Andrew D. Skale (SBN 211096)
askale@mintz.com
Ben L. Wagner (SBN 243594)
bwagner@mintz.com
Justin S. Nahama (SBN 281087)
jsnahama@mintz.com
MINTZ LEVIN COHN FERRIS GLOVSKY AND POPEO P.C.
3580 Carmel Mountain Road, Suite 300
San Diego, CA 92130
Telephone: (858) 314-1500
Facsimile: (858) 314-1501

Attorneys for Plaintiff
HANGINOUT, INC.

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

HANGINOUT, INC., a Delaware corporation,

Plaintiff,

vs.

GOOGLE, INC., a Delaware corporation,

Defendant.

Case No. 13-cv-02811-AJB-NLS

HANGINOUT, INC.'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF ITS OPPOSITION TO GOOGLE, INC.'S MOTION TO DISMISS FIRST AMENDED COMPLAINT

Date: April 25, 2014
Time: 2:00 p.m.
Courtroom 3B
The Honorable Anthony J. Battaglia

Defendant Google , Inc. ("Google") has once again asked the Court to prematurely evaluate the merit of Hanginout's factual assertions in the First Amended Complaint ("FAC"). Going as far as questioning Hanginout's veracity to the USTPO, Google distorts the pleading requirements for common law trademark infringement and unfair competition. For example, Google ignores Paragraph 41 of the FAC:

> Hanginout substantially used its HANGINOUT marks in commerce before Google used the HANGOUTS mark. Its market penetration was prior to Google's first use of the infringing HANGOUTS mark.

Google's motion waives its hand at this clear statement saying instead it "must be disregarded." Motion To Dismiss First Amended Complaint ("MTD") at 8. Besides providing no case law that says this statement "must be disregarded" for purposes of pleading a claim for trademark infringement, Google forgets that the statement is read in conjunction with the numerous other paragraphs in the complaint that plead specific facts and examples. *See, e.g.*, FAC ¶¶ 9-20, 27. Google's motion is simply a delay tactic, intending to force Hanginout to spend time, money and resources defending a motion that should not have been filed.

Because Hanginout has sufficiently pled ownership for purposes of trademark infringement and unfair competition—specifically, seniority and market penetration—Google's motion must fail.

I. HANGINOUT'S COMMON LAW TRADEMARK INFRINGEMENT CLAIM IS SUFFICIENTLY PLED

When assessing a FRCP 12(b)(6) motion, the court must accept all factual allegations pled in the complaint as true, and must construe them and draw all reasonable inferences from them in favor of the nonmoving party. *Cahill v. Liberty Mutual Ins. Co.*, 80 F.3d 336, 337-38 (9th Cir. 1996). In order to comply with the

notice pleading standards of Fed.R.Civ.P. 8(a), a complaint "must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Dichter-Mad Family Partners, LLP v. United States*, 709 F.3d 749, 761 (9th Cir. 2013) (citing *Ashcroft v. Iqbal*, 556 U.S. 662, (2009)). "A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id*.

To state a trademark infringement claim, a Plaintiff must plead: "(1) that it has a protectable ownership interest in the mark and (2) that the defendant's use of the mark is likely to cause consumer confusion, thereby infringing upon [plaintiff's] rights to the mark." *Dep't of Parks & Recreation v. Bazaar Del Mundo, Inc.*, 448 F.3d 1118, 1124 (9th Cir. 2006). To establish enforceable common-law trademark rights, Hanginout must prove that it (1) is the senior user of the mark and (2) has established legally sufficient market penetration. *Optimal Pets, Inc. v. Nutri-Vet, LLC*, 877 F. Supp. 2d 953, 959 (C.D. Cal. 2012). Google does not argue that its mark is not confusingly similar to Hanginout's Mark. Thus, the only inquiry on this motion should be whether Hanginout has plausibly pled a cognizable ownership interest in its Mark.

A. Google Misreads the Complaint

Instead of looking to what Hanginout actually pled, Google mistakenly argues a first use date for its own mark of June 28, 2011. Motion to Dismiss ("MTD") at 1. What Hanginout actually pled was a first use date by Google of May 15, 2013. *See* FAC 26 ("On information and belief, Google's first use of the HANGOUTS mark is on or after May 15, 2013").

When viewed in light of Google's May 15, 2013 first use date of HANGOUTS, Hanginout certainly pled detailed facts of prior use and market penetration before May 15, 2013. FAC ¶¶ 39-44.

Contrary to what Google argues, Hanginout does not "admit" the first use date by Google of the mark HANGOUTS was June 28, 2011. As pled, this first public announcement was not for the mark HANGOUTS, but was in fact for the mark "+HANGOUTS" – which is different from the mark HANGOUTS. Hence, Wikipedia identifies Google's launch date of HANGOUTS as May 15, 2013, which is the date Hanginout pled Google first used the mark. FAC ¶ 26 (*See* http://en.wikipedia.org/wiki/Google_Hangouts). Thus, notwithstanding any of the other arguments herein, Hanginout certainly pled use prior to May 15, 2013.

Even assuming Google's "+HANGOUTS" use could be relevant to the seniority inquiry at the pleadings stage, it would go beyond a plausibility inquiry to assume Google could claim "tacking" based on use of "+HANGOUTS". *One Industries v. Jim O'Neal Dist.*, 578 F.3d 1154, 1160-61 (9th Cir. 2009) ("The standard for 'tacking' is exceedingly strict," citing example where "dci" in lower-case letters was held not close enough to "DCI" in upper-case letters to tack).

Accordingly, even assuming more than FAC ¶ 41 (which alleged prior use and market penetration) needed to be pled, Hanginout properly pled market penetration and first use.

B. Hanginout Has Sufficiently Pled Seniority

Based on an incorrect first use date, Google advances three misguided arguments in an effort to subvert Hanginout's seniority allegations. Thus, even assuming Google could rely on a first use date different from what Hanginout pled, the Complaint is more than sufficient.

First, Google's Motion claims the FAC "does not allege **any** facts showing the nature and extent of Hanginout's marketing of its products bearing the HANGINOUT marks, the volume of actual paying customers, or where the customers are located for any time." MTD at 1 (emphasis added). Second, aware the facts alleged in the FAC must be accepted as true, Google improperly suggests Hanginout was untruthful to

the USTPO.[1] Third, Google attempts to support its arguments with a cursory overview of case law, which, upon closer examination, does not stand for the sweeping propositions Google advances.

In contrast to Google's claim that Hanginout failed to cite "any" facts alleging seniority, the FAC provides that the HANINGOUT logo was adopted and used as early as November 2008 and its platform was developed at least as early as 2009. FAC, ¶¶ 10,11. Further addressing seniority, the FAC alleges that Hanginout began shooting promotion videos with celebrities in March 2010 (FAC, ¶ 16), began its advertising campaign through Facebook in March 2010 (FAC, ¶ 17), and, by May 2011, over 200 customers had registered for and used Version 1.0 of the Hanginout Q&A Platform after an aggressive marketing campaign (FAC, ¶¶ 18-20). For purposes of Google's motion, these facts must be accepted as true. Accordingly, the FAC unequivocally alleges that Hanginout began promoting its product and had customers before Google adopted its Hangouts platform.

Next, the case law cited by Google in support of its seniority argument is overgeneralized and readily distinguishable from the facts alleged in the FAC. For example, Google suggests the FAC pales in comparison to the facts alleged in *Future Domain Corp. v. Trantor Sys. Ltd.*,1993 U.S. Dist. Lexis 9177 (N.D. Cal. May 3, 1993), a case not considering a motion to dismiss, but rather likelihood of success on a preliminary injunction. Google suggests that the court there concluded the various efforts at a trade show did not establish seniority of use, ignoring that *Future Domain* was evaluated under the lens of a preliminary injunction. MTD at 4.

Upon closer examination, however, the *Future Domain* facts are readily

---

[1] Google's placement of its underhanded argument in a footnote is revealing, and does not make the argument any more proper. MTD at 3, fn 1. Because the facts in the FAC must be accepted as true, Google's argument concerning Hanginout's veracity to the USPTO should not be considered in any regard.

distinguishable. Specifically, the court explained that the "determinative" facts concerning seniority were (1) no orders of the product were placed at the trade show and (2) the alleged infringer was promoting the infringing mark at the same trade show (e.g., even the trade show was not a prior use). *Future Domain Corp.*, 1993 U.S. Dist. Lexis at 19. Further, in contrast to Google's argument that Hanginout has not alleged actual sales, MTD 4-5, *Future Domain* cited a Ninth Circuit case with approval, noting, an "actual sale is not necessary." *Future Domain Corp.*, 1993 U.S. Dist. Lexis at 19-20.

Ironically, Hanginout and Google both have provided their platforms free of charge and Google fails to provide any authority suggesting monetization or profitability are required to establish seniority. Indeed, market acceptance is a critical prerequisite for profitability to facilitate goodwill and a customer base. But critically, because Google was not promoting its Hangouts Mark simultaneously with Hanginout, *Future Domain* is not instructive.

Equally unavailing, Google cites another preliminary injunction case, *Garden of Life Inc. v. Letzer*, 318 F. Supp. 2d 946 (C.D. Cal. 2004), for a similarly over-generalized proposition concerning seniority. Like *Future Domain*, the *Garden of Life* court's seniority analysis is not analogous to the facts at issue here. There, the party claiming common law trademark rights conceded their company did not use the mark continuously and the disputed mark never actually appeared on the products at issue. *Id.* at 958-60.

Here, unlike *Garden of Life* where the party seeking trademark protection admitted they did not use the mark at issue continuously, the FAC provides a general overview of Hanginout's continuous use. Here, Hanginout properly pled seniority in detail. *See, e.g.*, FAC ¶¶ 27, 40, 41. Accordingly, accepting Hanginout's factual allegations as true, the FAC sufficiently alleges seniority of use.

C. Hanginout Has Sufficiently Pled Market Penetration

Google alleges Hanginout failed to plead specific facts regarding its volume of sales and growth trends, the number of persons buying the trademarked product in relation to the number of potential purchasers, the amount of advertising prior to June 2011, and the location of the initial 200 users. MTD at 7. Google further claims Hanginout failed to allege use of its mark after May 2011 and specific facts to show it continuously used mark in any geographic area. MTD at 8.

Google ignores the pleading standard, arguing that Hanginout must plead a summary judgment style motion in the Complaint. As noted above, a Complaint does not need to plead every detail or prove every fact that a plaintiff will rely upon at trial. Google fails to cite a single case requiring such specificity in pleading market penetration. In fact, Google self-servingly ignores that because the HANGINOUT Mark includes services, even at the trial state "the use [] need not be extensive or 'result in deep market penetration or widespread recognition." *Taylor v. Thomas*, 2013 U.S. Dist. LEXIS 8222 *14 (W.D. Tenn. Jan. 22, 2013) (quoting *Allard Enters., Inc. v. Advanced Programming Res., Inc.*, 146 F.3d 350, 356 (6th Cir. 1998)).

Instead, Google relies on a case deciding a renewed judgment as a matter of law after presentation of all evidence at trial, *Optimal Pets, Inc. v. Nutri-Vet, LLC*, 877 F. Supp. 2d 953, 959 (C.D. Cal. 2012). Google's analysis omits the detailed rationale supporting that court's conclusion that there was insufficient evidence of market penetration for purposes of entering judgment as a matter of law after trial. The driving force behind the court's conclusion was four-fold:

1. The party claiming common law rights "did little, if anything" to promote its product other than maintain a website;
2. The party claiming common law rights had no sales in 34 states, sales in 8 states ranging from $12 to $80, and in the two states with largest sales, the sales were confined to a single zip code;

3. "There was no evidence that would even arguably support a meaningful positive growth trend except with regard to a single zip code in Missouri," and
4. The only credible evidence concerning advertising efforts was maintenance of a website.

Id. at 962-64.

Unlike the meager evidence of market penetration in *Optimal Pets*—e.g., the maintenance of a website—Hanginout's FAC alleges extensive promotional efforts. *See, e.g.*, FAC ¶¶ 27, 40, 41. While Google may explore the depths of Hanginout's allegations as litigation and discovery progress, Google may not cherry pick which allegations are accepted as true for purposes of this motion.

Google's overbroad allegations, such as Hanginout "has not successfully alleged market penetration in any single geographic area," are patently false. For example, the FAC alleges, "Hanginout's HANGINOUT marks have achieved market penetration throughout the United States and, at a minimum, in California." FAC, ¶40.

While Google's efforts to subvert Hanginout's allegations and credibility are premature, Hanginout's pending Motion for Preliminary Injunction provides ample factual support revealing Google's misplaced argument that Hanginout "cannot" establish seniority of use. *See* Preliminary Injunction, Doc. 12, at 8-15. While such evidentiary specificity is not necessary on a Motion to Dismiss because all alleged facts must be presumed as true, Hanginout nonetheless has previously provided the Court and Google with evidence that its users are nationwide. *See* Preliminary Injunction, Doc. 12, at 5, 11 (noting Hanginout's smart phone app has been viewed over 1,000,000 times by consumers in 112 countries, and by well-known personalities such as San Diego Mayoral Candidate Carl DeMaio and Sean "Puff Daddy" Combs). Accordingly, Google's arguments are not only premature, they are demonstrably

inaccurate.

II. HANGINOUT'S COMMON LAW AND STATUTORY UNFAIR COMPETITION CLAIMS ARE SUFFICIENTLY PLED

Google fails to provide any support for its request to dismiss Hanginout's unfair competition claims aside from blanket statement that unfair competition is "substantially congruent" to a Lanham Act violation. MTD at 8. For the reasons advanced above, Google fails to provide meaningful support suggesting Hanginout has insufficiently pled its unfair competition claims.

III. ALTERNATIVELY, LEAVE TO AMEND SHOULD BE GRANTED

While Hanginout maintains Google has not properly moved to dismiss, were Defendant's motion to be granted, the liberal pleading rules provide that leave to amend should be granted. Fed. R. Civ. P. 15(a)(2). Defendant offers no justification for Plaintiff not to be provided leave to amend. *Moore v. Kayport Package Express*, 885 F.2d 531, 534 (9th Cir. Cal. 1989) (discussing how lower court granted leave to amend first amended complaint after complaint "was stated in general and conclusory terms, and was devoid of facts supporting the charges of fraud…") Additionally, the previous exhibits submitted to this Court in support of Hanginout's preliminary injunction establish that Hanginout is likely to establish seniority and market penetration.

IV. CONCLUSION

As Google's motion notes, "courts look to the totality of a party's actions to determine whether the use is sufficient to establish priority." MTD at 3. Here, Hanginout's FAC alleges ample facts plausibly stating claims for trademark infringement and unfair competition. Given Google's previous receipt of Hanginout's preliminary injunction motion and corresponding exhibits, Google's claim that Hanginout cannot allege seniority and market penetration are, at best, a

stall tactic. Because Hanginout's allegations must be accepted as true, Google's motion should be denied.

Dated: March 21, 2014

MINTZ LEVIN COHN FERRIS GLOVSKY AND POPEO PC

By */s/Andrew D. Skale*
Andrew D. Skale, Esq.
Ben L. Wagner, Esq.
Justin S. Nahama, Esq.

Attorneys for Plaintiff
HANGINOUT, INC.

CERTIFICATE OF SERVICE

I, the undersigned, certify and declare that I am over the age of 18 years, employed in the County of San Diego, State of California, and am not a party to the above-entitled action.

On March 21, 2014, I filed a copy of the following document:

HANGINOUT, INC.'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF ITS OPPOSITION TO GOOGLE, INC.'S MOTION TO DISMISS FIRST AMENDED COMPLAINT

by electronically filing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

Andrew D. Skale	askale@mintz.com, adskale@mintz.com, bwagner@mintz.com, Docketing@mintz.com, kasteinbrenner@mintz.com, kjenckes@mintz.com
Benjamin L. Wagner	bwagner@mintz.com, Docketing@mintz.com, kjenckes@mintz.com
Margaret M. Caruso	mmc@quinnemanuel.com, calendar@quinnemanuel.com, cherylgalvin@quinnemanuel.com, sherrinvanetta@quinnemanuel.com

Executed on March 21, 2014, at San Diego, California. I hereby certify that I am employed in the office of a member of the Bar of this Court at whose direction the service was made.

/s/Andrew D. Skale
Andrew D. Skale, Esq.

27417511v.1