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 FREECYCLESUNNYVALE,

9
 10 **UNITED STATES DISTRICT COURT**
 11 **NORTHERN DISTRICT**
 12 **OAKLAND DIVISION**

13 FREECYCLESUNNYVALE,
 a California unincorporated association,
 14
 15 Plaintiff,

16 v.

17 THE FREecycle NETWORK,
 an Arizona corporation,
 18
 19 Defendant.

Case No. C06-00324 CW

**PLAINTIFF AND
 COUNTERDEFENDANT
 FREECYCLESUNNYVALE'S
 CORRECTED NOTICE OF MOTION
 AND MOTION FOR SUMMARY
 JUDGMENT, OR IN THE
 ALTERNATIVE, SUMMARY
 ADJUDICATION, ON
 FREECYCLESUNNYVALE'S FIRST
 CLAIM FOR RELIEF AND THE
 FREecycle NETWORK'S
 COUNTERCLAIMS**

[FED. R. CIV. P. 56]

Date: August 23, 2007
 Time: 2:00 p.m.
 Before: Hon. Claudia Wilken
 Location: Courtroom 2

24 AND RELATED COUNTERCLAIMS

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1 TO DEFENDANT AND COUNTERCLAIMANT THE FREECYCLE NETWORK,
2 INC., AND ITS ATTORNEYS OF RECORD:

3 NOTICE IS HEREBY GIVEN that on August 23, 2007, at 2:00 p.m., or as soon
4 thereafter as the matter may be heard, Plaintiff and Counterdefendant FreecycleSunnyvale shall
5 move this Court for summary judgment, or in the alternative, summary adjudication, on the First
6 Claim for Relief of its First Amended Complaint and summary judgment on all Counterclaims of
7 Defendant and Counterclaimant The Freecycle Network, Inc.

8 This motion respectfully asks this Court to enter summary judgment or adjudication on
9 all trademark based claims and counterclaims on the ground that The Freecycle Network nakedly
10 licensed its alleged trademarks, thereby abandoning any trademark rights it might have had in the
11 word “freecycle,” the phrase “The Freecycle Network,” or a logo containing a stylized version of
12 “freecycle” and the elements of a guitar and bicycle.

13 Plaintiff and Counterdefendant’s motion for summary judgment or adjudication is based
14 on FED.R.CIV.P. 56 and is supported by the following Memorandum of Points and Authorities,
15 the [Proposed] Order, the Declaration of Timothy Oey, the Declaration of Lisanne Abraham, the
16 Declaration of Kenneth A. Hedden, Sr., the Declaration of Miles Dennis Robertson, Jr., the
17 Declaration of Dennis S. Corgill, the file in this matter, any facts or records of which this Court
18 may take judicial notice, and any argument that may be heard by the Court.

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 The central issues in this action are whether The Freecycle Network (“TFN”) has
4 trademark rights in the word “freecycle,” the phrase “The Freecycle Network,” and a logo
5 containing a stylized version of “freecycle” and the elements of a guitar and bicycle (collectively
6 “TFN Alleged Marks”). This Court need not reach those issues because TFN abandoned
7 whatever rights TFN had in the TFN Alleged Marks through naked licensing. When permitting
8 others to use its alleged trademarks, TFN (1) did not establish quality standards for its alleged
9 licensees, (2) did not retain any contractual rights to inspect or supervise its alleged licensees, (3)
10 did not engage in quality control of its alleged licensees’ operations, and (4) permitted complete
11 strangers to use its alleged trademarks without having any basis to rely on the quality control
12 efforts of these strangers.

13 Because TFN’s naked licensing abandoned any rights it might have had in its purported
14 trademarks, FreecycleSunnyvale is entitled to summary judgment or adjudication on its First
15 Claim for Relief, which seeks declaratory judgment of non-infringement of TFN’s Alleged
16 Marks, and on all TFN’s counterclaims.

17 **II. STATEMENT OF THE ISSUE TO BE DECIDED**

18 Whether TFN abandoned the TFN Alleged Marks through naked licensing when TFN did
19 not (1) establish quality standards, (2) retain contractual rights to control quality, (3) actually
20 control quality, or (4) reasonably rely on alleged licensees to control quality?

21 **III. STATEMENT OF THE FACTS**

22 This dispute arises out of the largely internet-based activity of “freecycling,” in which a
23 person with an unwanted item—a “freecycler”—gives the item to a stranger rather than sending
24 the item to a landfill. For online freecycling, local freecycling organizations maintain online
25 groups, such as those available from Yahoo! Corporation. Online freecyclers visit a local online
26 group to post messages announcing unwanted items. When another member of that online group
27 expresses an interest and a transfer is made, the item is “freecycled.” See Declaration of Lisanne
28 Abraham at ¶¶ 2-3 [“Abraham Dec.”]; Declaration of Timothy Oey ¶¶ 3-5 [“Oey Dec.”].

1 **A. The Parties**

2 Defendant and Counterclaimant TFN is an Arizona Corporation founded in March 2003.
3 TFN operates not for profit and has only one full-time employee, Deron Beal, TFN's founder
4 and now Executive Director. TFN coordinates a network of local freecycling groups and
5 maintains a Web site with links to thousands of groups who use the TFN Alleged Marks.¹ See
6 Oey Dec. ¶ 61 & Exh. JJ. TFN seeks to control the grassroots freecycling movement by filing
7 trademark infringement reports with Yahoo!, which then terminates online groups at TFN's
8 behest. See Declaration of Miles Dennis Robertson, Jr. ¶ 28 ["Robertson Dec."].

9 Plaintiff and Counterdefendant FreecycleSunnyvale is a California unincorporated
10 association that has operated in Sunnyvale, California, since October 2003. FreecycleSunnyvale
11 is a local freecycling group that formerly participated in TFN's network and used all of the TFN
12 Alleged Marks. See Abraham Dec. ¶¶ 8, 10-11, 15; Oey Dec. ¶ 12 & Exh. F.
13 FreecycleSunnyvale believes that "freecycle" is a generic term that cannot be protected as a
14 trademark. FreecycleSunnyvale filed this declaratory relief action after TFN caused Yahoo! to
15 terminate FreecycleSunnyvale's online group. See Oey Dec. ¶ 12. TFN counterclaimed for
16 trademark infringement and unfair competition.

17 **B. Online Freecycling**

18 An online freecycling group is comprised of owners, moderators, and members. The
19 owners are the ones who register with, and obtain a group service account from, an internet
20 service provider, such as Yahoo! Groups. The owners control the operation of the group. The
21 owners select moderators and/or moderate the groups themselves. Moderators can, but usually
22 do not, review messages that members send to the online group. Where moderators review and
23 approve messages, a moderator posts the message to the group's home page, which
24 automatically relays the message to the other members. Members of an online group join a
25 group so that they may send messages to the group and, in turn, read messages that have been
26 posted. Members do not review messages before those messages are posted. Typically, the
27 owners and moderators are also members. See Abraham Dec. ¶¶ 2-6; Oey Dec. ¶¶ 7-9.

28 ¹ TFN's Web site is located at www.freecycle.org.

1 To freecycle online, an individual first finds an online freecycling group by using Google
2 or another internet search engine and searching on the terms “freecycle” and the name of the
3 local community. The individual “joins” the group by registering as a member. Then, the
4 member (a) sends an “offer” message to the online group, (b) the “offer” is posted on the group’s
5 home page and relayed to members, (c) one or more members who want the item reply to the
6 “offer,” and (d) the member offering the item arranges to transfer the item to one of the members
7 wanting the item. A member can also post a “wanted” message and follow the same process to
8 see if another member has an item that he or she no longer wants. *See* Abraham Dec. ¶ 7; Oey
9 Dec. ¶¶ 6, 13.

10 **C. TFN’s Early Contribution To The Freecycling Movement**

11 TFN was founded in March 2003, when freecycling was truly a decentralized and
12 grassroots movement comprised entirely of volunteers. Although TFN was not the first
13 organization to promote freecycling, TFN did popularize freecycling on the internet. *See* Oey
14 Declaration ¶ 3 & Exh. C. In particular, TFN set up a Web site showing local volunteers how to
15 set up and moderate online groups using Yahoo! Groups, a free service. *See* Declaration of
16 Kenneth A. Hedden, Sr. ¶ 3 [“Hedden Dec.”]; Robertson Dec. ¶ 13. TFN’s Web site also
17 provides links to local groups. *See* Abraham Dec. ¶ 16; Robertson Dec. ¶ 14.

18 In its early days, TFN operated without regard to preserving any rights in its now alleged
19 trademarks or, for that matter, to following the obligations imposed upon a trademark licensor.
20 For example, “freecycle” was commonly used as a generic term, not only on TFN’s Web site,
21 but also by TFN’s founder and now Executive Director, Deron Beal. For example, Mr. Beal
22 referred to members of online groups as “freecyclers” and encouraged others to “Keep on
23 Freecyclin’!” *See* Oey Dec. ¶¶ 74(c) & Exh. VV, 74(e) & Exh. XX. *See also* Hedden Dec. ¶¶ 9,
24 34; Oey Dec. ¶ 74. *Compare* Amended Complaint ¶ 23 & Exh. 1 (docket # 20 entered Apr. 6,
25 2006) (copy of home page of TFN’s Web site showing generic use of “freecycle”) *with* Answer
26 to Amended Complaint ¶ 23 (docket # 46 entered Aug. 8, 2006) (not denying that exhibit is copy
27 of home page of TFN’s Web site).

28

1 **D. FreecycleSunnyvale Joins The Freecycling Movement In October 2003**

2 FreecycleSunnyvale was founded in October 2003, when Lisanne Abraham entered into a
3 contract with Yahoo! for a group service account. Ms. Abraham had learned about online
4 freecycling from a friend, Albert Kaufman, who owned and moderated an online freecycling
5 group in Portland, Oregon. In an October 3, 2003, email sent to several of his friends, including
6 Ms. Abraham, Mr. Kaufman explained online freecycling and invited his friends to start online
7 freecycling groups in their local communities. Mr. Kaufman encouraged his friends to copy and
8 use anything from his online group. *See* Abraham Dec. ¶ 9 & Exh. A.

9 **1. Ms. Abraham started the freecyclesunnyvale online group before**
10 **affiliating with TFN**

11 In response to Mr. Kaufman’s email, Ms. Abraham contacted Yahoo! and started a
12 Yahoo! online group on October 7, 2003. Ms. Abraham entered into a group service account
13 with Yahoo! independently and without the assistance of Mr. Kaufman, TFN, Mr. Beal or, for
14 that matter, anyone else. Ms. Abraham named the online group “freecyclesunnyvale,” because
15 Ms. Abraham lives in Sunnyvale, California, where she promotes local freecycling to this day.
16 By creating freecyclesunnyvale, Ms. Abraham was the founding member of
17 FreecycleSunnyvale,² a group of volunteers who, over time, have moderated online groups for
18 freecyclers in the local Sunnyvale area. *See* Abraham Dec. ¶¶ 8, 10.

19 **2. TFN permitted FreecycleSunnyvale to use TFN’s logo with only a**
20 **request that the logo not be used for commercial purposes**

21 Also on October 7, 2003, Ms. Abraham contacted Mr. Kaufman to inquire about getting a
22 logo like the one that she had seen used by Mr. Kaufman’s online group. In response,
23 Mr. Kaufman asked Ms. Abraham to contact Mr. Beal so that freecyclesunnyvale could be listed
24 on TFN’s Web site. Mr. Kaufman suggested that Ms. Abraham contact Mark Messinger for a

25 ² “FreecycleSunnyvale,” with an uppercase “F” and “S,” refers to the Plaintiff and
26 Counterdefendant, a California unincorporated association. By contrast, “freecyclesunnyvale,”
27 with a lowercase “f” and “s,” refers to the Yahoo! group that was known by that name.
28 FreecycleSunnyvale is comprised of volunteers who moderated the freecyclesunnyvale online
group until that group was terminated at TFN’s behest. The FreecycleSunnyvale volunteers now
own and moderate a Yahoo! Group known as “sunnyvalefree.” *See* Abraham Dec. ¶ 8; Oey Dec.
¶¶ 12, 71-72.

1 logo, and Mr. Kaufman also offered to provide the typefont used in the logo. In the next day or
2 two, Ms. Abraham had a brief telephone conversation with Mr. Beal, marking the first time that
3 the two ever communicated. *See* Abraham Dec. ¶¶ 12-13.

4 On October 9, 2003, Mr. Beal added freecyclesunnyvale to the list of online freecycling
5 groups on TFN’s Web site. Mr. Beal then sent an email to Ms. Abraham, indicating that
6 freecyclesunnyvale could use TFN’s logo, with the only restriction a request not to use the logo
7 for commercial purposes. Mr. Beal’s email stated, in its entirety:

8 Yeah, Sunnyvale!
9 You can get the neutral logo from <http://www.freecycle.org> , just
10 don’t use it for commercial purposes or you [sic] maybe Mark or
11 Albert can help you to do your own fancy schmancy logo!
12
13 Good luck
14 Deron

12 This is the only written communication between TFN and FreecycleSunnyvale regarding use of
13 TFN’s logo.³ *See* Abraham Dec. ¶¶ 14 & Exh. C, 16.

14 Following the suggestions of both Mr. Kaufman and Mr. Beal, Ms. Abraham contacted
15 Mr. Messinger regarding a logo. Mr. Messinger agreed to design a logo for Ms. Abraham.
16 TFN’s logo is a stylized depiction of the word “freecycle” containing the elements of a bicycle
17 and a guitar. Mr. Messinger modified TFN’s logo by adding a similarly stylized version of
18 “Sunnyvale”:



23 Within a week or so of starting freecyclesunnyvale, Ms. Abraham put the “freecyclesunnyvale”
24 logo on the homepage of freecyclesunnyvale, where it remained until November 21, 2005, when
25

26 ³ FreecycleSunnyvale does not concede that this email, or any other communication or course of
27 conduct between TFN and FreecycleSunnyvale constitutes a contract or license. Rather, this
28 motion argues that, even if TFN had trademark rights and entered into licenses, TFN abandoned
any trademark rights it might have had through naked licensing.

1 Yahoo! terminated freecyclesunnyvale at TFN's behest.⁴ See Abraham Dec. ¶¶ 8, 13-15 & Exh.
2 D; Oey Dec. ¶¶ 12 & Exh. F, 71.

3 When Ms. Abraham started freecyclesunnyvale, she also posted an "etiquette" on the
4 home page of freecyclesunnyvale. An "etiquette" is a guideline for members of an online group
5 to follow when posting messages to the group. Ms. Abraham based the etiquette on one posted
6 on either Mr. Kaufman's group for Portland, Oregon, or Mr. Beal's group for Tucson, Arizona.
7 For example, the etiquette uses "Sunnyvale Freecycle Network" as a name for
8 freecyclesunnyvale. Other than noting that the exchange of pets should be legal, the etiquette for
9 freecyclesunnyvale did not provide any restrictions or guidance as to what kinds of items could
10 be posted for freecycling. See Abraham Dec. ¶ 11.

11 Of importance is what did not happen when FreecycleSunnyvale affiliated its online
12 group with TFN and began using TFN's logo. There were no contracts. There were no
13 discussions of any requirements, restrictions, or conditions on the use of the word "freecycle" or
14 the phrase "The Freecycle Network." At this time, freecycling was a grassroots movement, and
15 neither TFN nor Mr. Beal made any effort to control local groups by asserting trademark rights.
16 See also Oey Dec. ¶ 15.

17 **E. Until September 2004, Online Freecycling Operated With Little, If Any,**
18 **Guidance Or Oversight From TFN**

19 Until September 2004, the online freecycling movement remained a grassroots movement
20 where local groups ran themselves. As the online freecycling movement grew, new online
21 groups started with little, if any, assistance from TFN. Individuals with experience as
22 moderators of online groups started new freecycling groups with no assistance. For example,
23 when Miles Robertson of Stillwater, Oklahoma, emailed Mr. Beal about starting an online
24 freecycling group, Mr. Beal suggested that he become a member of one or two existing online
25 freecycling groups to see how those groups operated. Otherwise, Mr. Robertson was on his own.
26 Individuals without experience as moderators of online groups could visit TFN's Web site for

27 ⁴ TFN subsequently made changes to its logo by adopting a slightly different bicycle and guitar.
28 See also Hedden Dec. ¶ 14; Robertson Dec. ¶ 29. The freecyclesunnyvale logo depicted in the
text contains TFN's logo as it originally appeared in October 2003.

1 instructions on how to obtain a group service account from Yahoo! and how to moderate an
2 online freecycling group. *See* Hedden Dec. ¶ 3; Robertson Dec. ¶¶ 2-7.

3 Groups were listed on TFN's Web site without any approval process whatsoever. For
4 example, Kenneth Hedden of Schroon Lake, New York, started seven online freecycling groups
5 in New York. These groups were up and running before Mr. Hedden provided TFN with the
6 information needed to list his groups on TFN's Web site. Mr. Hedden's groups were added to
7 TFN's Web site without any approval process, typically within twenty-four hours of his request.
8 *See* Hedden Dec. ¶¶ 7-10; Robertson Dec. ¶ 8.

9 Throughout this process of setting up online freecycling groups, newly formed groups
10 freely borrowed material from each other. A new group owner would use files from other online
11 groups—such as the “etiquette” file—as a template for their own files. Groups also used TFN's
12 logo. *See* Hedden Dec. ¶¶ 5, 7; Robertson Dec. ¶¶ 2, 4.

13 Again, of importance during this time period is what did not happen when new online
14 freecycling groups affiliated with TFN and began using TFN's logo. There were no contracts.
15 There were no discussions of any requirements, restrictions, or conditions on the use of the word
16 “freecycle,” the phrase “The Freecycle Network,” or TFN's logo. Neither TFN nor Mr. Beal
17 made any effort to control local groups by asserting trademark rights. *See* Hedden Dec. ¶ 10;
18 Robertson Dec. ¶ 8.

19 In October of 2003, shortly after Ms. Abraham started freecyclesunnyvale, Mr. Beal
20 announced that he would start a discussion group for moderators of established online
21 freecycling groups. At this time, there were approximately nineteen online freecycling groups.
22 The names of these groups—such as “freecyclesunnyvale” or “Seattle Freecycle Network”—
23 typically combined “freecycle” or “Freecycle Network” with the name of the local community.
24 *See* Abraham Dec. ¶¶ 17-18 & Exh. E. *See also* Hedden Dec. ¶ 4; Oey Dec. ¶¶ 37-38; Robertson
25 Dec. ¶ 4.

26 An online discussion group for moderators started in October 2003 and was named
27 “freecyclemoderatorsquad” or “modsquad” for short. The modsquad was an online forum for
28 moderators to post questions about the operation of their online groups. Other moderators could

1 offer advice or suggestions if they wished to do so. Moderators were not required to join the
2 modsquad, much less to participate in discussions. *See* Abraham Dec. ¶ 18; Hedden Dec. ¶ 11;
3 Oey Dec. ¶¶ 16-18; Robertson Dec. ¶ 9.

4 In January 2004, Mr. Beal asked the moderator members of the modsquad to vote on the
5 issue of whether all online freecycling groups should adopt a rule that posted items should be
6 “free, legal, and appropriate for all ages.” Mr. Beal emphasized that neither he nor TFN would
7 make this decision; the decision was left to the moderator members of the modsquad to make.
8 The majority of moderator members participating in the poll voted in favor of “free, legal, and
9 appropriate for all ages.” Mr. Beal then announced, on January 11, 2004, that all online
10 freecycling groups “have one true guiding principle: ‘Keep it free, legal & appropriate for all
11 ages.’ This goes for the posts and the gifts themselves.” *See* Abraham Dec. ¶¶ 20 & Exh. G, 21
12 & Exh. H, 22 & Exh. I; Hedden Dec. ¶ 12.

13 Even though a majority of the moderator members of the modsquad had voted in favor of
14 “free, legal, and appropriate for all ages,” not all online groups moved quickly to endorse the
15 new guideline. For example, the original etiquette for freecyclesunnyvale did not contain the
16 direction for members to keep it “free, legal, and appropriate for all ages.” In June of 2004, that
17 phrase was added to freecyclesunnyvale’s etiquette and emailed to all members for the first time
18 on July 1, 2004. *Compare* Abraham Dec. ¶ 11 (original etiquette) *with* Oey Dec. ¶ 27 & Exh. G
19 (revised etiquette).

20 Despite the fact that a majority of the member moderators of the modsquad voted in favor
21 of “free, legal, and appropriate for all ages,” Mr. Beal and TFN took a decidedly “hands off”
22 approach when it came to interpreting that phrase. *See* Abraham Dec. ¶¶ 22-23; Hedden Dec. ¶
23 13. In the months that followed the modsquad vote, discussions on the modsquad questioned
24 whether the following items were “appropriate for all ages”: (1) firearms, (2) legal drugs (e.g.,
25 over the counter medications), (3) spanking paddles, (4) leather wrist straps, (5) services of an
26 artist, (6) syringes, (7) archery equipment, and (8) pets. *See* Abraham Dec. ¶¶ 24-25; Oey Dec.
27 ¶¶ 21, 23-26.

28

1 At the time of these discussions, neither Mr. Beal nor TFN indicated whether these items
2 were “appropriate for all ages.” *See* Abraham Dec. ¶¶ 24-25; Oey Dec. ¶¶ 21, 23-26. Later, in a
3 modsquad discussion on February 27, 2004, Mr. Beal provided the interpretation that
4 “appropriate for all ages” means “no porn, alcohol, drugs, firearms or any fees, etc.” *See*
5 Abraham Dec. ¶ 24 & Exh. K. Even later, by August 4, 2004, Mr. Beal had added tobacco to the
6 list. *See* Oey Dec. ¶ 26 & Exh. O. Other than these prohibited items, local moderators were left
7 on their own to decide what was “free, legal, and appropriate for all ages.” *See* Hedden Dec. ¶ 6;
8 Oey Dec. ¶ 20.

9 With respect to the operations of local online freecycling groups, Mr. Beal and TFN
10 provided even less guidance. For example, when asked how to deal with spam messages,
11 Mr. Beal suggested that a moderator wait until the group became big enough for spam to become
12 a problem. Mr. Beal also suggested that local moderators turn to each other with questions.
13 And, when one new moderator complained that she received no guidance after posting a question
14 on the modsquad, Mr. Beal asked for understanding because people were busy. *See* Abraham
15 Dec. ¶¶ 26-29; Hedden Dec. ¶¶ 2, 8-9; Oey Dec. ¶ 22.

16 During this time period, from March 2003 until September 2004, Mr. Beal and TFN did
17 not monitor or supervise online freecycling groups. The online freecycling movement was
18 growing, and new groups were being added to the list of approved groups on TFN’s Web site.
19 There is no evidence, however, that Mr. Beal or TFN monitored or supervised online groups that
20 used the TFN Alleged Marks. *See also* Oey Dec. ¶¶ 29-30, 57; Robertson Dec. ¶¶ 7-8.

21 **F. Starting In September 2004, TFN Mobilized Volunteer Groups, But None Of**
22 **These Groups Monitored Or Supervised Online Freecycling Groups**

23 As the online freecycling movement continued to grow, Mr. Beal began organizing
24 groups of volunteers to assist with various administrative tasks on behalf of TFN. None of these
25 groups undertook the task of monitoring or supervising online freecycling groups that used the
26 TFN Alleged Marks, including those groups that were listed as approved groups on TFN’s Web
27 site.
28

1 **1. New Group Approvers checked new groups for administrative**
2 **criteria, but did not monitor or supervise online freecycling**

3 In September 2004, Mr. Beal organized a group of volunteers known as New Group
4 Approvers (“NGAs”). If an online freecycling group asked to be listed on TFN’s Web site, an
5 NGA would approve the group for listing. Initially, the approval process focused on whether the
6 group posted certain files, such as an approved etiquette. Later, the approval process added a
7 requirement that the new group must have the latest version of TFN’s logo as well as TFN’s
8 trademark and copyright notice. Even later, the approval process required that groups must list
9 “Ersatzfriend” as a co-owner. Ersatzfriend was a fictional person with an email address, created
10 by TFN for the stated purpose of providing an alternate owner of a group in case the original
11 owner or the moderators retired or were locked out of their groups. Some believed that
12 Ersatzfriend was created for TFN to control of local freecycling groups through the privileges of
13 an online group owner. On September 9, 2005, after the moderator members of the modsquad
14 voted against Ersatzfriend, TFN dropped the requirement. *See* Hedden Dec. ¶¶ 14, 19-24; Oey
15 Dec. ¶¶ 31-33, 54 & Exh. GG, 66 & Exh. NN; Robertson Dec. ¶¶ 11, 13-14, 16, 18, 32.

16 There was an uneven practice among NGAs, who received minimal training and
17 supervision. For example, at times, groups were approved even if those groups did not use
18 TFN’s logo or post TFN’s trademark and copyright notice. At other times, groups were allowed
19 to use TFN’s logo before they were approved. Similarly, NGAs did not require new groups to
20 list Ersatzfriend as a co-owner before TFN added that requirement. And, NGAs did not require
21 new groups to list Ersatzfriend as a co-owner after the requirement was dropped on September 9,
22 2005. Even during the time that Ersatzfriend was required, one NGA effectively evaded the
23 Ersatzfriend requirement for his own online freecycling group. *See* Oey ¶¶ 34, 56, 62 & Exh.
24 KK; Robertson Dec. ¶¶ 12, 17-18, 31.

25 NGAs did not require new groups to enter into a contract granting TFN rights to inspect
26 or supervise, and NGAs did not inspect or supervise online freecycling groups. While NGAs did
27 inspect the Web sites of new groups to make sure that certain files were included, NGAs did not
28 follow up to make sure that those files were, in fact, kept or used. NGAs did not inspect groups

1 that were previously listed on TFN's Web site. NGAs did not inspect new groups after those
2 groups were approved and listed on TFN's Web site. In fact, NGAs were forbidden from
3 visiting online freecycling groups to see if there were any problems. Rather, NGAs interacted
4 minimally with new groups and, in so doing, approved groups whose owners were previously
5 unknown to the NGAs. *See* Hedden Dec. ¶¶ 25-27; Oey Dec. ¶¶ 35-36, 56-57, 60-63; Robertson
6 Dec. ¶¶ 13, 15, 20.

7 **2. Group Outreach and Assistance responded to complaints, but did not**
8 **monitor or supervise online freecycling**

9 Shortly after Mr. Beal organized the NGAs, and in approximately September 2004,
10 Mr. Beal organized a group of volunteers known as Group Outreach and Assistance ("GOAs").
11 If a member of an online freecycling group had a complaint about a particular group, a GOA
12 would handle the complaint. Not all complaints were investigated, however. For example, one
13 GOA often waited until receiving two or three complaints about a particular group before
14 investigating. Even though GOAs were supposed to enforce TFN's "rules," not all rules were
15 enforced. Again, one GOA often made judgment calls about pressing an issue if the owner of an
16 online group protested on the grounds that the group was locally owned and locally controlled.
17 In these situations, the investigation of the complaint was often dropped, especially for
18 seemingly minor violations of TFN's "rules." *See* Robertson Dec. ¶¶ 19, 21, 23-27.

19 GOAs took action, if at all, for flagrant violations of TFN's rules, such as repeated
20 postings of items for sale. GOAs could remove a local group from the list of approved
21 freecycling groups on TFN's Web site. GOAs also could report a group to a senior volunteer
22 who worked in the "back office" for TFN's Web site, who would initiate a request that Yahoo!
23 terminate the group. Once the group no longer existed, TFN would then step in and start a new
24 group with its own volunteers as the owners and moderators. *See* Robertson Dec. ¶¶ 28-30.

25 GOAs did not monitor or supervise online freecycling groups. GOAs only responded to
26 complaints. TFN expressly instructed GOAs not to visit or inspect groups before a complaint
27 was made. In fact, Mr. Beal expressly told GOAs that he did not want to create the appearance
28

1 that TFN was monitoring local groups in any way. *See* Oey Dec. ¶¶ 58 & Exh. HH, 60-63;
2 Robertson Dec. ¶ 21.

3 **3. Interim Moderators stepped in to run a group if the moderators**
4 **retired, but did not monitor or supervise online freecycling**

5 In January 2005, Mr. Beal announced to the modsquad that he organized a group of
6 volunteers known as the Interim Moderator Team (“I-Mods”). Initially, I-Mods were intended to
7 step in where a group was abandoned by its owners and moderators. If Ersatzfriend was a co-
8 owner of the abandoned group, TFN appointed an I-Mod to moderate the group. If Ersatzfriend
9 was not a co-owner, TFN created a new group and asked the members of the abandoned group to
10 join the replacement group moderated by an I-Mod. When local owners and moderators could
11 be found for the group, the I-Mod’s job was done. *See* Oey Dec. ¶ 59 & Exh. II.

12 In September of 2005, at the same time that TFN dropped the Ersatzfriend requirement,
13 the role of I-Mods was changed so that an I-Mod would own a replacement group for three
14 months and then promote a local moderator to co-owner. I-Mods now stepped in as owners of
15 any replacement group, including ones created when a group was removed from TFN’s Web site
16 or deleted altogether. This effectively gave TFN control over the local groups for which an
17 I-Mod remained as an owner. *See* Oey Dec. ¶ 66 & Exh. NN.

18 I-Mods did not monitor or supervise online freecycling groups. Instead, I-Mods stepped
19 in to moderate replacement groups or groups that lost their owners and moderators. After
20 September 2005, I-Mods remained as owners of replacement groups. With respect to all other
21 online freecycling groups, I-Mods played no role at all. *See* Oey Dec. ¶¶ 59, 60-63.

22 **4. The Penguin Patrol educated online freecycling groups about TFN’s**
23 **trademark policy and investigated TFN’s critics, but did not monitor**
24 **or supervise online freecycling**

25 In February of 2005, a group of volunteers known as the Penguin Patrol was created
26 primarily to introduce and implement TFN’s trademark policy. The duties included
27 (1) identifying and sending cease and desist notices to “rogue groups,” that is, online freecycling
28 groups using the TFN Alleged Marks but that were not on TFN’s approved list of groups,
(2) promoting TFN’s trademark and copyright policy and encouraging local groups to adopt that

1 policy, (3) protecting TFN volunteers from “outing” by “particular baddies,” and (4) “[g]eneral
2 sleuthing,” that is, identifying and keeping tabs on individuals who were critical of TFN.

3 Because of the sensitive nature of Penguin Patrol activities, TFN requested members not to
4 discuss Penguin Patrol business outside of the group.⁵ See Oey Dec. ¶¶ 48-50 & Exh. DD.

5 The duties of members of the Penguin Patrol did not include monitoring and supervising
6 online freecycling groups. The focus of the Penguin Patrol was on groups that were not listed on
7 TFN’s Web site and on individuals who criticized TFN anonymously. The Penguin Patrol had
8 nothing to do with online freecycling groups that were approved and listed on TFN’s Web site.
9 See Oey Dec. ¶ 50.

10 **G. TFN Does Not Have Possession, Custody, Or Control Of The Files Of Its**
11 **Alleged Licensees**

12 In the course of this action, FreecycleSunnyvale served a discovery request for
13 production of documents that include the files of online freecycling groups that use the TFN
14 Alleged Marks. TFN effectively admitted that this request seeks documents that are relevant to
15 several issues, including the issue of whether TFN engaged in naked licensing. See Declaration
16 of Dennis S. Corgill ¶¶ 2-4 [“Corgill Dec.”]. Rather, on June 8, 2007, TFN objected, for the first
17 time, that it lacks possession, custody, or control of the files of many of the groups that TFN lists
18 on its Web site as approved groups. Thus, TFN admits that, unless it is a co-owner, moderator,
19 or member of an affiliated online freecycling group, it lacks access to archived group files
20 without the permission of the group’s owners or moderators. See Corgill Dec. ¶ 5.

21 **IV. LEGAL STANDARD**

22 Summary judgment should be granted when there is no genuine issue as to any material
23 fact because, viewing the evidence most favorably to the nonmoving party, the moving party is

24 _____
25 ⁵ TFN was the first to disclose and use the Penguin Patrol in litigation. In a related action in
26 Arizona, TFN seeks damages from Timothy Oey and his wife for trademark infringement and
27 unfair competition. Mr. Oey is the leading member of FreecycleSunnyvale. Mr. Oey also is a
28 former senior TFN volunteer and member of the Penguin Patrol. TFN cited Mr. Oey’s role in
the Penguin Patrol in support of its argument that the Arizona court had personal jurisdiction
over Mr. Oey. See Order Granting Defendants’ Motion to Stay, at p. 4, *The Freecycle Network,
Inc. v. Tim Oey and Jane Doe Oey*, No. CV 06-173-TUC-RCC (D. Ariz. filed Apr. 4, 2006)
(Docket # 64 entered June 20, 2006).

1 entitled to judgment as a matter of law. Fed.R.Civ.P. 56; *Celotex Corp. v. Catrett*, 477 U.S. 317,
2 322-24 (1986); *Eisenberg v. Ins. Co. of N. Am.*, 815 F.2d 1285, 1288-89 (9th Cir. 1987). “One of
3 the principal purposes of the summary judgment rule is to isolate and dispose of factually
4 unsupported claims or defenses” *Celotex Corp.*, 477 U.S. at 323-24.

5 Because a party asserting naked licensing has the ultimate burden of proof at trial, on
6 summary judgment that party must make a prima facie showing that would entitle it to prevail on
7 that issue. *See Barcamerica Intern. v. Tyfield Importers, Inc.*, 289 F.3d 589, 596 (9th Cir. 2002)
8 (party asserting naked licensing “faces a stringent standard of proof”; quotation omitted). Once
9 the moving party has satisfied its initial burden, however, the nonmoving party must set forth
10 specific facts controverting the moving party’s prima facie case; it “may not rest upon the mere
11 allegations or denials of the adverse party’s pleading, but . . . must set forth *specific* facts
12 showing that there is a genuine issue for trial.” Fed.R.Civ.P. 56(e) (emphasis added). *See also*
13 *Lujan v. National Wildlife Federation*, 497 U.S. 871, 888 (1990); *Anderson v. Liberty Lobby*,
14 477 U.S. 242, 256 (1986).

15 **V. ARGUMENT**

16 Even drawing all inferences in favor of TFN, FreecycleSunnyvale is entitled to summary
17 judgment or adjudication because there are no material facts which show or infer that TFN
18 maintained quality control over its alleged licensees’ products or services. All of TFN’s
19 counterclaims require TFN to prove that it has trademark rights. Trademark rights are an
20 essential element of TFN’s counterclaims under 15 U.S.C. § 1125(a) for trademark infringement
21 and unfair competition. *See Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 841 (9th
22 Cir.1987) (to prevail on claim under § 43, plaintiff must show protectable trademark interest).
23 So too, TFN’s counterclaims under California Bus. & Prof. Code §§ 17200 *et seq.* require that
24 TFN has trademark rights. *See Cleary v. News Corp.*, 30 F.3d 1255, 1262-63 (9th Cir.1994)
25 (stating that the Ninth Circuit “has consistently held that state common law claims of unfair
26 competition and actions pursuant to California Business and Professions Code § 17200 are
27 ‘substantially congruent’ to claims made under the Lanham Act”). FreecycleSunnyvale is
28

1 entitled to summary judgment or adjudication because TFN abandoned any trademark rights
2 through naked licensing.

3 It is black letter law that naked licensing forfeits trademark rights: “[W]here a trademark
4 owner engages in naked licensing, without any control over the quality of goods produced by the
5 licensee, such a practice is *inherently deceptive* and constitutes abandonment of any rights to the
6 trademark by the licensor.” *Barcamerica Intern.*, 289 F.3d at 598 (emphasis in original;
7 quotation omitted). *See also Siegel v. Chicken Delight, Inc.*, 448 F.2d 43, 51 (9th Cir. 1971)
8 (trademark licensor “owes an affirmative duty to the public to assure that in the hands of [its]
9 licensee the trade-mark continues to represent that which it purports to represent”); *First*
10 *Interstate Bancorp v. Stenquist*, 1990 WL 300321, *3 (N.D. Cal. July 13, 1990) (naked licensing
11 forbidden by 15 U.S.C. §§ 1055, 1127). *See generally* 3 MCCARTHY ON TRADEMARKS AND
12 UNFAIR COMPETITION §§ 17:6, 18:42 (4th ed. 2007).

13 Courts look to three kinds of evidence to determine if an alleged trademark has been
14 abandoned through naked licensing: whether the trademark owner (1) retained contractual rights
15 to control quality, (2) actually controlled quality, or (3) reasonably relied on the licensee to
16 maintain quality. *See Barcamerica Intern.*, 289 F.3d at 596 (courts uphold trademark where
17 licensor familiar with licensee and relies on licensee quality control); *First Interstate*, 1990 WL
18 300321, *4 (first indication of quality control found in license agreement; actual licensor control
19 accepted in absence of contractual right). Here, the facts show, not only a complete absence of
20 quality control, but also an absence of quality standards.

21 **A. TFN Did Not Establish Quality Standards**

22 For a trademark licensor to comply with its affirmative obligation to control the quality of
23 its licensees’ goods or services, *a fortiori* the trademark owner must establish quality standards.
24 By any relevant measure, TFN does not have quality standards.

25 TFN’s request that FreecycleSunnyvale not use TFN’s logo for commercial purposes has
26 nothing to do with quality control. As the Ninth Circuit explained, quoting Professor McCarthy,

27 It is important to keep in mind that “quality control” does not
28 necessarily mean that the licensed goods or services must be of
“high” quality, but merely of equal quality, whether that quality is

1 high, low or middle. The point is that customers are entitled to
2 assume that the nature and quality of goods and services sold under
the mark at all licensed outlets will be consistent and predictable.

3 *Barcamerica Intern.*, 289 F.3d at 598 (emphasis omitted; quoting MCCARTHY ON TRADEMARKS
4 AND UNFAIR COMPETITION § 18:55, at 18-94 (4th ed. 2001)). The fact that a licensee operates
5 not for profit says nothing about whether that licensee’s freecycling services are of a given level
6 of quality.

7 TFN’s guideline that postings and items posted must be “free, legal, and appropriate for
8 all ages” is not a quality control standard. First, the admonition that items must be “free” defines
9 any freecycling service, but says nothing about the quality of a freecycling service, only its
10 existence. Stating that freecycling is free is tantamount to stating that a hamburger stand sells
11 hamburgers. Second, the admonition that items must be “legal” restates a condition that applies
12 to any business. Stating that freecyclers may not exchange illegal items—such as heroin—is not
13 a quality standard regarding the way that freecyclers exchange lawful items or what lawful items
14 can be exchanged. “Legal” freecycling says nothing about the quality of lawful freecycling.
15 Third, the phrase “appropriate for all ages” is not a quality standard because TFN permits and
16 encourages local groups to decide, for themselves, what that phrase means. From syringes to
17 spanking paddles, and from pets to archery equipment, TFN’s refusal to define what kinds of
18 items are “appropriate for all ages” precludes it from being a quality standard.

19 Nor can TFN argue that there is a quality standard in the way that its alleged licensees
20 operate their online freecycling groups. From March 2003 until September 2004, TFN did not
21 have a standard etiquette for online groups. From March 2003 until the spring of 2005, TFN did
22 not have an approved manual for group moderators. At one time, TFN required new groups to
23 list Ersatzfriend as a co-owner, but groups approved before September 2004, were exempt, and
24 even this putative requirement was dropped in September 2005. Throughout, TFN has
25 consistently avoided questions pertaining to the operation of local groups, such as questions
26 about spam, but instead asked local groups to seek guidance from modsquad discussions, which
27 were not always responsive to moderator questions.

28

1 As an alleged trademark owner with alleged licensees, TFN has an obligation to set
2 quality standards so that freecyclers know that the freecycling services offered by TFN's
3 approved groups are consistent and predictable. TFN failed to set quality standards for its
4 alleged licensees. For this reason alone, TFN abandoned its alleged trademarks through naked
5 licensing, and FreecycleSunnyvale is entitled to summary judgment or adjudication.

6 **B. TFN Did Not Retain Contractual Rights To Inspect Or Supervise**

7 Even if TFN had quality standards—which TFN did not and does not—TFN must control
8 its alleged licensees to assure that those quality standards are met. Here, courts first look to
9 express license provisions to determine if the trademark licensor has contractual rights to inspect
10 or supervise. *See First Interstate*, 1990 WL 300321, *4 (“first indication that [licensor] did not
11 exercise sufficient quality control to protect its trademark is the lack of any controls or
12 restrictions in the agreement itself”).

13 TFN did not enter into contracts with new online freecycling groups, much less contracts
14 that gave TFN rights to inspect or supervise. The closest that TFN came to a contractual right to
15 inspect or supervise was the Ersatzfriend requirement, which might have given TFN privileges to
16 inspect and supervise the activities of groups for which Ersatzfriend had sufficient rights. But,
17 the Ersatzfriend requirement never applied to all of TFN's approved groups, and TFN dropped
18 the requirement after a majority of modsquad members voted against it in September 2005.

19 TFN's so-called license with FreecycleSunnyvale demonstrates that TFN did not retain
20 any contractual rights to inspect or supervise. The only express provision is an admonition not to
21 “use it [the logo] for commercial purposes.” Even if the prohibition of commercial purposes had
22 something to do with the quality of a licensee's services, TFN's alleged license falls short. The
23 purported contract does not define the services that FreecycleSunnyvale can offer or how it must
24 conduct its operations. The so-called contract does not even prevent FreecycleSunnyvale from
25 assigning its right to use any of the TFN Alleged Marks.

26 Indeed, TFN's purported license with FreecycleSunnyvale is far less detailed than license
27 found to be naked in *Halo Management, LLC v. Interland, Inc.*, 76 U.S.P.Q.2d 1199, 2004 WL
28 1781013 (N.D. Cal. Aug. 10, 2004). There, the license required the licensee, “one, ‘to employ

1 reasonable efforts to maintain the positive business value of the HALO mark’; two, to limit mark
2 use to that ‘substantially as shown in the pending applications and with services substantially as
3 recited’; and, three, to cooperate with HM to ‘mitigate the confusion or likelihood of confusion
4 between the parties’ respective marks.’” *Id.* at *4. These contractual restrictions, which are far
5 more detailed than TFN’s simple ‘no commercial purposes’ restriction, were deemed “inherently
6 amorphous” and “wholly undefined.” *Id.* The *Halo Management* court found that license, by its
7 own terms, “a ‘naked’ one,” *id.*, a conclusion that applies with even more force to all of TFN’s
8 alleged licenses.

9 **C. TFN Did Not Engage In Quality Control**

10 “[W]here the courts have excused the absence of a contractual right of control, they have
11 still required that the licensor demonstrate actual control through some sort of inspection or
12 supervision.” *First Interstate*, 1990 WL 300321, *4. *See generally* 3 MCCARTHY ON
13 TRADEMARKS AND UNFAIR COMPETITION §§ 18:58-59 (4th ed. 2007). But, TFN did not inspect
14 or supervise its putative licensees. Indeed, TFN took no interest whatsoever in the operations of
15 its putative licensees until September 2004—a year and a half after TFN asserts priority to the
16 TFN Alleged Marks—when Mr. Beal formed the NGA and GOA volunteer groups.

17 Even after TFN took an arguable interest in its alleged licensees’ operations, TFN did not
18 attempt to monitor or supervise all of the online freecycling groups that it approved and listed on
19 its Web site. TFN expressly told NGAs not to inspect already approved groups. GOAs only
20 responded to complaints about particular groups, and TFN expressly told GOAs not to inspect or
21 visit groups unless a complaint was made. The I-Mod volunteer group, which was formed in
22 January 2005, moderated only replacement groups or groups that lost their owners and
23 moderators. Throughout, TFN and Mr. Beal did not want to create the appearance that TFN’s
24 volunteers were monitoring groups in any way.

25 In February of 2005, when TFN formed the Penguin Patrol, TFN began to take an interest
26 in how its alleged licensees used the TFN Alleged Marks. But, control of the use of a mark is
27 not quality control of the goods or services distinguished by that mark. Even if trademark use
28 were relevant to quality control, TFN did not inspect trademark use until long after it asserts

1 priority to the TFN Alleged Marks. TFN simply did not maintain quality control in its actual
2 relationships with its alleged licensees.

3 **D. TFN Had No Basis To Rely On Licensee Control Of Quality**

4 Some courts have permitted a trademark licensor to rely upon the licensee's own quality
5 control, but only if "the licensor is familiar with and relies upon the licensee's own efforts to
6 control quality" based on long-standing and close working relationships. *Barcamerica Intern.*,
7 289 F.3d at 596-7 (reviewing cases in which prior associations lasted from eight to seventeen
8 years). *Accord, Transgro, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1018 (9th Cir.
9 1985) (court may consider whether licensor had long association with licensee and trusted
10 licensee to maintain quality). *See generally* 3 MCCARTHY ON TRADEMARKS AND UNFAIR
11 COMPETITION § 18:57 (4th ed. 2007). Here, however, there is no dispute that TFN was not
12 familiar with its alleged licensees' own quality control. Rather, TFN approved online
13 freecycling groups that were owned and moderated by total strangers without any quality control
14 history. FreecycleSunnyvale, for example, received a naked license a few days after Mr. Beal
15 and Ms. Abraham had a single telephone conversation and exchanged a few emails. TFN can
16 hardly claim that it was "familiar with and relie[d] upon [FreecycleSunnyvale's] own efforts to
17 control quality." FreecycleSunnyvale was a nascent group that lacked any quality control track
18 record, let alone one with which TFN was familiar.

19 Even after TFN formed the NGA volunteer group, TFN permitted unaffiliated freecycling
20 organizations to start operations that used the TFN Alleged Marks without prior notice to TFN.
21 TFN voiced no objection when those online groups would later affiliate with TFN's network.
22 When individuals would contact TFN for assistance before starting an online freecycling group,
23 TFN regularly allowed those groups to use the TFN Alleged Marks before those groups were
24 approved by an NGA. Just as Ms. Abraham was a total stranger to TFN when TFN granted
25 FreecycleSunnyvale a naked license, so too were the owners and moderators of numerous other
26 online freecycling groups. TFN had no reasonable basis to rely on any of these strangers to
27 perform any quality control.

28

1 **E. TFN’s Belated Trademark Enforcement Does Not Revive Any Trademark**
2 **Rights That Were Forfeited Through Naked Licensing**

3 Once a trademark has been abandoned through naked licensing, that trademark cannot be
4 revived through belated efforts to inspect or supervise the quality of licensee operations. In *Halo*
5 *Management*, this Court rejected just such an attempt, stating that, “attempts to monitor [the
6 putative licensee’s] use of the mark [beginning] more than six months after the license agreement
7 was entered . . . do not change the character of the ‘naked’ license . . . and they do not restore
8 [the putative licensor’s] forfeited state or federal rights.” 2004 WL 1781013, *6. In this case, at
9 a minimum, TFN engaged in naked licensing from TFN’s inception in March 2003, until
10 September 2004. If the six month delay in *Halo Management* was inexcusable, the almost year
11 and a half delay in the instant case cannot revive TFN’s forfeited rights.

12 Even if a year and a half delay were excusable, TFN’s tardy efforts were categorically
13 inadequate. TFN never inspected or supervised all of its alleged licensees. Rather, TFN’s
14 belated efforts initially focused NGA volunteers only upon new online groups that sought to
15 affiliate with TFN. Literally hundreds of existing groups continued to operate without any
16 efforts by TFN to control quality. Similarly, none of the GOA, I-Mod, and Penguin Patrol
17 volunteers monitored and supervised quality control over all of the approved freecycling groups
18 that are listed on TFN’s Web site. Thus, TFN’s naked licensing continued because volunteers
19 inspected groups only when new groups were approved or a complaint was received about an
20 existing group. A non-profit organization with only a single full-time employee cannot
21 somehow ensure quality control over the thousands of online groups that are listed on TFN’s
22 Web site.

23 **F. TFN Cannot Revive Its Alleged Trademarks Because TFN’s Naked**
24 **Licensing Continues**

25 No precedent supports restoring a putative trademark abandoned through naked licensing,
26 much less one for which naked licensing continues unabated. TFN has refused to produce the
27 archived files of many of its alleged licensees on the grounds that it lacks the possession, custody
28 or control required by FED.R.CIV.P. 34(a). TFN cannot argue, on the one hand, that it monitors

1 and supervises its alleged licensees' online freecycling activities while simultaneously asserting
2 that it lacks possession, custody or control of the relevant documents. TFN's conceded lack of a
3 legal right to the electronic files that show how its alleged licensees engage in online freecycling
4 inherently concedes that it lacks the ability to inspect, monitor or supervise its alleged licensees'
5 activities.

6 Even if TFN at some point had trademark rights—which TFN did not—TFN abandoned
7 any alleged rights through naked licensing to FreecycleSunnyvale and countless others. As an
8 alleged trademark owner, TFN has an obligation to maintain quality standards, but TFN has no
9 quality standards to maintain. Finally, TFN never maintained contractual rights to inspect and
10 supervise, never actually monitored and supervised its putative licensees, and never could
11 reasonably rely upon strangers to control quality. Each of these failures, standing alone, would
12 preclude any reasonable jury from finding that TFN has a protectable trademark interest. Taken
13 together, there can be no legitimate question that they mandate summary judgment or
14 adjudication. *See Barcamerica*, 289 F.3d at 598 (affirming summary judgment dismissing
15 licensor's trademark claims where licensor abandoned mark through naked licensing); *First*
16 *Interstate*, 1990 WL 300321, *5 (partial summary judgment of trademark-based counterclaims
17 due to naked licensing).

18 **G. TFN's Lack Of Enforceable Trademark Rights Requires Summary**
19 **Judgment Or Adjudication On Its Trademark-Related Counterclaims**

20 As set forth above, TFN's counterclaims are not premised on a valid trademark.
21 Accordingly, TFN cannot establish an essential element of its federal trademark infringement
22 and unfair competition counterclaims. *See* 15 U.S.C. §§ 1114, 1125(a) (requiring valid
23 trademark as element of federal trademark and unfair competition claim).

24 "The standard for Lanham Act unfair competition is the same as that for Lanham Act
25 trademark infringement." *Glow Indus. v. Lopez*, 252 F. Supp. 2d 962, 975 n.90 (C.D. Cal. 2002).
26 *Accord, Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036,
27 1046-47 (9th Cir. 1999) (both trademark infringement and unfair competition under the Lanham
28 Act require establishing that the defendant is using a mark confusingly similar to a valid,

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