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9
 10 UNITED STATES DISTRICT COURT
 11 NORTHERN DISTRICT OF CALIFORNIA
 12 OAKLAND DIVISION

13 **CASE NO. C 06 7754 SBA**

14 HELIO LLC

15 Plaintiff,

16 vs.

17 PALM, INC.

18 Defendant.

**DEFENDANT PALM, INC.'S ANSWER
 TO PLAINTIFF HELIO LLC'S
 COMPLAINT**

19
 20
 21 Defendant Palm, Inc. ("Palm"), answering the complaint of plaintiff Helio LLC ("Helio")
 22 dated December 19, 2006 (the "Complaint"), pleads and avers as follows.

23 In response to the unnumbered introduction to Helio's Complaint, Palm denies its material
 24 allegations, including the allegations that in reaction to Helio's alleged success, Palm launched an
 25 advertising campaign similar to Helio's, deliberately trying to trade on Helio's purported
 26 goodwill, and the allegation that there is consumer confusion between Helio's "Don't call it a
 27 phone," "Don't call us a phone company" marks and Palm's "Not Just a Cell Phone. A Treo."
 28 advertising campaign. Palm avers that it first developed its "Not Just a Cell Phone. A Treo."

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1 advertising campaign in early 2005 and publicly launched it on October 12, 2006 at the Digital
2 Life expo, a major industry tradeshow. Palm avers that this advertising campaign is focused on
3 the Treo mobile device, a well-known mark. Palm further avers that it provides a different product
4 than does Helio; Palm sells the Treo mobile device, not mobile phone service, whereas Palm is
5 informed and believes that Helio provides mobile phone service in addition to its mobile phones.

6 **THE PARTIES**

7 1. Denies knowledge or information sufficient to constitute a belief as to the truth of
8 the matters alleged in this paragraph.

9 2. Denies knowledge or information sufficient to constitute a belief as to the truth of
10 the matters alleged in this paragraph.

11 3. Admits the allegations of this paragraph for the purposes of this lawsuit.

12 **JURISDICTION AND VENUE**

13 4. Responds that this paragraph states legal conclusions to which no responsive
14 pleading is required.

15 5. Responds that this paragraph states legal conclusions to which no responsive
16 pleading is required.

17 6. Responds that this paragraph states legal conclusions to which no responsive
18 pleading is required.

19 7. Responds that this paragraph states legal conclusions to which no responsive
20 pleading is required.

21 **FACTS**

22 8. Admits that Palm has been informed that Helio has applied for the registration of
23 the slogans “Don’t call it a phone” and “Don’t call us a phone company.” Denies knowledge or
24 information sufficient to constitute a belief as to the truth of the remaining matters alleged in this
25 paragraph.

26 9. Denies knowledge or information sufficient to constitute a belief as to the truth of
27 the matters alleged in this paragraph.

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1 10. Denies knowledge or information sufficient to constitute a belief as to the truth of
2 the matters alleged in this paragraph.

3 11. Denies knowledge or information sufficient to constitute a belief as to the truth of
4 the matters alleged in this paragraph.

5 12. Denies knowledge or information sufficient to constitute a belief as to the truth of
6 the matters alleged in this paragraph.

7 13. Denies knowledge or information sufficient to constitute a belief as to the truth of
8 the matters alleged in this paragraph.

9 14. Denies knowledge or information sufficient to constitute a belief as to the truth of
10 the matters alleged in this paragraph.

11 15. Denies knowledge or information sufficient to constitute a belief as to the truth of
12 the matters alleged in this paragraph.

13 16. Denies knowledge or information sufficient to constitute a belief as to the truth of
14 the matters alleged in this paragraph.

15 17. Denies knowledge or information sufficient to constitute a belief as to the truth of
16 the matters alleged in this paragraph.

17 18. Denies knowledge or information sufficient to constitute a belief as to the truth of
18 the matters alleged in this paragraph.

19 19. Denies knowledge or information sufficient to constitute a belief as to the truth of
20 the matters alleged in this paragraph.

21 20. Denies knowledge or information sufficient to constitute a belief as to the truth of
22 the matters alleged in this paragraph.

23 21. Denies that Palm did not start using the phrase “Not Just a Cell Phone. A Treo.”
24 until the December 2006 holiday shopping season. Palm avers that it first used the phrase “Not
25 just a mobile. A Treo.” in the United Kingdom and Germany on September 12, 2006 and publicly
26 launched its use of the phrase “Not Just a Cell Phone. A Treo.” in the United States on October
27 12, 2006 at the Digital Life expo, a major industry event. Palm further avers that it began
28 developing its “Not Just a Cell Phone. A Treo.” advertising campaign in early 2005 and adopted

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1 the phrase “Not Just a Cell Phone. A Treo.” no later than May 2006. Palm denies knowledge or
2 information sufficient to constitute a belief as to the truth of the remaining matters alleged in this
3 paragraph.

4 22. Denies knowledge or information sufficient to constitute a belief as to the truth of
5 the matters alleged in this paragraph. Palm further responds that this paragraph states legal
6 conclusions to which no responsive pleading is required.

7 23. Admits that Helio has not granted a license, permission, or allowed Palm to use the
8 “Don’t call it a phone” marks in connection with its business, but denies any implication that
9 Helio’s consent is required because, as a matter of law, Palm is entitled to use the phrase “Not Just
10 a Cell Phone. A Treo.”

11 24. Admits that a December 12, 2006 article in Brandweek.com entitled “Fresh Push
12 Begins for Palm’s Treo 680” reports that Palm launched a \$25 million marketing campaign to
13 promote its smartphones using the phrase “Not Just a Cell Phone. A Treo.” but denies any
14 implication that this was the first time Palm used the phrase. Palm avers that it first used the
15 phrase “Not just a mobile. A Treo.” in the United Kingdom and Germany on September 12, 2006
16 and publicly launched its use of the phrase “Not Just a Cell Phone. A Treo.” in the United States
17 on October 12, 2006 at the Digital Life expo, a major industry event.

18 25. Admits the allegations in this paragraph.

19 26. Admits that Mr. Hancock was purportedly quoted in a December 12, 2006 article in
20 Brandweek.com entitled “Fresh Push Begins for Palm’s Treo 680” saying “And the holiday is the
21 peak season. It has reached the price point for purchase as a gift.” Denies that Mr. Hancock
22 admitted that Palm’s campaign was strategically designed to take place during the critical holiday
23 season and denies knowledge or information sufficient to constitute a belief as to the truth of the
24 other matters alleged in this paragraph.

25 27. Admits that a December 12, 2006 article in Brandweek.com entitled “Fresh Push
26 Begins for Palm’s Treo 680” states that Mr. Hancock “acknowledged the similarity to the
27 positioning of rival Helio.” Palm further avers that the same article quoted Mr. Hancock as noting
28 “that the two devices pursue ‘different markets.’”

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1 28. Denies the allegations in this paragraph and responds that this paragraph states a
2 legal conclusion to which no responsive pleading is required.

3 29. Denies that Palm intends to continue using its "Not Just a Cell Phone. A Treo."
4 advertising campaign and selling and distributing its products to customers using this phrase
5 inasmuch as Palm only contracted for outdoor advertising using this phrase through December 31,
6 2006, with four outdoor, interactive kiosks using this phrase through January 31, 2007. Admits
7 that Palm's current intention is to continue using its "Not Just a Cell Phone. A Treo." advertising
8 campaign in other media, but further avers that it is scheduled to use the campaign in other media
9 only through March 2007.

10 30. Admits that through the summer of 2006, Helio purchased Palm's Treo products
11 for resale. Palm denies knowledge or information sufficient to constitute a belief as to the truth of
12 the allegations that Helio sold Treo devices to consumers as part of Helio's Earthlink Wireless
13 brand and that Helio provides support for Palm's Treo product. Palm denies the remaining
14 allegations in this paragraph.

15 31. Denies the allegations in this paragraph.

16 32. Denies the allegations in this paragraph.

17 33. Denies the allegations in this paragraph and responds further that this paragraph
18 states a legal conclusion to which no responsive pleading is required.

19 34. Denies the allegations in this paragraph.

20 35. Denies the allegations in this paragraph and responds further that this paragraph
21 states a legal conclusion to which no responsive pleading is required.

22 **COUNT I**

23 36. Incorporates by reference all above responses to the allegations of the Complaint as
24 if fully set forth herein.

25 37. Denies the allegations in this paragraph.

26 38. Denies the allegations in this paragraph and responds further that this paragraph
27 states a legal conclusion to which no responsive pleading is required.

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1 39. Denies the allegations in this paragraph and responds further that this paragraph
2 states a legal conclusion to which no responsive pleading is required.

3 40. Denies the allegations in this paragraph.

4 41. Denies the allegations in this paragraph and responds further that this paragraph
5 states a legal conclusion to which no responsive pleading is required.

6 42. Denies the allegations in this paragraph and responds further that this paragraph
7 states a legal conclusion to which no responsive pleading is required.

8 **COUNT II**

9 43. Incorporates by reference all above responses to the allegations of the Complaint as
10 if fully set forth herein.

11 44. Denies the allegations in this paragraph and responds further that this paragraph
12 states a legal conclusion to which no responsive pleading is required.

13 45. Denies the allegations in this paragraph and responds further that this paragraph
14 states a legal conclusion to which no responsive pleading is required.

15 46. Denies the allegations in this paragraph.

16 47. Denies the allegations in this paragraph and responds further that this paragraph
17 states a legal conclusion to which no responsive pleading is required.

18 48. Denies the allegations in this paragraph and responds further that this paragraph
19 states a legal conclusion to which no responsive pleading is required.

20 49. Denies the allegations in this paragraph and responds further that this paragraph
21 states a legal conclusion to which no responsive pleading is required.

22 **COUNT III**

23 50. Incorporates by reference all above responses to the allegations of the Complaint as
24 if fully set forth herein.

25 51. Denies the allegations in this paragraph and responds further that this paragraph
26 states a legal conclusion to which no responsive pleading is required.

27 52. Denies the allegations in this paragraph and responds further that this paragraph
28 states a legal conclusion to which no responsive pleading is required.

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1 53. Denies the allegations in this paragraph.

2 54. Denies the allegations in this paragraph and responds further that this paragraph
3 states a legal conclusion to which no responsive pleading is required.

4 55. Denies the allegations in this paragraph and responds further that this paragraph
5 states a legal conclusion to which no responsive pleading is required.

6 56. Denies the allegations in this paragraph and responds further that this paragraph
7 states a legal conclusion to which no responsive pleading is required.

8

9 **DEFENDANT’S AFFIRMATIVE DEFENSES**

10 **FIRST AFFIRMATIVE DEFENSE**

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

12 57. The Complaint fails to state a claim upon which relief can be granted.

13 **SECOND AFFIRMATIVE DEFENSE**

14 **(Nominative Fair Use/U.S. Constitution, First Amendment)**

15 58. The Complaint, and each purported claim for relief alleged therein, is barred by the
16 First Amendment to the United States Constitution and the doctrine of nominative fair use because
17 Palm’s use of the phrase “Not Just a Cell Phone. A Treo.” is true and not false or materially
18 misleading.

19 **THIRD AFFIRMATIVE DEFENSE**

20 **(Fair Use)**

21 59. Accepting for purposes of this defense Helio’s allegations that “Don’t call it a
22 phone,” “Don’t call us a phone company” are protected marks, Palm’s use of the phrase “Not Just
23 a Cell Phone. A Treo.” is a fair, comparative use.

24 **FOURTH AFFIRMATIVE DEFENSE**

25 **(Laches and Estoppel)**

26 60. Helio’s claims are barred in whole or in part by application of the doctrines of
27 laches and estoppel.

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FIFTH AFFIRMATIVE DEFENSE

(Unclean Hands)

61. Helio’s claims are barred in whole or in part by application of the doctrine of unclean hands.

SIXTH AFFIRMATIVE DEFENSE

(Waiver)

62. Helio’s claims are barred in whole or in part by application of the doctrine of waiver.

SEVENTH AFFIRMATIVE DEFENSE

(Acquiescence)

63. Helio’s claims are barred by the doctrine of acquiescence.

EIGHTH AFFIRMATIVE DEFENSE

(No Irreparable Harm)

64. Helio’s claims for injunctive relief are barred as a matter of law because Helio has not suffered any irreparable harm as a result of the acts alleged in the Complaint.

NINTH AFFIRMATIVE DEFENSE

(Failure to Mitigate)

65. Helio’s claims are barred, in whole or in part, by Helio’s failure to mitigate its alleged damages.

TENTH AFFIRMATIVE DEFENSE

(Adequate Remedy at Law)

66. Helio’s claims for injunctive relief are barred as a matter of law because Helio has an adequate remedy at law for any damages resulting from the actions alleged in the Complaint.

ELEVENTH AFFIRMATIVE DEFENSE

(Contributory and/or Comparative Negligence)

67. Helio failed to exercise reasonable care in protecting their own alleged interests in the trademarks referenced in the Complaint and the loss or damage allegedly sustained by Helio

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1 was proximately caused or contributed to by Helio’s own contributory and/or comparative
2 negligence.

3 **TWELFTH AFFIRMATIVE DEFENSE**

4 **(Abuse of Process)**

5 68. Helio’s claims are without merit and are an attempt to harass Palm and stifle free
6 competition such that Helio’s actions constitute an abuse of process.

7
8 **THIRTEENTH AFFIRMATIVE DEFENSE**

9 **(Not the Senior User)**

10 69. Helio’s claims are barred because Helio is not the senior user of the alleged marks
11 and therefore has no senior rights to them.

12 **FOURTEENTH AFFIRMATIVE DEFENSE**

13 **(Generic Mark)**

14 70. Helio’s claims are without merit because Helio’s alleged marks are generic and
15 therefore unprotectible.

16 **FIFTEENTH AFFIRMATIVE DEFENSE**

17 **(Lacks Secondary Meaning)**

18 71. Accepting for purposes of this defense that Helio’s alleged marks are not generic,
19 they are descriptive, thereby protectible only upon proof of secondary meaning, which is lacking.

20
21 DATED: January 8, 2007

QUINN EMANUEL URQUHART OLIVER &
HEDGES, LLP

22
23 By /s/ Claude M. Stern
24 Claude M. Stern
25 Attorneys for Defendant Palm, Inc.

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