*, ¶¶ 53, 59-60, Exhs. 51, 58-59.  
12 However, as a global network of groups from vastly different communities with vastly different  
13 standards, The Freecycle Network recognized that no single “appropriate for all ages” standard  
14 could suffice. *Id.*, ¶ 10, Exh. 8. Instead, The Freecycle Network empowered its local  
15 moderators to exercise judgment and apply local community standards. *Id.*, ¶¶ 10-13, 62, Exhs.  
16 8-11, 60. Thus, while groups would generally agree on what items were considered “appropriate  
17 for all ages,” some items banned in one group would be allowed in others. *Id.*, ¶¶ 10-13, 51, 63,  
18 Exhs. 8-11, 49, 61. This decentralized aspect of The Freecycle Network’s rules was a feature,  
19 though, not a flaw.

20 In addition to the baseline “free, legal, and appropriate for all ages” rule, The Freecycle  
21 Network has been enforcing a host of other rules and policies that further define and maintain  
22 the consistent look and feel of Freecycle branded groups. *Id.*, ¶¶ 35, 40, 42, 44, 48, 50, 55, 57,  
23 64, Exhs. 33, 38, 40, 42, 46, 48, 53, 55, 62. These rules were compiled and posted on the  
24 ModSquad mailing list and made available to moderators. *Id.*, ¶¶ 48, 50, 55, 57, Exhs. 46, 48,  
25 53, 55. Among these rules and policies were the following restrictions on member activities:

- 26 • Curbside offers: Members were prohibited from posting messages indicating that they  
27 would leave an item on their curb for anyone to pick up. This was in part to prevent the  
28 waste of gasoline as people drive to pick up an item that might already have been taken,  
and in part to protect the safety of members. *Id.*, ¶ 40, Exh. 38.

- 1 • Posting procedures: The Freecycle Network defined the format in which members  
2 should offer or request goods. The subject line of postings had to either begin with  
3 “OFFER” or “WANTED” and include the item and location. All responses had to be  
4 directed only to the person who posted initially, not to the entire group. Once a posting  
5 was fulfilled, the original poster had to post a “TAKEN” or “RECEIVED” posting. The  
6 Freecycle Network also limited reposts of the same item to once every two weeks to  
7 prevent members from flooding the group with redundant requests. *Id.*, ¶¶ 43-44, 48,  
8 Exhs. 41, 42, 46.
- 9 • On topic and courteous: The Freecycle Network required postings by members to be  
10 both on topic and courteous, punishing those who were rude or who personally attacked  
11 other members. *Id.*, ¶¶ 43-44, Exhs. 41-42. The Freecycle Network prohibited political,  
12 religious, or any other non-gift-offering discussions from its groups.
- 13 • No First Come First Served: The Freecycle Network prohibited groups from instituting  
14 “first-come first-served” rules because they were prone to abuse by “post stalkers and  
15 resellers.” *Id.*, ¶ 65, Exh. 63.
- 16 • No Dictatorships: The Freecycle Network also encouraged its moderators not to act as  
17 dictators, since dictatorships were antithetical to the Freecycle Ethos. Moderators were  
18 told to “always be nice and light to the group, even if you are publicly giving one guy a  
19 strike so all learn not to do something.” *Id.*, ¶¶ 9, 13, 51, Exhs. 7, 11, 49.

20 These are just some examples among the many policies The Freecycle Network enforces to  
21 maintain the Freecycle Ethos among its groups. *Id.*, ¶¶ 16, 40, 42-44, 46, 66, 94, Exhs. 14, 38,  
22 40-42, 44, 64, 92.

## 23 **F. Monitoring Mechanisms**

24 Each local group, run by one or more local moderators and owners, must apply to  
25 effectively join The Freecycle Network. Beal Decl., ¶ 8, Exhs. 4-6; Kobialka Decl., ¶¶ 29, 97,  
26 Exhs. 27, 95. To be approved, each member must abide by The Freecycle Network’s rules,  
27 including the Freecycle Etiquette and Trademark policy. Beal Decl., ¶ 8, Exhs. 4-6; Kobialka  
28 Decl., ¶¶ 29, 60, Exhs. 27, 58. Each member group is moderated by local volunteers who are  
required to unsubscribe members who do not comply with The Freecycle Network’s rules. Beal  
Decl., ¶ 8, Exhs. 4-6; Kobialka Decl., ¶¶ 22, 32, 60, Exhs. 20, 30, 58. In return, the group is  
listed on the central The Freecycle Network registry. Beal Decl., ¶ 8, Exhs. 4-6; Kobialka Decl.,  
¶¶ 22, 32, Exhs. 20, 30. All member groups must utilize Yahoo! Groups, and can be removed  
from not only The Freecycle Network central registry, but can be removed from the Yahoo!

1 Groups for violations of Trademark policy. Beal Decl., ¶ 8, Exhs. 4-6; Kobialka Decl., ¶¶ 29,  
2 68-70, Exhs. 27, 66-68.

3 In addition, The Freecycle Network instituted mechanisms to monitor and supervise its  
4 Ethos, Rules, Etiquette, and the Marks. Beal Decl., ¶¶ 12-19, Exhs. 8-43. These include local  
5 moderators, the Modsquad, New Group Approvers, Group Outreach and Assistants, Interim  
6 Moderators, and Penguin Patrol, which are described in further detail below. *Id.*

### 7 III. LEGAL STANDARD

#### 8 A. Motions for Summary Judgment

9 Summary judgment or adjudication is not appropriate if a material issue of fact exists for  
10 trial. *Warren v. City of Carlsbad*, 58 F.3d 439, 441 (9th Cir. 1995) (citation omitted). The  
11 underlying facts must be viewed in the light most favorable to the party opposing the motion.  
12 *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587-88 (1986). “[S]ummary  
13 judgment will not lie if ... the evidence is such that a reasonable jury could return a verdict for  
14 the nonmoving party.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986) (citation  
15 omitted). The party moving for summary judgment or adjudication has the burden to show  
16 initially the absence of a genuine issue concerning any material fact. *Adickes v. S.H. Kress &*  
17 *Co.*, 398 U.S. 144, 159 (1970). “Because of the intensely factual nature of trademark disputes,  
18 summary judgment is generally disfavored in the trademark arena.” *KP Permanent Make-up,*  
19 *Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 602 (9th Cir. 2005) (quoting *Entrepreneur*  
20 *Media, Inc. v. Smith*, 279 F.3d 1135, 1140 (9th Cir. 2002)).

### 21 IV. ARGUMENT

#### 22 A. A Genuine Issue of Material Fact Exists as to Whether The Freecycle 23 Network Established Quality Control Standards to Ensure a Consistent 24 User Experience For All Members of The Freecycle Network’s Affiliated Groups

25 Ownership of a valid trademark requires only that a trademark licensor protect the public  
26 from deceptive uses of a trademark by “polic[ing] in a reasonable manner the activities of his  
27 licensees.” *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 367 (2d Cir. 1959).  
28 While this requirement implies the existence of quality standards to police, courts have never

1 required trademark licensors to explicitly define such standards, nor have they discussed how  
2 concrete such standards must be. To the contrary, courts have often held that quality controls  
3 absent concretely defined standards are adequate to avoid a claim of naked licensing. *See, e.g.,*  
4 Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001 (9th Cir. 1985) (upholding a  
5 jury's determination that no naked licensing occurred even where licensor did have explicitly  
6 defined quality standards); *see also* Arner v. Sharper Image Corp., 39 U.S.P.Q.2d 1282, 1288  
7 (C.D. Cal. 1995) (holding that provisions in a license agreement that required a licensee to  
8 inform a licensor of changes in the licensed products were enough to raise a genuine issue of  
9 material fact as to whether naked licensing occurred, even without evidence of any quality  
10 standards held by the licensor). Ultimately, the concern of courts is that the quality of the  
11 products or services offered under the trademark are consistent from licensee to licensee,  
12 regardless of what standards are in place or how formalized those standards are. Barcamerica  
13 Intern. USA Trust v. Tyfield Importers, Inc., 289 F.3d 589, 598 (9th Cir. 2002).

14 Plaintiff would have the Court believe that The Freecycle Network established no quality  
15 controls. However, The Freecycle Network has offered substantial evidence showing that, from  
16 its inception, it has maintained some level of formal or informal quality standards that have  
17 ensured a consistent experience for its users that prevents any deception. Those standards  
18 include: 1) a requirement that all postings be "free, legal, and appropriate for all ages;" 2)  
19 general rules governing the procedure for posting items, the look and feel of Freecycle groups,  
20 and the number of Freecycle groups in a particular region; 3) the terms and conditions of Yahoo!  
21 Groups; and 4) the Freecycle Ethos that guarantees decentralized, democratic control that allows  
22 for adaptation to regional needs. Beal Decl., ¶¶ 9, 10, 20, 21; Kobialka Decl., ¶¶ 11-13, 27, 40,  
23 42-44, 51-52, 76, 111, Exs. 9-11, 25, 38, 40-42, 49-50, 74, 109. As such, this abundance of  
24 evidence at the very least creates a genuine dispute of fact as to whether and to what degree The  
25 Freecycle Network established quality control standards. Plaintiff, therefore, is not entitled to  
26 summary judgment.

27  
28

1           **1. “Free, Legal, and Appropriate for All Ages”**

2           Although developed and implemented earlier, The Freecycle Network approved as an  
3 official rule in January 2004 the quality control that all postings to its member groups be “free,  
4 legal, and appropriate for all ages.” Plaintiff argues that, because the qualities of being “free,  
5 legal, and appropriate for all ages” are not unique to The Freecycle Network, they cannot be  
6 valid quality standards. However, the “free” requirement differentiates itself from other groups,  
7 such as Craigslist (*see* <http://www.craigslist.org>), because The Freecycle Network’s groups are  
8 assured that they will not be co-opted by those seeking to make a profit by selling their goods or  
9 by those seeking a black market for their illegal goods. Additionally, the “appropriate for all  
10 ages” standard is not so ambiguous as to preclude it from being a quality standard. The  
11 Freecycle Network clearly defines the phrase as meaning, at a minimum, “no Alcohol, Tobacco,  
12 Firearms or Drugs, legal or otherwise.” Kobialka Decl., ¶¶ 10, 43-44, 53, 61, 76, Exhs. 8, 41,  
13 42, 51, 59, 74. Though moderators in the modsquad debate whether some particular items fall  
14 within the umbrella of “appropriate for all ages,” these items are in the minority, and the core of  
15 what is considered “appropriate for all ages” is clear. *Id.*, ¶¶ 10, 53, 60-61, Exhs. 8, 51, 58-59.  
16 The fact that The Freecycle Network allows groups to interpret at the fringes what the phrase  
17 means does not preclude it from being a quality standard, and Courts do not require trademark  
18 licensors to create quality standards that are devoid of all ambiguities.

19           Further, Plaintiff’s argument that this rule is not unique has no basis in the law and  
20 would make little sense in practice. The Freecycle Network is not required to define quality  
21 standards that uniquely identify it from all other providers of re-using, re-gifting, and recycling  
22 services. Rather, The Freecycle Network needs to define *any* quality standards that ensure  
23 consistency among its licensees such that consumers are not deceived. The Freecycle Network  
24 satisfies this requirement with its “free, legal, and appropriate for all ages” quality standard.

25           **2. Other Quality Standards**

26           Contrary to Plaintiff’s contention, The Freecycle Network provides numerous other  
27 quality standards to its member groups. For example, The Freecycle Network’s rules and  
28 guidelines ensure a consistent look, feel, and experience across all The Freecycle Network



1 groups. Id., ¶¶ 9, 16, 40, 44, 52, Exhs. 7, 14, 38, 42, 50. As early as September of 2003, Mr.  
 2 Beal sent a copy of The Freecycle Network’s “etiquette” [sic] to a new group in Portland. Id., ¶  
 3 16, Exh. 14. Further, procedures for uniform posting, crossposting, geographic limitations, bans  
 4 on activities such as curbside pickup offers, barter offers, and other activities deemed by The  
 5 Freecycle Network to be outside of its mission, impart on all Freecycle groups a similar look and  
 6 feel that consumers associate with the Freecycle mark. Id., ¶¶ 16, 40, 43-44, 52, 54, 58, 94,  
 7 Exhs. 14, 38, 41-42, 50, 52, 56, 92. Moderators have enforced these quality standards since  
 8 October 13, 2003, thus, a material issue of disputed fact exists as to whether these quality  
 9 standards are in place.

### 10 **3. Yahoo! Groups Terms and Conditions**

11 Another quality standard that Plaintiff fails to acknowledge is The Freecycle Network’s  
 12 incorporation of Yahoo!’s standards for its message boards, which also maintains a level of  
 13 consistency among all of its groups. Kobialka Decl., ¶ 29, Exh. 27. Since 2003, all The  
 14 Freecycle Network groups have been required to follow the Terms and Conditions of Yahoo!  
 15 Groups. Id., ¶¶ 29, 70, 92, Exhs. 27, 68, 90; Beal Decl., ¶ 20. The rules of conduct on Yahoo!  
 16 Groups includes prohibitions on impersonating others, stalking members, sending spam  
 17 messages, or harassing others. Kobialka Decl., ¶ 29, Exh. 27. The Penguin Patrol monitors the  
 18 online member groups to identify “rogue groups,” those groups that fail to comply with The  
 19 Freecycle Network’s rules and etiquette, and especially its Trademark policy. Beal Decl., ¶ 19,  
 20 Exhs. 6, 42-43. After sending the non-compliant groups cease and desist letters, the Penguin  
 21 Patrol contacts Yahoo! and notifies them of the non-compliant groups. Id. Yahoo! would then  
 22 enforce the quality control by terminating all non-compliant member groups. Id., ¶ 8.

### 24 **4. The Freecycle Ethos**

25 One of the most important quality standards The Freecycle Network upholds is the  
 26 “Freecycle Ethos,” which, as discussed in detail above, has been present since the inception of  
 27 The Freecycle Network. Id., ¶ 9. This Ethos guarantees, among other things, decentralized,  
 28 participatory leadership that allows groups to adapt to their own regional needs. Id.; Kobialka

1 Decl., ¶¶ 11-13, 27, 76. Exhs. 9-11, 25, 74. For example, The Freecycle Network's  
2 empowerment of local moderators to decide, at the fringes, what constitutes "appropriate for all  
3 ages" ensures that what a New York City group might consider appropriate for children does not  
4 have to govern what a group in Abilene, Texas believes is appropriate. Kobiarka Decl., ¶¶ 10,  
5 63, Exhs. 8, 61. The fact that local moderators are able to adapt the general The Freecycle  
6 Network policies to their communities does not demonstrate, as Plaintiff contends, that The  
7 Freecycle Network lacks quality standards, because the core The Freecycle Network policies and  
8 procedures remain in place and consistent from group to group. *Id.*, ¶ 51, Exhs. 49. Instead, the  
9 guarantee of local flexibility itself serves as an important quality standard that helps define the  
10 Freecycle Ethos. *Id.*, ¶¶ 10, 27, 51, Exhs. 8, 25, 49. Whether the Freecycle Ethos is  
11 meaningfully and viably decentralized, or "decidedly hands off" is a factual dispute precluding  
12 summary adjudication at this time.

13 **B. A Genuine Issue of Material Fact Exists as to Whether The Freecycle**  
14 **Network Retains an Implied Contractual Right to Inspect and Supervise**  
15 **Member Groups**

16 Though not a requirement to prevent naked licensing, a contractual right to inspect and  
17 supervise licensees serves as evidence of the requisite quality control measures. *Barcamerica*,  
18 289 F.3d at 596 ("The lack of an express contract right to inspect and supervise a licensee's  
19 operations is not conclusive evidence of lack of control."). As long as "the particular  
20 circumstances of the licensing arrangement indicate that the public will not be deceived," no  
21 naked licensing has occurred. *Id.*

22 An implied license granted by a non-profit organization can serve as the basis for a  
23 contractual right to inspect and supervise where the organization maintains guiding principles  
24 that define how member groups behave. *Birthright v. Birthright Inc.*, 29 U.S.P.Q.2d 1081  
25 (D.N.J. 1993). In *Birthright*, the trademark owner, a decentralized, non-profit organization  
26 providing pregnancy counseling services, permitted volunteers to charter local chapters of the  
27 organization and use the organization's trademarks. The organization was founded in 1968 and  
28 had expanded to include 43 entities operating around the country by 1971, when the  
organization first drafted the "Birthright Charter," a document defining the organization's

1 “underlying philosophy and guiding principles.” Id. at 1885-86. The court held that, even after  
2 20 years of use pursuant to an implied license, the mark had not been abandoned because  
3 “defendants’ use was subject to their compliance with the Birthright Charter and policy  
4 directives, as monitored and controlled by the Birthright Board.” Id. at 1098-99. The court  
5 focused on the fact that “the parties were clearly not competitors” but rather “belonged to a  
6 single movement composed of many entities which, however loosely organized, retained a  
7 structure of authority as to such matters as monitoring and control of the “Birthright” name and  
8 ... logo.” Id. at 1099.

9 The Freecycle Network’s evidence that it granted implied licenses subject to adherence  
10 to The Freecycle Network’s policies and procedures is enough, at the very least, to create a  
11 triable issue of fact as to whether The Freecycle Network retains an implied contractual right to  
12 inspect and supervise its member groups. The Freecycle Network has submitted evidence  
13 showing that, as in Birthright, its groups are not “competitors, “ but form a “single movement  
14 composed of many entities” with a “structure of authority” (the modsquad, NGAs, GOAs, I-  
15 Mods, Penguin Patrol), that monitors and controls the “FREECYCLE” name and logo. As an  
16 umbrella organization, The Freecycle Network coordinates the reuse, recycling, and gifting of  
17 goods through its local member groups, who then coordinates the service to its members in the  
18 community. Since The Freecycle Network’s mission is to reduce waste and ease the burden of  
19 landfills, each member group works cooperatively with The Freecycle Network to ensure the  
20 efficiency of its recycling efforts, including The Freecycle Network’s creation, maintenance, and  
21 enforcement of rules, etiquette, and procedures for the recycling of goods. The Freecycle  
22 Network’s evidence also shows that it has and continues to revoke its implied licenses from  
23 groups who have failed to follow this mandate and have strayed from the Freecycle mission.  
24 Kobialka Decl., ¶¶ 69, 87, 96-97, Exhs. 67, 85, 94-95. Thus, a factual dispute exists as to  
25 whether member groups understand that any use of the FREECYCLE mark subjects them to the  
26 inspection and supervision of The Freecycle Network.

1       **C.     A Genuine Issue of Material Fact Exists as to Whether The Freecycle**  
 2       **Network Engages in Actual Quality Control That Prevents Deception of the**  
 3       **Public**

4       Contrary to the Plaintiff’s contentions, The Freecycle Network’s evidence shows that it  
 5       engages in actual quality control efforts satisfying the quality control requirements. At the very  
 6       least, genuine issues of material fact remain that render summary adjudication inappropriate at  
 7       this time. In any case, the existence of actual quality controls, even absent a contractual right to  
 8       control, satisfies the requirements against naked licensing. *See Barcamerica*, 289 F.3d at 596  
 9       (“There need not be formal quality control where the particular circumstances of the licensing  
 10      arrangement indicate that the public will not be deceived.”) (quotation and citations omitted);  
 11      *see also Dawn Donut*, 267 F.2d at 368 (“The absence . . . of an express contract right to inspect  
 12      and supervise a licensee’s operations does not mean that the plaintiff’s method of licensing  
 13      failed to comply with the requirements of the Lanham Act. . . . [T]he question . . . is whether the  
 14      plaintiff in fact exercised sufficient control.”).

15      The required level of actual quality control is flexible and varies with “the wide range of  
 16      licensing situations in use in the modern marketplace.” *Barcamerica*, 289 F.3d at 598 (quotation  
 17      omitted). The only requirement is that the controls be adequate to prevent the mark from  
 18      “ceasing to function as a symbol of quality and controlled source” and to ensure that the public  
 19      is not deceived. *Id.* at 596 (quotation omitted); *First Interstate Bancorp v. Stenquist*, 16  
 20      U.S.P.Q.2d 1704, 1706 (N.D. Cal. 1990) (“[T]he amount of control a licensor must have over a  
 21      licensee is limited to that which is necessary to prevent deception.”) (citations omitted). The  
 22      Freecycle Network satisfies this flexible requirement for actual quality controls because, at every  
 23      stage in its history, The Freecycle Network instituted quality control measures commensurate  
 24      with its size, service, and the expectations of the public.

24      **1.     The Freecycle Network’s Actual Quality Controls Are More Than**  
 25      **Sufficient Given the Minimal Quality Controls Required for Simple**  
 26      **Services Like The Freecycle Network’s**

27      The level of quality control necessary to prevent naked licensing varies according to the  
 28      complexity of the product. Simple products need only minimal quality controls. In  
 29      *Barcamerica*, the court held that the “Da Vinci” mark had been abandoned by virtue of being

1 licensed to a winery without adequate quality controls. Barcamerica, 289 F.3d at 598. The only  
2 evidence of quality controls were the mark owner's "random tastings and [] reliance on [the  
3 licensee's] reputation" and he provided no evidence of "when, how often, and under what  
4 circumstances" he tasted the wine. Id. at 596-97. According to the court, with a "relatively  
5 simple product" like wine, the owner needed only to "sample . . . on an annual basis, in some  
6 organized way, some adequate number of bottles of the Renaissance wines which were to bear  
7 Barcamerica's mark." Id. at 598.

8 The Freecycle Network's re-using, re-gifting, and recycling services are relatively simple  
9 and require less quality control than more complex goods or services. As in Barcamerica, the  
10 operation of a recycling message board is simple and straightforward. Nevertheless, the quality  
11 controls instituted by The Freecycle Network are far more elaborate than the simple annual wine  
12 tastings required by the court in Barcamerica. The Freecycle Network has developed a multi-  
13 tiered quality oversight hierarchy, including moderators, NGAs, GOAs, I-Mods, and Penguin  
14 Patrol, dedicated to enforcing The Freecycle Network rules and responding to complaints from  
15 members of The Freecycle Network groups. Beal Decl., ¶¶ 11-19, Exhs. 8-43; Kobialka Decl.,  
16 ¶¶ 79, 87-88, 98-99, Exhs. 76, 85, 86, 96, 97. The NGAs, the first level of quality control,  
17 regulate which groups are allowed to join The Freecycle Network based on their size,  
18 geography, and their adherence to The Freecycle Network guidelines. Beal Decl., ¶ 15, Exhs.  
19 28-30; Kobialka Decl., ¶¶ 20, 83-85, Exhs. 18, 81-83. While Plaintiff has argued that new  
20 groups were started without any approval process, *e.g.* Kenneth Heddon's groups, contrary  
21 evidence indicates that NGAs carefully screened new groups prior to approval. As one example,  
22 a Johnson County, Indiana group applied to start a Freecycle group and "patiently waited" to get  
23 approval, which it eventually did. Kobialka Decl., ¶ 30, Exh. 28. Such a factual dispute  
24 precludes summary adjudication.

25 In addition to NGAs, moderators have enforced The Freecycle Network's rules,  
26 etiquette, and quality control guidelines since October 2003. The moderators inspect and  
27 supervise the appropriateness of members' messages and postings, ensure that member groups  
28 have a back-up co-owner, maintain an efficient and practical web site, and answer questions by

1 applying and policing The Freecycle Networks' rules and standards. Beal Decl., ¶¶ 12-14, Exhs.  
2 8-27; Kobialka Decl., ¶¶ 10, 51, 64, Exhs. 8, 49, 62. For example, a Freecycle group in  
3 Westchase explicitly "obey[ed] [the] written and published rules of the Freecycle™ network  
4 group" and banned a member who had been spamming other group members. Kobialka Decl., ¶  
5 96, Exh. 94. To the extent that Plaintiff disputes this fact, arguing that The Freecycle Network  
6 never enforced such rules and policies upon the then freecyclesunnyvale group, issues of  
7 material fact remain that preclude summary adjudication at this time.

8 Besides NGAs and moderators, The Freecycle Network created Group Outreach and  
9 Assistance ("GOAs") in September 2004 to oversee the groups that have already been approved,  
10 investigating reported violations of The Freecycle Network policies and advising local  
11 moderators on inter-group issues, such as flame wars, as well as overlapping issues with other  
12 member groups. Beal Decl., ¶ 17, Exhs. 5, 10, 32-39; Kobialka Decl., ¶¶ 20, 22, 31, 63, 70, 87-  
13 88, 103, 110, Exhs. 18, 20, 29, 61, 68, 85, 86, 101, 108.

14 Also, the Interim Moderator Team ("I-Mods") are responsible for temporarily  
15 moderating the group's compliance with The Freecycle Network's rules and Etiquette where the  
16 moderators had abandoned or wanted to stop moderating their group. Beal Decl., ¶ 18, Exhs.  
17 40-41; Kobialka Decl., ¶¶ 85, 89, Exhs. 83, 87. Moreover, I-Mods set up a replacement group  
18 for deleted groups or for groups that have been removed from the network. Beal Decl., ¶ 18,  
19 Exhs. 40-41; Kobialka Decl., ¶¶ 85, 89, Exhs. 83, 87. The new groups must comply with The  
20 Freecycle Network's rule that replacement or headless groups to have at least two co-owners, the  
21 fictional co-owner Ersatzfriend and an interim moderator. Beal Decl., ¶ 16, Exh. 31.

22 Finally, the Penguin Patrol establishes and polices the use of The Freecycle Network  
23 trademarks, including educating moderators on trademark matters and answering their questions.  
24 The Penguin Patrol monitors unaffiliated rogue groups using the Freecycle mark and sends cease  
25 and desist letters to non-compliant groups and dissidents. *Id.*, ¶19, Exhs. 6, 42-43.

26 The existence of these controls is what is important, not the effectiveness of the controls,  
27 and a licensor need not control every aspect of its licensee's business. Kentucky Fried Chicken  
28 Corp. v. Diversified Packaging Corp., 549 F.2d 368, 387 (5th Cir. 1977) ("We must determine

1 whether Kentucky Fried has abandoned quality control; the consuming public must be the judge  
2 of whether the quality control efforts have been ineffectual”); Arthur Murray, Inc. v. Horst, 110  
3 F. Supp. 678, 679-80 (D. Mass. 1953). Plaintiff freely admits that quality controls exist here.  
4 Instead, Plaintiff argues that, because The Freecycle Network does not control every aspect of its  
5 member groups activities with a totalitarian fervor, it did not “monitor and supervise” its groups.  
6 For example, Plaintiff argues that, because the GOAs did not strictly enforce every rule in every  
7 possible applicable situation, their oversight of groups could not be considered adequate.  
8 However, the fact that the quality control enforcers are empowered to make judgment calls  
9 based on the seriousness of a particular infraction does not negate the fact that these quality  
10 controls do exist. Trademark law does not require licensors to develop a Stalinistic relationship  
11 with their licensees in order to prevent the public from being deceived.

12 **2. The Freecycle Network’s Actual Quality Controls Are More Than**  
13 **Sufficient To Prevent Deception of the Public Given the Public’s**  
14 **Expectations**

15 Because the purpose of quality controls is to prevent the deception of the public rather  
16 than ensure a high quality good, the public’s expectations of quality must factor into the level of  
17 quality control required. *See Barcamerica*, 289 F.3d at 596. If the public expects variation in the  
18 quality of a good or service from licensee to licensee, lower quality controls are necessary, since  
19 no deception will occur if those expectations are realized. Because the public is aware that The  
20 Freecycle Network is a decentralized, grass-roots organization offering its services for free, it  
21 must expect some level of informality and variation in rules and policies from group to group.  
22 Kobialka Decl., ¶¶ 11-13, 27, 97, Exhs. 9-11, 25, 95. Given these expectations, minimal quality  
23 controls are enough to prevent the deception of the public. As discussed above, the quality  
24 controls The Freecycle Network instituted far surpass the minimal controls required by  
25 trademark law.

26 **3. The Freecycle Network Exercised Sufficient Quality Standards and**  
27 **Controls and thus, Precludes a Finding of Naked Licensing**

28 Contrary to Plaintiff’s assertion that The Freecycle Network had little to no involvement  
in quality standards and control of its service, The Freecycle Network was involved in providing

1 its rules, Etiquette, and guidelines from Plaintiff's inception, ensuring that volunteer moderators,  
2 such as Abraham, monitored and supervised its members, and policing its trademark policy,  
3 which it found Plaintiff to have violated. Abraham claims, in her declaration, that "[m]any  
4 freecycling organizations promote freecycling by maintaining online groups" and that she started  
5 FreecycleSunnyvale by merely "registering with an internet provider, such as Yahoo!," however,  
6 Plaintiff fails to provide evidence of these alleged "freecycling organizations." See Abraham  
7 Decl., ¶¶ 3-4. Instead, it was Albert Kaufman, owner of the FreecyclePortland, an official  
8 member group of The Freecycle Network, that invited Lisanne Abraham in 2003 to be part of  
9 The Freecycle Network. Kobialka Decl., ¶ 113, Exh. 111 (Deposition of Lisanne Abraham at  
10 13:21-14:8). Kaufman contacted Abraham and persuaded her to join The Freecycle Network.  
11 See Abraham Decl., ¶ 9. He further instructed her to follow The Freecycle Network's guidelines  
12 and set up an internet web site using using free hosting services offered by Yahoo!, Inc., to  
13 promote the service recycling services in Sunnyvale, California. *Id.* Kaufman further instructed  
14 Abraham to contact The Freecycle Network for use of The Freecycle Network logo. Kobialka  
15 Decl., ¶ 113, Exh. 111 (Abraham Depo. at 14:8-11). The Freecycle Network licensed its  
16 distinctive FREECYCLE logo for non-commercial use to Abraham to use on her Yahoo! Groups  
17 web site. *Id.* at 15:8-11; 27:22-28:3; 41:25-42:6. The use of the logo on the Plaintiff's web site  
18 was subject to specific rules which govern all member organizations of The Freecycle Network,  
19 including the most important requirement that the logo may not be used for commercial use. *Id.*  
20 at 41:1-18. This quality control was essential to maintaining The Freecycle Network's Ethos of  
21 acting selflessly and without personal gain.

22 Mr. Beal welcomed Plaintiff to The Freecycle Network and provided Plaintiff with its  
23 Rules & Etiquette and guidelines, which Plaintiff utilized and maintained for its member group.  
24 *Id.* at 45:1-10; Beal Decl., ¶ 29, Exh. 46; see Abraham Decl., ¶ 17, Exh. E. In recognition of  
25 Plaintiff's status as a member group, The Freecycle Network maintained a link to Plaintiff's  
26 website on the [www.freecycle.org](http://www.freecycle.org) site. Kobialka Decl., ¶ 113, Exh. 111 (Abraham Depo. at  
27 21:5-10). The Freecycle Network further provided support through its mechanisms for  
28 monitoring the service through the use of moderators, NGAs, Ersatzfriend, GOAs, iMods, and



1 the Penguin Patrol. Beal Decl., ¶ 11. From Plaintiff's inception, Abraham held a volunteer  
2 position with The Freecycle Network as a moderator of Plaintiff's website and volunteered to be  
3 part of The Freecycle Network's Modsquad. Kobialka Decl., ¶ 113, Exh. 111 (Abraham Depo.  
4 at 21:11-20; 21:24-25:3). Abraham's role as a moderator and as part of The Freecycle Network  
5 Modsquad demonstrates that Plaintiff's group was monitored and supervised by mechanisms  
6 created by The Freecycle Network. Abraham monitored members' messages to ensure  
7 compliance with The Freecycle Network rules and Etiquette before she approved their posts. Id.  
8 at 86:16-87:4. When she encountered a "tough call," she utilized The Freecycle Network's  
9 mechanism of contacting and interacting with other moderators to discuss any issues and any  
10 policies or procedures. Id.

11 Finally, despite Plaintiff's awareness of The Freecycle Network's Trademark policy and  
12 its warnings by The Freecycle Network to comply with this important quality control, The  
13 Freecycle Network was forced to terminate Plaintiff as a member group. Id. at 41:1-24. On two  
14 separate occasions, The Freecycle Network asked Plaintiff to cease using the logo due to the  
15 failure to abide by the rules The Freecycle Network required of all member organizations.  
16 Despite these warnings, Plaintiff continued to use The Freecycle Network's logo improperly. Id.  
17 at 41:1-24. On November 21, 2005, Yahoo! suspended Plaintiff's free internet web site, citing a  
18 possible violation of Yahoo!'s Terms of Service. Id. at 16:7-16. Shortly thereafter, Plaintiff  
19 secured a new, free, web site with Yahoo! Groups under the name "sunnyvalefree" that is in  
20 operation today. Thus, the experience Plaintiff had actually demonstrates that The Freecycle  
21 Network implemented quality controls with respect to use of its FREECYCLE mark and logo.  
22 This alone justifies denial of summary judgment.

23 Similarly, Robertson cannot claim that at the time he set up "FreecycleStillwaterOK,"  
24 that he "was unaware of TFN or its website" and that he ran the group "independently and  
25 without any assistance or guidance from [either] TFN or Mr. Beal." Declaration of Miles  
26 Dennis Robertson, Jr. in Support of Freecyclesunnyvale's Motion for Summary Adjudication  
27 ("Robertson Decl."), ¶¶ 6-7. Mr. Beal specifically guided and instructed Robertson on The  
28 Freecycle Network's procedures on how to start a local member group (through Yahoo! groups),

1 provided Robertson with The Freecycle Network's rules and etiquette, and instructed Robertson  
2 on how to gain experience so that he could be a moderator and monitor The Freecycle  
3 Network's rules and etiquette. Beal Decl., ¶ 30. Robertson continued to become an NGA and  
4 approved new member groups pursuant to The Freecycle Network's policies, including setting  
5 up through Yahoo! and providing new groups with the rules and etiquette. Robertson Decl., ¶¶  
6 14, 17. Even if Robertson did not know of the official name of the web site or the name of  
7 organization founded by Mr. Beal, Robertson complied with and indeed enforced its quality  
8 standards and controls in creating his member group. *Id.*, ¶¶16-18.

9 Despite Robertson's claim that while he was a GOA, "a complaint was not always  
10 investigated immediately," The Freecycle Network continuously provided quality standards and  
11 enforcement mechanisms to maintain its quality. *Id.*, ¶ 25. Robertson may have been dilatory in  
12 his duties, however, that does not speak to whether other monitoring groups, such as NGAs,  
13 GOAs, moderators, iMods, and Penguin Patrol, failed to comply with The Freecycle Network's  
14 policies and procedures. Plaintiff cannot overcome its stringent standard of proof given the  
15 sufficient quality standards and controls set out by The Freecycle Network's rules and  
16 procedures, as well its mechanisms to monitor those rules.

17 **D. A Genuine Issue of Material Fact Exists as to Whether The Freecycle**  
18 **Network's Quality Control Efforts Were Belated**

19 The Freecycle Network implemented informal quality controls initially due to its  
20 service's size and nature. However, as the The Freecycle Network's member groups grew, it  
21 quickly implemented quality control efforts to monitor and supervise The Freecycle Network  
22 Ethos and rules. Beal Decl., ¶ 11. The Freecycle Network certainly had quality controls in  
23 place when it set up the NGAs and GOAs in September of 2004. There was nothing in The  
24 Freecycle Network's conduct that would render The Freecycle Network's Marks abandoned.  
25 The only authority Plaintiff cites for the prospect that a mark loses all protection and cannot be  
26 revived after an 18 month period without quality controls is a "holding" that it manufactures by  
27 pasting together out-of-context quotes from Halo Management, LLC v. Interland, Inc., 2004 WL  
28 1781013 (N.D. Cal. Aug. 10, 2004). Motion at 19-20. Halo Management did not hold, as

1 Plaintiff contends, that a six month delay in quality controls alone was inexcusable. Rather, the  
2 six month delay was cited as one minor factor among many that rendered the mark in question  
3 abandoned. Halo Management, 2004 WL 1781013, at \*6 (describing mark owner’s efforts at  
4 quality control as “tardy, dilatory, and facile” and “uniformly tardy, unsystematic, and  
5 unavailing”). There, the only evidence of any quality control was two email messages sent in  
6 preparation of litigation that thanked the licensee for “promoting a positive message” and noting  
7 that it was “kind of important to check up” on the use of the mark to prevent “a loss of rights.”  
8 Id. The court was suspicious of the timing of the messages, which “coincided with (and helped  
9 prepare for) [the mark owner’s] filing of this litigation,” noting that “[s]uch transparent *post hoc*  
10 gestures are not sufficient to revive an abandoned mark, nor do they function as adequate quality  
11 controls.” Id.

12 Here, The Freecycle Network’s quality controls were neither tardy, dilatory, nor facile.  
13 As discussed above, The Freecycle Network has maintained quality controls from its inception  
14 that have been sufficient, based on the service’s size and nature, to prevent the public from being  
15 deceived. As a small, grassroots organization, the quality controls were headed up by Deron  
16 Beal, and evolved as needed over time. Kobialka Decl., ¶¶ 14-16, 65, 81, 100-02, Exs. 12, 13,  
17 14, 63, 79, 98-100. Though these quality controls were largely informal, they worked. Id. In  
18 response to the growth, The Freecycle Network quickly formed new, more formalized  
19 mechanisms, such as the ModSquad, NGAs, and GOAs, to deal with the needs of a larger  
20 network of member groups. Beal Decl., ¶¶ 11-19, Exhs. 8-43; Kobialka Decl., ¶¶ 51, 103, Exs.  
21 49, 101. The growth of these enforcement mechanisms illustrates exactly how concerned The  
22 Freecycle Network was, at every step in its existence, with maintaining a consistent level of  
23 quality and ensuring that the Freecycle Ethos remained alive in every Freecycle group. As a  
24 result, The Freecycle Network’s quality controls are real and effective, borne out of The  
25 Freecycle Network’s desire to maintain the Freecycle Ethos. They are not merely “transparent  
26 *post hoc* gestures” undertaken in preparation of litigation.

1 **E. A Genuine Issue of Material Fact Exists as to Whether The Freecycle**  
2 **Network Currently Engages In Quality Controls**

3 The Freecycle Network's quality control measures discussed above continue to exist and  
4 to regulate the quality of services provided by Freecycle groups. The fact that The Freecycle  
5 Network refused production of certain files held by some of its licensees because it lacked the  
6 "possession, custody or control" required under Fed. R. Civ. P. 34(a) is completely irrelevant to  
7 the question of quality controls for a trademark. Indeed, Plaintiff did not move to compel these  
8 documents prior to filing its motion. The requisite quality control required for naked licensing  
9 has nothing to do with the standard for "possession, custody or control" for purposes of  
10 discovery. The evidence offered by The Freecycle Network at the very least creates genuine  
11 issues of material fact that preclude Plaintiff's motion for summary adjudication.

12 **F. Summary Judgment Should Be Denied Because Even if The Freecycle**  
13 **Network Engaged in Naked Licensing, It Has At the Very Least Recaptured**  
14 **Its Rights in the Marks**

15 As described above, The Freecycle Network has set in place in formal requirements such  
16 that today, the Marks are strongly associated with The Freecycle Network.<sup>2</sup> This includes  
17 numerous policies, such as the Trademark policy. Thus, at the very least, The Freecycle  
18 Network recaptured its rights in the Marks through the establishment of stringent quality control  
19 standards. As such, rights in the Marks, if ever previously lost, have since been regained  
20 through The Freecycle Network's current implementation and enforcement of quality control  
21 standards over the Marks. Plaintiff itself admits that The Freecycle Network presently enforces  
22 the quality of the Marks, but fails entirely to justify why the Marks should still be abandoned  
23 based on past alleged naked licensing.

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28 <sup>2</sup> The Freecycle Network does not admit that it has engaged in any naked licensing of the  
Marks during any period of time.

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**V. CONCLUSION**

For the foregoing reasons, The Freecycle Network respectfully requests that this Court deny Plaintiff's MSJ.

DATED: September 6, 2007.

**PERKINS COIE LLP**

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