

1 QUINN EMANUEL URQUHART & SULLIVAN, LLP  
 Margret M. Caruso (Bar No. 243473)  
 2 Cheryl A. Galvin (Bar No. 252262)  
 555 Twin Dolphin Drive, 5th Floor  
 3 Redwood Shores, California 94065-2139  
 Telephone: (650) 801-5000  
 4 Facsimile: (650) 801-5100  
 5 Attorneys for Defendant Google Inc.

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UNITED STATES DISTRICT COURT  
 SOUTHERN DISTRICT OF CALIFORNIA

HANGINOUT, INC.,  
 Plaintiff,  
 vs.  
 GOOGLE INC.,  
 Defendant.

CASE NO. 13-CV-2811 AJB NLS  
**MEMORANDUM OF POINTS AND  
 AUTHORITIES IN SUPPORT OF  
 GOOGLE'S OPPOSITION TO  
 PLAINTIFF HANGINOUT, INC.'S  
 MOTION FOR PRELIMINARY  
 INJUNCTION**  
  
**ORAL ARGUMENT REQUESTED**  
  
 Date: April 25, 2014  
 Time: 2:00 p.m.  
 Courtroom 3B  
 Judge: Hon. Anthony J. Battaglia

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1 **INTRODUCTION**

2 Plaintiff Hanginout, Inc. (“Hanginout”) waited more than two and a half years  
3 after Google Inc. (“Google”) first began to use the HANGOUTS mark to file its  
4 motion for preliminary injunction (“Motion”). Hanginout’s unreasonable delay  
5 combined with its complete lack of evidence of any actual or imminent harm  
6 confirms that Hanginout cannot satisfy its burden on irreparable harm, which is  
7 required to obtain a preliminary injunction. This alone defeats the Motion. But it  
8 is far from the only reason to deny the Motion.

9 Hanginout also fails to demonstrate that it is likely to succeed on the merits—  
10 either on the fundamental question of whether it has a valid, protectable trademark,  
11 or on the critical issue of likelihood of confusion. Despite swearing under oath to  
12 the PTO that it accurately identified—four separate times—that its first use date of  
13 the HANGINOUT marks anywhere and in commerce was June 6, **2012**, Hanginout  
14 now argues to this Court a first use date of more than a year earlier. Even if  
15 credited, Hanginout’s evidence is legally insufficient to establish priority of use and  
16 sufficient market penetration to enforce its asserted mark against Google.  
17 Likewise, even if Hanginout’s suit survives Google’s pending motion to dismiss, it  
18 is unlikely to survive summary judgment, much less justify a verdict that confusion  
19 is likely.

20 Nor can Hanginout establish that the balance of hardships tips in its favor.  
21 Google has spent [REDACTED] years and \$ [REDACTED] million developing and promoting its  
22 Hangouts product, which has an installed base of millions of users, has been  
23 featured by prominent major U.S. newspapers, news channels, and business and  
24 technology magazines and websites, and has built substantial brand recognition and  
25 goodwill. Accordingly, the balance of hardships heavily weighs against an  
26 injunction. An injunction would disrupt service to third-party developers, partners,  
27 and millions of users. Accordingly, the public interest requires denying the  
28 Motion. Each of these reasons independently, and overwhelmingly when

1 considered together, shows that Hanginout’s motion for a preliminary injunction  
2 should be denied.

### 3 FACTUAL BACKGROUND

4 On July 12, 2012, Plaintiff filed its U.S. trademark applications for the  
5 HANGINOUT word and design marks, swearing under oath that the first use of  
6 those asserted marks was the month before then—June 6, 2012. (Mot. at 4, Dkt. 14  
7 at Attachments A, B.) It was not until nearly a year and a half later that Hanginout  
8 changed its story. In moving to dismiss Plaintiff’s original complaint, Google  
9 pointed out that Hanginout’s claimed first use date was almost a year after Google  
10 began to use HANGOUTS in commerce in June 2011. Hanginout responded by  
11 filing an amended complaint, alleging that it “commercialized” its products earlier.  
12 (Dkt. 9-1 at 2 n.1; Dkt. 14 at ¶¶ 9-10.) Hanginout now contends that it “adopted”  
13 the HANGINOUT logo and word mark in November 2008, but it does not present  
14 any evidence of alleged public use of HANGOUTS until May 4, 2011, when it  
15 claims to have announced its beta “preview launch.” (Mot. at 3-4, Dkt. 12-7 at 3.)  
16 Hanginout asserts that by the end of May 2011, “over 200” customers registered for  
17 the HANGINOUT product, and submits evidence of scattered social media efforts.  
18 (*Id.*) It offers no evidence of paid advertising or promotion, and it is unclear  
19 whether more than a couple dozen people actually saw Hanginout’s “publicity,”  
20 much less came to associate HANGINOUT with the product Hanginout allegedly  
21 offered before June 28, 2011 when Google launched Hangouts. (*See* Dkt. 12-2,  
22 and exhibits thereto.) Hanginout has not amended the first use dates on its  
23 trademark applications. (Caruso Decl. ¶ 2; Dkt. 14 at 23.)

24 Meanwhile, by 2009 Google had already developed an internal version of  
25 what became its Hangouts product, referring to a prototype as “The Hangout.”  
26 (Lachappelle Decl. ¶ 4.) On June 28, 2011, Google publicly launched Hangouts,  
27 as one of several products that made up Google+, a social layer that connects many  
28 of Google’s products. (Dkt. 12-2 ¶ 39, Ex. 22; *accord* Leske Decl., ¶ 3, Exs. 1-2.)

1 Unlike Plaintiff’s product, which is essentially a platform for sharing pre-recorded  
2 video messages, or “video profiles,” Hangouts focuses on live interactions among its  
3 users, including, most significantly, instant messaging and real-time video  
4 conferencing. ( *See, e.g.*, Caruso Decl. ¶ 3, Ex. 1; Leske Decl. ¶¶ 3, 6.) Hangouts  
5 had 50,000 unique users in the United States the very first day it launched and  
6 150,000 by July 8, 2011. (Leske Decl. ¶ 4.) Since Hangouts launched, users have  
7 initiated more than [REDACTED] billion Hangout video conferences. In the last 30 days  
8 alone, more than [REDACTED] million unique users in the United States have had a Hangouts  
9 video conference. ( *Id.* at ¶ 5.) And the mobile app version of Hangouts is  
10 installed on more than [REDACTED] million devices. (*Id.* at ¶ 6.)

### 11 LEGAL STANDARD

12 “A preliminary injunction is an extraordinary remedy never awarded as of  
13 right,” but only “upon a clear showing that the plaintiff is entitled to such relief.”  
14 *Winter v. Natural Res. Defense Council, Inc.*, 555 U.S. 7, 22, 24 (2008). “A  
15 plaintiff seeking a preliminary injunction must establish that he is likely to succeed  
16 on the merits, that he is likely to suffer irreparable harm in the absence of  
17 preliminary relief, that the balance of equities tips in his favor, and that an injunction  
18 is in the public interest.” *Id.* at 20.<sup>1</sup> “The function of a preliminary injunction is  
19 to maintain the status quo *ante litem* pending a determination of the action on the  
20

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21 <sup>1</sup> Hanginout cites to *Alliance for the Wild Rockies v. Cottrell*, 632 F.3d 1127  
22 (9th Cir. 2011) for the proposition that the Ninth Circuit has a sliding-scale approach  
23 to determining whether to grant a preliminary injunction (Mot. at 8), but the sliding  
24 scale is not good law under *Winter*. *See, e.g., Campbell v. Field Entm’t Inc.*, Case  
25 Nos. 12-CV-4233-LHK and 13-CV-233-LHK, 2013 WL4510629, at \*4 (N.D. Cal.  
26 Aug. 22, 2013); *see also Fox Television Stations, Inc. v. Barrydriller Content*  
27 *Systems, PLC*, 915 F. Supp. 2d 1138,1141 n.6 (C.D. Cal. 2012) (quoting *Am.*  
28 *Trucking Ass’n, Inc. v. City of Los Angeles*, 559 F.3d 1046, 1052 (9th Cir. 2009)  
 (“To the extent that our cases have suggested a lesser standard [than that announced  
 in *Winter*], they are no longer controlling, or even viable.”)).



1 merits.” *Instant Media, Inc. v. Microsoft Corp.*, Case. No. C 07-02639, 2007  
2 WL2318948, at\*5 (N.D. Cal. Aug. 13, 2007).

### 3 ARGUMENT

#### 4 **I. HANGINOUT CANNOT DEMONSTRATE IRREPARABLE HARM**

5 To obtain a preliminary injunction, a plaintiff must “demonstrate that  
6 irreparable injury is *likely* in the absence of an injunction” and that there is an  
7 “immediate threatened injury.” *Winter*, 555 U.S. at 22. A “speculative” injury or  
8 “a mere possibility of some remote future injury, or a conjectural or hypothetical  
9 injury” is not enough. *Spiraledge, Inc. v. SeaWorld Entm’t, Inc.*, No. 13cv296-  
10 WQH-BLM, 2013 WL3467435, at \* 2 (S.D. Cal. July 9, 2013); *see also Herb Reed*  
11 *Enters., LLC v. Fla. Entm’t Mgmt.*, 736 F.3d 1239, 1250-51 (9th Cir. 2013); *Mytee*  
12 *Prods. v. Shop Vac Corp.*, No. 13cv1610, 2013 WL5945060, at \*6 (S.D. Cal. Nov.  
13 4, 2013). A long delay before seeking a preliminary injunction evidences such a  
14 lack of urgency and irreparable harm is alone sufficient grounds to deny a motion  
15 for preliminary injunction. *Edge Games, Inc. v. Electronic Arts, Inc.*, 745 F. Supp.  
16 2d 1101, 1117-1118 (N.D. Cal. 2010) (denying injunction sought 21 months after  
17 the defendant released its product).

18 As Hanginout acknowledges, Google announced Hangouts on June 28, 2011.  
19 (Mot. at 6; Dkt. 12-2 at ¶ 39, Ex. 22.) More than 460,000 people viewed this  
20 announcement by June 30, 2011, and it received significant media attention.  
21 (Leske Decl. ¶ 3; Long Decl. ¶ 3.) Hangouts had 50,000 unique users the first day  
22 it launched—more than six times the number Plaintiff claims have registered for  
23 Hanginout *currently*. (Leske Decl. ¶ 4; Dkt. 12-2 ¶ 17.) Yet Hanginout did not  
24 file its complaint until 29 months after Google’s first public use of the HANGOUTS  
25 mark. (Dkt. 1.) It was almost two more months, and only after Google moved to  
26 dismiss Hanginout’s original complaint, that Hanginout filed its motion for a  
27 preliminary injunction. (Dkt. 12.) Delays of this magnitude routinely result in  
28 finding that the plaintiff will not suffer irreparable harm. *See, e.g., Spiraledge,*

1 2013 WL3467435, at \*5 (13 month delay); *ConocoPhillips Co. v. Gonzalez*, Case  
2 No. 5:12-cv-00576-LHK, 2012 WL538266, at \*\*3-4 (N.D. Cal. Feb. 17, 2012) (8  
3 month delay); *Edge Games*, 745 F. Supp. 2d at 1117-1118 (21 month delay);  
4 *Brahma, Inc. v. Joe Yeargain, Inc.*, 665 F Supp. 1447, 1453 (N.D. Cal. 1987)  
5 (nearly 2 year delay). Hanginout’s 31 month delay demonstrates the actual  
6 “irreparable harm” it is likely to suffer—none.

7 In addition, Hanginout fails to offer any evidence that it would suffer  
8 irreparable harm absent an injunction (Mot. at 22-23), such as evidence that it has  
9 experienced a decline in customers or goodwill, that such a decline is likely, that  
10 actual confusion has occurred, or that any “immediate threatened injury” exists.  
11 *Mytee Prods.*, 2013 WL5945060, at \*6; *see also Innospan Corp. v. Intuit, Inc.*, Case  
12 No. C 10-04422, 2010 WL5157157, at \*2 (N.D. Cal. Dec. 3, 2010) (denying  
13 preliminary injunction where plaintiff failed to show “that further losses are  
14 imminent—or, indeed, that it has anything left to lose”). Hanginout’s  
15 “speculative” claims of harm are insufficient. *Mytee Prods.*, 2013 WL5945060, at  
16 \*6. Its failure to submit “probative, nonspeculative evidence” that it has “lost, or  
17 likely will lose, prospective customers or goodwill” due to Google’s use of the  
18 HANGOUTS mark compels denial of the Motion. *Spiraledge*, 2013 WL3467435,  
19 at \*4; *see also Edge Games*, 745 F. Supp. 2d at 1117-18 (denying injunction where  
20 plaintiff failed to show “why issuing a preliminary injunction now would prevent  
21 any irreparable harm beyond the damage already done.”).

22 **II. HANGINOUT CANNOT DEMONSTRATE THAT IT IS LIKELY TO**  
23 **SUCCEED ON THE MERITS**

24 Hanginout also is not likely to succeed on the merits. To prevail, it must  
25 prove that it owns a valid, protectable trademark, and that the defendant is using a  
26 mark confusingly similar to the plaintiff’s mark in commerce. *See, e.g., Herb Reed*  
27 *Enters.*, 736 F. 3d at 1247. Hanginout fails to show it is likely to prove either.  
28

1           **A. Hanginout Does Not Have A Valid, Protectable Trademark That It**  
2           **Can Enforce Against Google.**

3           Because HANGINOUT is not a registered trademark, Plaintiff must  
4 demonstrate that as of the date Google used HANGOUTS, HANGINOUT had  
5 acquired common law trademark rights in the geographical area where Google used  
6 its HANGOUTS mark—i.e., nationwide—and that Plaintiff continuously used the  
7 mark there.<sup>2</sup> *E.g., Optimal Pets v. Nutri-Vet, LLC*, 877 F. Supp. 2d 953, 958 (C.D.  
8 Cal. 2012). (“[T]he issue presented is whether, as of the date that Defendants used  
9 the name ‘Optimal Pet’ in commerce (August 2008), OPI had acquired common law  
10 trademark rights with regard to a geographical area in which Defendants used the  
11 name”). “To establish enforceable common law trademark rights in a geographical  
12 area, a plaintiff must prove that, in that area, (1) it is the senior user of the mark, and  
13 (2) it has established legally sufficient market penetration.” *Id.* at 959.

14 Hanginout will not be able to prove that.

15           1. Google Used HANGOUTS in commerce in June 2011.

16           Google indisputably used HANGOUTS in commerce on June 28, 2011.  
17 (Dkt. 12-2 ¶ 39, Ex. 22; *accord* Leske Decl. ¶ 3, Exs. 1-2.) This use was  
18 nationwide. Google’s official blog post announcing Hangouts was viewed more  
19 than 460,000 times by June 30, 2011. (Leske Decl., ¶ 3.) Press reports about  
20 Hangouts began immediately. Within a day of Google’s announcement of  
21 Hangouts, numerous articles about Hangouts had appeared in major U.S. news,  
22 business, and technology outlets, including *The New York Times*, NBC News, CNN,

23 \_\_\_\_\_  
24           <sup>2</sup> Google intends to oppose the registration of HANGINOUT and suspend the  
25 proceeding pending the disposition of this litigation. But even if it were registered  
26 before the end of this suit, the presumption of the registration would only apply as of  
27 the date of registration. *E.g., CG Roxane LLC v. Fiji Water Co. LLC*, 569 F. Supp.  
28 2d 1019, 1032 (N.D. Cal. 2008). Thus, Hanginout cannot avoid the need to prove  
market penetration before June 28, 2011.

1 Fox News, *Bloomberg Businessweek*, *Computer World*, *Rolling Stone*, and *PC*  
2 *Magazine*, as well as on top technology websites such as Search Engine Land, CNet,  
3 TechCrunch, Mashable, DVICE, The Next Web, AllThingsD, Gizmodo, The Wire,  
4 and Engadget. (Long Decl., ¶ 3, Exs. 1, 2.) Consumers immediately began using  
5 Hangouts. The day it was announced, Hangouts had 50,000 unique users in the  
6 United States. (Leske Decl., ¶ 4.) By July 8, 2011, it had 150,000 unique users in  
7 the United States. (*Id.*) Plaintiff’s insistence that Google did not begin using  
8 Hangouts until almost two years after June 2011 (Mot. at 7) is undermined by the  
9 actual evidence.

10 2. Hanginout Is Not The Senior User Of The Marks.

11 On July 12, 2012, more than a year after Google’s successful launch of  
12 Hangouts, the plaintiff filed trademark applications for the HANGINOUT word  
13 mark and design mark with the USPTO. In those applications, it represented under  
14 oath, *four times*, that its first use date for its HANGINOUT marks was within a  
15 month of its filing—June 6, 2012. (Dkt. 14, ¶ 22, Exs. A, B.) Hanginout not only  
16 represented that its first use of HANGINOUT in commerce was June 6, 2012, but  
17 also that was its first use anywhere. (*Id.*) After Google raised the priority issue,  
18 Hanginout began to claim a first use date of more than a year earlier. (Dkt. 14, ¶  
19 20.) Because Hanginout submitted sworn statements to the USPTO regarding its  
20 date of first use of the marks anywhere and also the first date of the use of the marks  
21 in commerce, it must prove any earlier date by clear and convincing evidence.  
22 *Wells Fargo & Co. v. Stagecoach Props., Inc.*, 685 F.2d 302, 304 n.1 (9th Cir.  
23 1982). Nowhere in its pleadings does Hanginout offer any explanation for the  
24 change in date.

25 Hanginout is unable to prove its use contentions by clear and convincing  
26 evidence, yet even if were to do so, such contentions would not be legally sufficient  
27 to establish seniority over Google’s nationwide use of HANGOUTS. Seniority of  
28 use can only be established by commercial usage; “it is not enough to have invented

1 the mark first or even to have registered it first.” *Glow Indus., Inc. v. Lopez*, 252 F.  
2 Supp. 2d 962, 980-81 (C.D. Cal. 2002). For example, *Future Domain Corp. v.*  
3 *Trantor Sys. Ltd.*, held the actions of a company that advertised its product at the  
4 computer industry’s largest U.S. trade show, where up to 143,000 people may have  
5 seen the mark, distributed 3,500 information fliers and 1,000 corporate brochures  
6 containing the mark, obtained 2,400 completed inquiry forms, and received and  
7 fulfilled over 200 requests for preliminary versions of the product “did not create a  
8 sufficient association in the public mind between the mark and [the company]” to  
9 establish seniority of use. Civ. No. C 93 0812, 1993 WL270522, at \*\*1- 7 (N.D.  
10 Cal. May 3, 1993); *see also Garden of Life, Inc. v. Letzer*, 318 F. Supp. 2d 946, 957-  
11 960 (C.D. Cal. 2004). Hanginout offers far less proof.

12 Hanginout claims that it first thought of the HANGINOUT marks in  
13 November 2008 and had a “vision” in 2009 about its future product (Mot. at 2.)  
14 But “[a]n intent to eventually commercially exploit an idea is not sufficient to confer  
15 trademark rights or meet the ‘in commerce’ requirement.” *Schussler v. Webster*,  
16 Civ. Case No. 07cv2016 IEG, 2008 WL4350256, at \* 4 (S.D. Cal. Sept. 22, 2008),  
17 *amended and vacated in part on other grounds on reconsideration; see also Future*  
18 *Domain Corp.*, 1993 WL270522, at \*6. “Trademark rights are not established by  
19 goals and dreams.” *Matrix Motor Co v. Toyota Jidosha Kabushiki Kaisha*, 290 F.  
20 Supp. 2d 1083, 1089 (C.D. Cal. 2003).

21 The only evidence that Hanginout provides of its “aggressive marketing  
22 campaign” before June 28, 2011 are exhibits showing two promotional videos it  
23 created to show on YouTube, a company Facebook page, and an announcement of  
24 its preview launch on LinkedIn. (Mot. at 3.) As in *Future Domain*, Hanginout  
25 fails to provide evidence that a sufficient number of people actually saw or noticed  
26 its promotional efforts. 1993 WL270522, at \*7. But the evidence it does provide  
27 reveals sparse public engagement. Its two YouTube videos were ultimately poorly  
28 viewed—no more than 300 times and 20 times, respectively, before July 1, 2011.

1 (Dkt. 12-2, ¶¶ 14, 19; Caruso Decl. ¶¶ 4-5, Exs. 2-5.) The only third party  
2 “publicity” was a brief article on what appears to be a lesser-known tech blog called  
3 Tech Cocktail. The article received no likes, tweets, or shares. (Dkt. 12-2, ¶ 16,  
4 Dkt. 12-11.) What Hanginout describes as an “endorsement on Facebook,” by  
5 Tech Cocktail received only two “likes”—one of which was from the then-  
6 COO/CFO of Hanginout. (Dkt. 12-2, ¶ 15, Dkt. 12-10; Caruso Decl. ¶ 7, Ex. 6.)  
7 And an announcement by the company of its “launch” of the “preview” as part of a  
8 “Tech Cocktail discussion group,” on LinkedIn received only one “like.” (Dkt. 12-  
9 2, ¶ 13, Dkt. 12-8.) Hanginout’s Twitter feed shows 48 tweets before June 28,  
10 2011—of which 18 were from the company. (Dkt. 12-2, ¶11, Dkt. 12-7.)  
11 Collectively, this evidence is insufficient to show that “an appropriate segment of  
12 the public mind” came to identify the alleged mark with Hanginout’s goods or  
13 services. *Seltzer v. Green Day, Inc.*, 725 F.3d 1170, 1180 (9th Cir. 2013). The  
14 YouTube links to the two promotional videos Plaintiff created have received barely  
15 more than 400 views from their posting to the present. Of those views, some  
16 occurred well after June 2011 when Hangouts launched, and presumably some came  
17 from Hanginout’s employees and the attorneys in this action. (Caruso Decl. ¶¶ 4-  
18 5, Exs. 2-5.)

19 The true test of an advertising campaign’s success is, of course, the number of  
20 users it converts to the product. *E.g., Art Attacks Ink, LLC v. MGA Entertainment*  
21 *Inc.*, 581 F.3d 1138, 1146 (9th Cir. 2009). Hanginout fares no better on this  
22 inquiry. It does not even argue it had more than 200 users of its “preview” version  
23 before June 28, 2011, and it offers no proof of the 200 beyond its CEO’s assertion.  
24 (Mot. at 9; Dkt. 12-2 at ¶ 17; Dkt. 12-7 at 3; Dkt 12-8 at 2 (“We launched our  
25 preview today.”); Dkt. 12-11 at 3 (“Hanginout is still in preview mode”). He does  
26 not represent that records exist reflecting the dates new users joined or their  
27 numbers, nor that he accessed those records. Even if credited, Hanginout’s  
28 evidence does not rise to the level that courts have deemed insufficient to establish

1 senior use. *E.g., Future Domain*, 1993 WL270522, at \*2 (evidence of 200 users of  
2 preliminary version of product was insufficient to establish use in commerce).

3 Hanginout’s selective quotation from *Chance v. Pac-Tel Teletrac Inc.*, 242 F.  
4 3d 1151 (9th Cir. 2001) (cited in Mot. at 9) cannot save its cause. *Chance* referred  
5 to a prior decision that held “a single sale or shipment may be sufficient to support  
6 an application to register the mark, **providing that** this shipment or sale has the  
7 color of a bona fide transaction and *is accompanied or followed by activities which*  
8 would tend to indicate a continuing effort or intent to continue such use and *place*  
9 *the product on the market on a commercial scale within a time demonstrated to be*  
10 *reasonable in the particular trade.”* *Id.* at 1157 (emphasis added). Hanginout  
11 does not need to prove bona fide use to support a trademark application, but  
12 sufficient use to justify senior common law trademark rights. Further, its evidence  
13 does not satisfy the conditions *Chance* identifies. And tellingly, *Chance* itself  
14 rejected the sufficiency of two sales, even accompanied by promotional activity, to  
15 establish bona fide use in commerce. *Id.* at 1160.

16 3. Hanginout Cannot Demonstrate That It Had Sufficient Market  
17 Penetration To Establish Any Common Law Trademark Rights  
Before Google Acquired Its Common Law Trademark Rights.

18 Market penetration, which is required to establish common law trademark  
19 rights, is determined by examining information such as the trademark user’s  
20 “volume of sales and growth trends, the number of persons buying the trademarked  
21 product in relation to the number of potential purchasers, and the amount of  
22 advertising.” *Glow*, 252 F. Supp. 2d at 983. This standard is not easily satisfied.  
23 For example, a company that sold a total of \$35,000 in pet supplies to pet  
24 professionals in 16 states, maintained a website, and spent more than \$100,000 in  
25 advertising, including national magazine advertising, failed to establish sufficient  
26 market penetration nationwide to have common law rights. *Optimal Pets*, 877 F.  
27 Supp. 2d at 962-964 (granting defendant judgment as a matter of law). Similarly,  
28 “GLOW” beauty products had not achieved sufficient market penetration to

1 establish common law rights in any specific geographic area even though they were  
2 mentioned in *InStyle* and *Los Angeles* magazines and had been sold to customers in  
3 all fifty states, including at the company’s Los Angeles retail store, at Bergdorf  
4 Goodman in New York City, at Nordstrom stores and Ritz Carlton Hotels, at retail  
5 stores in eleven states, on a national beauty website, and through the company’s  
6 own website. *Glow*, 252 F. Supp. 2d at 983-986. And a company that maintained  
7 business licenses in two states, one where there were never any offices and another  
8 where the office had since closed, with no evidence of recent actual sales in those  
9 states, did not establish common law trademark rights in those states. *Credit One*  
10 *Corp. v. Credit One Financial, Inc.*, 661 F. Supp. 2d 1134, 1138 (C.D. Cal. 2009).

11 As discussed above, Hanginout’s evidence reveals the lack of market  
12 penetration that can reasonably be attributed to its pre-June 28, 2011 efforts. Its *de*  
13 *minimus* use fails to establish market penetration in any area—much less  
14 nationwide. See, e.g., *Optimal Pets*, 877 F. Supp. 2d at 962 (finding no market  
15 penetration in any geographic area, including where there were sales of \$1,099.29  
16 and \$1,888.69 almost entirely in a single zip code in each of two states); *Glow*, 252  
17 F. Supp. 2d at 983-986. Further, for the time period before June 2011, Hanginout  
18 offers no evidence regarding its volume of sales and growth trends, the number of  
19 persons buying or downloading the trademarked product in relation to the number of  
20 potential purchasers or downloaders, or the amount of its advertising costs or reach.  
21 See *Glow*, 252 F. Supp. 2d at 984-85 (denying preliminary injunction where plaintiff  
22 provided “little information that would assist the court in quantifying market  
23 penetration, sales levels, growth trends, or the number of people who purchased the  
24 company’s products in relation to the number of potential customers”). Instead,  
25 Hanginout focuses on its alleged growth trends in 2012 and 2013. (Mot. at 4-6.)  
26 But that information is irrelevant, because Google had begun using HANGOUTS  
27 long before that. (See Section II.A.1, *supra*.)

28



1           Given the weakness of its evidence, Hanginout devotes the vast majority of its  
2 discussion of market penetration arguing that it had a nationwide “natural zone of  
3 expansion,” based primarily on Hanginout’s use of the Internet. (Mot. at 10-15.)  
4 But when the evidence is considered during the relevant time frame, before June  
5 2011, Hanginout’s “natural zone of expansion” argument fails. *See Optimal Pets*,  
6 877 F. Supp. 2d at 958. The natural zone of expansion is defined “narrowly.”  
7 *Credit One Corp. v. Credit One Fin., Inc.*, 661 F. Supp. 2d 1134, 1138 (C.D. Cal.  
8 2009). And where, as here, Plaintiff has not adequately demonstrated the extent of  
9 its market penetration before Google began its nationwide use, “a zone of expansion  
10 that encompasses the entire nation is about as large a ‘leap’ as it is possible to  
11 imagine.” *Glow*, 252 F. Supp. 2d at 986. That Hanginout had a “vision” that its  
12 platform “was meant to transcend and reach into every home, every business, in the  
13 United States” (Mot. at 14) does not make nationwide use a reality. Nor does  
14 Hanginout’s use of the Internet. None of the cases it cites (Mot. at 11-12) find  
15 adequate market penetration due to a mere presence on the Internet. In any event,  
16 Hanginout does not have “penetration of cyberspace” and certainly does not have  
17 “penetration of the entire United States,” as it claims (Mot. at 12).

18           **B. Hanginout Cannot Demonstrate A Likelihood Of Confusion.**

19           To prevail on its claim of trademark infringement, Hanginout must also show  
20 it is likely to prove that Google’s use of the HANGOUTS mark is likely to cause  
21 consumer confusion as to the “origin, sponsorship, or approval” of the goods or  
22 services. 15 U.S.C. § 1125(a)(1). To determine whether confusion is likely, the  
23 Ninth Circuit has developed an eight-factor test. *AMF Inc. v. Sleekcraft Boats*, 599  
24 F.2d 341, 348-49 (9th Cir. 1979). “The *Sleekcraft* factors are intended as an  
25 adaptable proxy for consumer confusion, not a rote checklist.” *Network*  
26 *Automation, Inc. v. Adv. Sys. Concepts, Inc.*, 638 F.3d 1137, 1145 (9th Cir. 2011).  
27 They should be applied in a “flexible manner,” with an emphasis on those most  
28 relevant to the facts. *Id.* Examination of these factors confirms what history has

1 already shown—no confusion is likely here.

2 1. Hanginout’s Mark Is Weak.

3 The “strength of the mark” factor includes not just conceptual strength, such  
4 as whether the trademark is arbitrary, suggestive or descriptive, but also its  
5 “commercial strength,” which is based on “actual marketplace recognition.”  
6 *Network Automation*, 638 F.3d at 1149. “Marks may be strengthened by extensive  
7 advertising, length of time in business, public recognition, and uniqueness.”  
8 *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1179 (9th Cir. 1988); *see*  
9 *also Sutter Home Winery, Inc. v. Madrona Vineyards, L.P.*, No. C 05-0587 MHP,  
10 2005 WL701599, at \*9 (N.D. Cal. Mar. 23, 2005) (finding mark commercially  
11 strong where plaintiff had sold over 120,000 cases of wine under the mark and had  
12 undertaken “substantial” promotional efforts).

13 As discussed in Section II.A., *supra*, Google’s HANGOUTS mark is  
14 commercially strong; the HANGINOUT mark is not. Hanginout does not even  
15 argue otherwise.<sup>3</sup> (Mot. at 19.) Therefore, this factor favors Google.

16 2. The Purposes and Functions of Google’s Products Are Different  
17 Than Those of Hanginout’s Products.

18 “The proximity of goods is measured by whether the products are:  
19 \_\_\_\_\_

20 <sup>3</sup> Hanginout asserts that Google has conceded HANGINOUT is “inherently  
21 distinctive” because Google identifies its *HANGOUTS* mark with a TM indication.  
22 *Id.* This argument rests on a false equivalence of the parties’ marks and an  
23 erroneous understanding of the meaning of a TM symbol, which reflects that the  
24 trademark owner has common law rights in a trademark. *Yamaha Corp. v. Ryan*  
25 does not hold otherwise. Case No. 89-5574-R, 1989 WL167604, at \*\*1-2 (C.D.  
26 Cal. Nov. 6, 1989) (cited in Mot. at 20). The *Yamaha* court did not find that the  
27 defendant’s use of an *identical* mark was an admission of *inherent* distinctiveness,  
28 but rather distinctiveness in general, which can include a mark that had acquired  
secondary meaning. *Id.* at \*3. Secondary meaning, like market penetration,  
discussed in Section II.A., is obtained through actual use and market penetration.  
Google has acquired it in HANGOUTS; Plaintiff has not.

1 (1) complementary; (2) sold to the same class of purchasers; and (3) similar in use  
2 and function.” *Network Automation*, 638 F.3d at 1150. This is not a binary  
3 determination. That two products are offered to an overlapping broad class of  
4 consumers and that their use and function could be described in a sufficiently broad  
5 category to encompass both does not favor Plaintiff where there are “significant and  
6 fundamental differences in functionality.” *Instant Media*, 2007 WL2318948, at  
7 \*\*11-12 (denying injunction even though both parties used an “I’M” mark in freely  
8 downloadable software that was offered over the Internet and had some video  
9 capability). That is the case here. Although both parties’ products contain some  
10 functionality related to the broad category of video communications, the purposes  
11 and functions of the products are neither identical nor interchangeable.

12 Google’s Hangouts enables real-time, live video conferencing, instant  
13 messaging and other communications features among multiple parties. (Leske  
14 Decl. ¶¶ 3, 6.) In contrast, Plaintiff’s Hanginout is essentially a platform for  
15 posting and viewing pre-recorded video messages, or “video profiles.” (Caruso  
16 Decl. ¶ 3, Ex. 1.) Whatever “interaction” Plaintiff’s product provides (Mot. at 16),  
17 Hanginout offers no evidence that it is capable of live, real-time video, instant  
18 messaging or texting, or any other real-time, quick response communications.  
19 Rather, it allows users to respond to pre-recorded and videotaped questions “by  
20 recording and publishing video responses, then sharing them from anywhere at any  
21 time.” (Dkt. 12-2 at ¶ 4.) Admittedly, Google also has a product for posting and  
22 viewing pre-recorded videos, but it is called YouTube. (Leske Decl. ¶ 9.)

23 Hanginout’s argument about proximity of the goods appears to be based  
24 entirely on its inaccurate characterization of the “Q&A App” as the “Hangouts Q&A  
25 platform.” (Mot. at 17; *cf.* Dkt. 14 (FAC) ¶ 37 (describing functionality of  
26 Hangouts).) There is no such thing as the “Hangouts Q&A platform.” Google’s  
27 “Q&A app” is a *feature* of Hangouts On Air (“HOA”), which the host can turn on or  
28 off. (Leske Decl. ¶ 11, Ex. 4.) Unlike Plaintiff’s product, the Q&A app is not a

1 stand alone app, “which can be downloaded as a smartphone app on iTunes and  
2 GooglePlay.” (Mot. at 16.) Further, HOA is not, as Plaintiff presents it, a  
3 renamed version of Hangouts. (Mot. at 7 (“At this point, Google was calling its  
4 platform ‘Hangouts On Air.’”)) Rather, it is a separate product from Hangouts  
5 with different functionality, a different trademarked brand name, and a different  
6 support team at Google. (Leske Decl. ¶ 8, Ex. 3; Dkt. 12-2, ¶ 46, Ex. 29.)  
7 Accordingly, both HOA and its features, including the “Q&A App,” should be  
8 irrelevant to the likelihood of confusion analysis, given that HANGOUTS is the  
9 only trademark Plaintiff discusses when comparing the similarity of the marks and  
10 actual confusion (Mot. at 18, 20), and Plaintiff does not even mention Hangouts On  
11 Air in its complaint except for once, in the phrase “Live Q&A for Hangouts On Air”  
12 (Dkt. 14 at ¶ 35). When performing the likelihood of confusion analysis, a plaintiff  
13 cannot mix and match names, functionalities, and other factors to suit its fancy; it  
14 must consistently compare the challenged mark and the goods or services offered in  
15 commerce under that mark.

16 Even if Plaintiff were allowed to mix and match products in its analysis, its  
17 assertions that the “Q&A app” “mirror[s]” and is “virtually identical” to Hanginout,  
18 and that they are “directly competitive and identical” are empirically false. (Mot.  
19 at 7, 17.) HOA allows multiple users to participate in a live video conference, but  
20 instead of being private among its participants like Hangouts is, HOA is live-  
21 streamed, essentially broadcast, publicly by the host. (Leske Decl. ¶ 9.) Since  
22 Google announced HOA on September 20, 2011, it has been used by the Dalai  
23 Lama and Bishop Desmond Tutu, as well as many other users, who have initiated  
24 more than ■ million HOA sessions. (Leske Decl. ¶ 10; Long Decl. ¶4, Exs. 4, 5.)  
25 Hanginout’s product offers no comparable live, real-time conversation component  
26 and no live broadcasting. (Caruso Decl. ¶ 3; Ex. 1.)

27 Likewise, the functionality of the Q&A app for HOA, when enabled, is  
28 fundamentally different from Hanginout’s product. *Instant Media*, 2007

1 WL2318948, at \*12. The user interface of the Q&A App allows viewers of a live-  
2 stream HOA session to submit written questions to ask the host of the HOA.  
3 (Leske Decl. ¶ 11.) The text of those written questions is publicly viewable, and  
4 other users can vote on them to suggest which questions the host should answer.  
5 (*Id.*) The Q&A App also allows the host of the HOA session to view the list of  
6 questions and vote tallies, which he or she can use to decide which questions to  
7 answer. (*Id.*) If the host uses the functionality of marking when a particular  
8 question was answered during the live broadcast, the list of questions can be visible  
9 later to viewers of the YouTube recording of the HOA session, who can use it as an  
10 index to find the time point of a particular answer. (*Id.*) Plaintiff’s product does  
11 not offer real-time uses; it has no simultaneous viewing or voting feature; it doesn’t  
12 permit the “owner” of the video communication to select live questions (or typed  
13 questions) to answer or to obtain immediate feedback on the popularity of questions.  
14 (Caruso Dec. ¶ 3, Ex. 1.) Because every Google product Plaintiff attacks has  
15 “significant and fundamental differences in functionality” from Google’s Hangouts  
16 product, this factor favors Google. *Instant Media*, 2007 WL2318948, at \*12.

17 3. The Marks Are Not Similar In Sight, Sound, or Meaning.

18 The similarity of the marks is determined by assessing their “sight, sound, and  
19 meaning” and “viewing the trademark as a whole, as it appears in the marketplace.”  
20 *M2 Software, Inc. v. Madacy Entm’t*, 421 F.3d 1073, 1082 (9th Cir. 2005). The  
21 parties’ marks are significantly different. Unlike the two decisions cited by  
22 Plaintiff, which involved marks that were phonetically identical (*see* Mot. at 18), the  
23 parties’ marks here are not ones which “to the ear of the average person ... would  
24 pass as one.” (*Id.* (quoting *Baker v. Simmons Co.*, 307 F.2d 458, 465 (1st Cir.  
25 1962).) HANGINOUT has three syllables and is singular, while HANGOUTS has  
26 two syllables and is plural. HANGINOUT describes an activity, while  
27 HANGOUTS is a plural noun. In addition, Google’s HANGOUTS product  
28 appears in the marketplace in close proximity to the GOOGLE mark. (Abrams

1 Decl. ¶¶ 4-8.) For example, in an app store “Google Inc.” appears below  
2 “Hangouts.” (*Id.* at ¶8.) Search engine results for “hangouts” likewise display the  
3 GOOGLE mark near “Hangouts” for links to Google products. (Abrams Decl. ¶¶  
4 4-6, Ex. 1.)

5 Given the actual market appearance of HANGOUTS, no reasonable consumer  
6 would believe that it is associated with anyone other than Google. Indeed, in *Lindy*  
7 *Pen Co. v. Bic Pen Corp.*, the Court found that an examination of *identical* marks in  
8 the marketplace demonstrated that “the marks are readily distinguishable in the  
9 context in which they are encountered,” in part because the company’s name was  
10 displayed on the pens along with the AUDITOR trademark at issue. 725 F.2d  
11 1240, 1245 (9th Cir. 1984). In contrast, HANGINOUT appears to be regularly  
12 used with its design mark, which includes the silhouette of a person sitting down in  
13 a relaxed posture. (See Dkt. 12-5 at 2, Dkt. 12-6 at 2; 12-7 at 2-4; Dkt. 12-11; Dkt.  
14 12-14 at 2, Dkt. 12-15 at 3; Dkt. 12-17 at 3; Dkt. 12-19 at 2 at 2.) Google uses no  
15 remotely similar design mark. Instead, it uses a green “speech bubble” with white  
16 quotation marks in it. (Abrams Decl. ¶¶ 3, 8.) Because of these numerous  
17 differences in the appearance of the marks in their marketplace contexts, this factor  
18 favors Google. If Plaintiff were to argue it is not challenging HANGOUTS, but  
19 HANGOUTS ON AIR or the Q&A App for Hangouts On Air, this factor would  
20 favor Google even more strongly.

21 4. There Is No Actual Confusion.

22 “Lack of evidence about actual confusion after an ample opportunity for  
23 confusion can be a powerful indication that the junior trademark does not cause a  
24 meaningful likelihood of confusion.” *Matrix Motor Co.*, 290 F. Supp. 2d at 1093;  
25 1084 (granting defendant’s motion for summary judgment when marks had  
26 coexisted for a year without meaningful, admissible actual confusion). Hanginout  
27 has not identified any proof of actual actionable confusion, despite the fact that  
28 Google has been using the HANGOUTS mark for almost three years. The only

1 “evidence” that Hanginout refers to in its brief is that “consumers have used the  
2 phrase ‘Hanging Out’ and ‘Hangout’ when referring to the HANGINOUT  
3 platform.” (Mot. at 20; Dkt. 12-2, ¶¶ 22, 47, Exs. 11, 30.) The fact that  
4 Hanginout’s own spokespeople have used the plain English words “hang out” in  
5 reference to their use of the HANGINOUT product has no bearing on whether any  
6 consumers have been confused by Google’s use of HANGOUTS. (Dkt. 12-15,  
7 Dkt. 12-34.) Therefore, this factor favors Google.

8           5.     The Marketing Channels Are Neutral.

9           Plaintiff argues that the parties’ “overlap of marketing channels supports  
10 confusion,” relying on decisions from 1987 and 1993. (Mot. at 18-19.) The very  
11 overlapping channels Plaintiff points to—the commercial Internet and iTunes (and  
12 the App Store, which offers apps)—were either in their very early development or  
13 did not even exist then. (Caruso Decl. ¶ 8, Exs. 7-8.) And the Ninth Circuit has  
14 since held that “[t]oday, it would be the rare commercial retailer that did not  
15 advertise online, and the shared use of a ubiquitous marketing channel does not shed  
16 much light on the likelihood of consumer confusion.” *Network Automation*, 638  
17 F.3d at 1151. Although each party may advertise on the Internet, “the same could  
18 be said for countless companies. Thus, this factor merits little weight.” *Playboy*  
19 *Enters., Inc. v. Netscape Commc’ns Corp.* 354 F.3d 1020, 1028 (9th Cir. 2004).  
20 Likewise, Apple’s App Store currently offers more than 1,000,000 apps, which  
21 hardly makes it a unique marketing channel. (Caruso Decl. ¶ 9, Ex. 9.) In  
22 addition, unlike Hanginout, Google also advertises on television and through paid  
23 digital advertising—not merely social network sites and YouTube. (*Compare*  
24 Long Decl. ¶¶ 8-11 with Dkt. 12-2 ¶¶ 11, 13-14, 19.)

25           6.     Consumers Are Likely To Use Care When Selecting A Product  
26                 To Communicate With Others.

27           Hanginout presents no evidence of the degree of sophistication of its  
28 customers, but asserts without support that consumers “are likely to use the parties’

1 platform without doing significant investigation.” (Mot. at 21.) That both  
2 parties’ products are available as free downloads from the Internet does not dictate  
3 that consumers will use a low degree of care when choosing to download them.  
4 First, the “degree of consumer care is becoming more heightened as the novelty of  
5 the Internet evaporates and online commerce becomes commonplace.” *Network*  
6 *Automation*, 638 F.3d at 1152. Second, “given common concerns regarding  
7 viruses and spyware potentially contained in free software,” it cannot be assumed  
8 that “the average consumer exercises minimal care in deciding which free,  
9 downloadable programs it chooses to install on his or her increasingly all-important  
10 lifeline to the Internet.” *Instant Media*, 2007 WL2318948, at \*16. In addition,  
11 consumers who want to communicate with others through a live video conference  
12 will presumably take care to use the same service that those other individuals are  
13 using; consumers who do not intend to participate in a live video chat are extremely  
14 unlikely to somehow end up participating in one unintentionally. As such, the  
15 level of consumer care favors Google.

16 7. Google Had No Bad Intent In Adopting The HANGOUTS Mark.

17 As the cases Plaintiff cites confirm, the defendant’s relevant intent is assessed  
18 at the time it adopted the challenged mark. (Mot. at 21.) At that time, Google  
19 had no reason to know of Hanginout and its intent in adopting HANGOUTS was in  
20 good faith. By 2009, Google had developed an internal videoconferencing  
21 prototype and it referred to the virtual connection between the teams developing the  
22 product as “The Hangout.” (LaChapelle Decl. ¶¶ 3-4.) The teams felt this name  
23 was appropriate given the odd hours and relaxed environment that characterized  
24 their videoconferences. ( *Id.* ¶ 4.) The developers switched to working on a  
25 commercial product in 2010, and adapted the name of their personal virtual  
26 connection, “The Hangout,” to fit the new commercial platform allowing many  
27 virtual connections, which became “Hangouts.” (*Id.* ¶ 5.)



1 Before publicly launching Hangouts, Google commissioned a trademark  
2 search in April 2011 that returned no evidence of the HANGINOUT mark.  
3 (Abrams Decl. ¶ 9.) This is not surprising since Hanginout had not even launched  
4 the “preview” version of its product at that time. (E.g., Dkt. 12-2 at ¶ 13, Ex. 4  
5 (reflecting launch of “preview” on May 4, 2011).) Hanginout did not file its  
6 application to register HANGINOUT until July 2012 or begin offering an app for  
7 iPhone until September 2012. (Mot. at 1.) Therefore, Hanginout is incorrect that  
8 “a simple iTunes search would have revealed the HANGINOUT Q&A app” (Mot. at  
9 27) before Google actually adopted HANGOUTS and began using it in commerce in  
10 June 2011 (Dkt. 12-2 ¶ 39, Ex. 22; accord Leske Decl. ¶ 3, Exs. 1-2.) This is not  
11 an instance in which an “infringer knowingly adopt[ed] a mark similar to another’s”  
12 (Mot. at 27; see also LaChappelle Decl. ¶ 7; Leske Decl. ¶ 7; Abrams Decl. ¶ 10;  
13 Long Decl. ¶ 13 (all reflecting no awareness of HANGINOUT as of May 2013).)

14 Hanginout tries to gloss over this inconvenient sequence of events by  
15 focusing on the September 12, 2013 date Google announced the “Live Q&A” app  
16 for Hangouts On Air—more than two years after Google actually adopted  
17 HANGOUTS. (Mot. at 27; Dkt. 12-31 at 2; Section II.A.1, *supra*.) Even if  
18 somehow that were the correct date by which to evaluate intent, “the defendant’s  
19 intent may be relevant . . . only insofar as it bolsters a finding that the use of the  
20 trademark serves to mislead consumers rather than truthfully inform them of their  
21 choice of products.” *Network Automation*, 638 F.3d at 1153. Google had no  
22 reason to believe users would be misled by it offering a feature to be used in  
23 connection with the Hangouts On Air product that it had introduced two years  
24 earlier. (Leske Decl. ¶ 8.) Further, even after Google was alerted to Hanginout’s  
25 existence through the PTO’s office action on its trademark application (Dkt. 12-2 at  
26 ¶ 43, Ex. 26), it had no reason to believe it was infringing the HANGINOUT mark  
27 given, at a minimum, that the HANGINOUT application reflected a first use date  
28 almost a year after Google’s first use. (Dkt. 14, Exs. A, B.)

1 The PTO has made no determination of likelihood of confusion, nor has it  
2 taken into consideration common law priority, which is one ground on which  
3 Google plans to oppose HANGINOUT’s application. Even if the PTO did make a  
4 determination, contrary to Hanginout’s assertion that the PTO’s “determinations are  
5 entitled to deference,” (Mot. at 18) a determination by the PTO relating to the  
6 likelihood of confusion between two marks “must be regarded as inconclusive since  
7 made at its lowest administrative level” and the PTO does not have before it “the  
8 great mass of evidence” available in a federal action. *Carter-Wallace, Inc. v.*  
9 *Procter & Gamble Co.*, 434 F.2d 794, 801-02 (9th Cir. 1970); *Matrix Motor Co.*,  
10 290 F. Supp. 2d at 1092 n.10 (“a determination of likelihood of confusion in a  
11 registration proceeding is different from such a determination in an infringement  
12 action, and the outcomes of the two types of proceedings need not be the same”).  
13 Indeed, even “the failure to stop using a mark after receiving a cease and desist letter  
14 does not show willful infringement . . . particularly where the trademark at issue is  
15 not federally registered and the junior user has a reasonable basis to believe that it  
16 has a legal right to use the mark at issue.” *Matrix Motor Co.*, 290 F. Supp. 2d at  
17 1096. Accordingly, this factor, too, favors Google.

18 8. No Expansion Is Likely.

19 Hanginout has provided no evidence of any alleged expansion plans, either  
20 for itself or for Google. Without any “concrete evidence” that either Google or  
21 Hanginout intends to expand into a different product area that would cause any  
22 direct competition, this factor slightly favors Google. *E.g., Instant Media*, 2007  
23 WL2318948, at \*17.

24 \* \* \*

25 On balance, the *Sleekcraft* factors overwhelmingly favor Google, which will  
26 prevent Hanginout from prevailing on the merits of its claims.

27  
28

1           **C. Hanginout Cannot Demonstrate Passing Off.**

2           Hanginout also will not be able to demonstrate that Google has “passed off”  
3 its own goods as those of Hanginout. (Dkt. 14 at ¶¶ 32, 56.) “Palming off” or  
4 ‘passing off’ is the selling of a good or service of one’s own creation under the name  
5 or mark of another” or “selling products confusingly similar to a competitor’s  
6 products so as to exploit the competitor’s reputation in the market.” *Smith v.*  
7 *Montoro*, 648 F.2d 602, 604 (9th Cir. 1981); *Allen v. Ghoulish Gallery*, Civ. No.  
8 06cv371, 2007 WL4207923, at \*11 (S.D. Cal. Nov. 20, 2007). The notion that  
9 Google adopted the HANGOUTS mark in June 2011 to trade off of the goodwill  
10 HANGINOUT claims it had acquired through an alleged couple hundred registered  
11 users at that time is illogical, as is the suggestion that somehow in 2013 Google  
12 offered a product to exploit HANGINOUT’s goodwill—as opposed to building off  
13 of the goodwill it had amassed in HANGOUTS beginning in 2011. Nor has  
14 Hanginout offered evidence that Google offered its products under the name  
15 HANGINOUT. Hanginout, therefore, cannot succeed on its unfair competition  
16 claims.

17           **III. THE BALANCE OF HARDSHIPS FAVORS GOOGLE**

18           To obtain a preliminary injunction, Hanginout must demonstrate that the  
19 balance of hardships tips in its favor. *Winter*, 555 U.S. at 20. It cannot because  
20 the balance of hardships decisively weighs in Google’s favor. Hanginout’s  
21 argument that “there will be little to no harm to Google” from a preliminary  
22 injunction, because it would “only require a name change of one of Google’s  
23 services” (Mot. at 24) is factually false and based on a legally erroneous  
24 understanding of how hardship is assessed. When weighing the balance of  
25 hardships, courts look to factors such as the amount of financial investment in  
26 developing and advertising a product and the number of customers acquired. *E.g.*,  
27 *Playmakers LLC v. ESPN, Inc.*, 376 F.3d 894, 898 (9th Cir. 2004); *Edge Games*,  
28 745 F. Supp. 2d at 1104, 1118.

1           The decision in *Edge Games* demonstrates that the hardship assessment must  
2 take into account the amount of the defendant’s investment and efforts that would be  
3 put at risk by an injunction. The defendant there, Electronic Arts (“EA”),  
4 developed a video game called “Mirror’s Edge.” 745 F. Supp. 2d at 1104. EA  
5 invested tens of millions of dollars into the game’s development, which took over 60  
6 individuals two years to create. *Id.* EA also invested over \$9 million to market  
7 the game in North America and sold over 750,000 units in that region. *Id.* at 1005.  
8 EA also developed additional products for the “Mirror’s Edge franchise.” *Id.*  
9 Because EA had invested “millions of dollars into building and promoting the  
10 ‘Mirror’s Edge’ franchise” and “now has millions of customers,” the Court found  
11 that the balance of equities tipped in EA’s favor and a preliminary injunction would  
12 have been inequitable. *Id.* at 1018.

13           Similarly, here, Google’s Hangouts product, when introduced, was the  
14 culmination of Google’s investment of approximately [REDACTED] million in development  
15 and the efforts of more than two years of work by more than [REDACTED] engineers. (Leske  
16 Decl. ¶ 12.) Google has also invested more than [REDACTED] million in media costs for  
17 advertising featuring Hangouts, including “Jess Time,” which featured a father and  
18 his daughter, a college freshman, using Hangouts to stay close while she is away at  
19 school. (Long Decl., ¶¶ 8, 10, Ex. 5.) The “Jess Time” ad ran more than 400  
20 times on all major broadcast and cable networks. (*Id.*) Since Hangouts’  
21 introduction in June 2011, users have initiated more than [REDACTED] billion Hangout video  
22 conferences, and it is installed on more than [REDACTED] million mobile phones. (Leske  
23 Decl. ¶¶ 5-6.) If forced to rebrand Hangouts, Google would lose the significant  
24 amount of money invested in developing goodwill. *See, e.g., The Active Network,*  
25 *Inc. v. Electronic Arts Inc.*, Case No. 10-cv-1158 BEN (WVG), 2010 WL3463378,  
26 at \*6 (S.D. Cal. Aug. 31, 2010) (*See also* Leske Decl. ¶¶ 13-15; Long Decl. ¶ 12.)  
27 Granting Hanginout’s Motion after it allowed Google to “invest in and develop” its  
28 Hangouts product over such a long period of time “would be plainly inequitable and

1 highly prejudicial to defendant.” *Edge Games*, 745 F. Supp. 2d at 1118.

2 In addition to jeopardizing the many millions of dollars and extensive effort  
3 Google has invested in Hangouts, an injunction would require Google to invest  
4 substantial efforts to identify a new product name, devote significant technical  
5 resources to attempting to push out a new version of its product to its existing users  
6 and revising the extensive references to Hangouts across Google’s many  
7 interconnected products, instructional and promotional materials, and spend millions  
8 of dollars promoting a rebranded product and trying to re-establish the goodwill it  
9 has accrued over almost three years of continuous use and through third-party press,  
10 third-party promotional efforts of partners, high-profile uses, and newly announced  
11 partnerships. (Leske Decl. ¶¶ 13-15, Long Decl. ¶¶ 3-12.) *See, e.g., Instant*  
12 *Media*, 2007 WL2318948, at \*17 (finding that defendant would have to rebrand its  
13 own websites and incur costs added weight to balance of hardships tipping against  
14 injunction).

15 Further, an injunction is likely to irreparably harm Google’s existing  
16 relationships with its many partners who have incorporated Hangouts into their  
17 products and promotions, such as Coursera. (Long Decl. ¶ 12.) It is also likely to  
18 chill Google’s ability to develop new partners, who would be concerned about  
19 investing money to develop and promote products that incorporate or are powered  
20 by a Google product that could be swept away by a nascent app developer. (*Id.*)  
21 In contrast, Hanginout presented absolutely no evidence of any hardship. (Mot. at  
22 25.) Therefore, the balance of hardships decisively favors Google.<sup>4</sup>

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24 <sup>4</sup> Hanginout is incorrect that if a preliminary injunction were to issue the bond  
25 requirement should be waived based on “the willfulness of the infringement” or else  
26 “set at a minimal amount given the ease of complying with the injunction and  
27 minimal effect on Google in the interim.” (Dkt. 12-1 at 25). There is no willful  
28 infringement (*see* Section II.B.7), and, as discussed, an injunction would cause  
significant economic and reputational harm to Google.

1 **IV. THE PUBLIC INTEREST WEIGHS IN FAVOR OF GOOGLE**

2 To obtain a preliminary injunction, Hanginout “must establish that the grant  
3 of such an extraordinary remedy is in the public interest.” *Mytee*, 2013  
4 WL5945060, at \*7. Unable to show that consumers are likely to be confused by  
5 Google’s Hangout product, Hanginout cannot demonstrate that “the public interest  
6 ... would favor a preliminary injunction.” *Edge Games*, 745 F. Supp. 2d at 1118.  
7 “If anything, an injunction would violate the public’s interest in fair and healthy  
8 competition.” *Active Network*, 2010 WL3463378, at \*6. Further, an injunction  
9 would likely disrupt the effective use of the rebranded Hangouts product by its  
10 many millions of users. (Leske Decl. ¶¶ 5, 15.) They could be confused by the  
11 renamed product, have difficulty communicating with their intended Hangouts  
12 participants because of confusion about the new name, or need to overhaul their own  
13 products and/or promotional material. (Leske Decl. ¶¶ 13-15.) In addition, third-  
14 party app developers for Hangouts are likely to be harmed if Google is forced to  
15 rebrand. ( *Id.* at ¶ 14.) Accordingly, this is not a case in which the “reach of an  
16 injunction is narrow, limited only to the parties, and has no impact on non-parties.”  
17 (Mot. at 23.)

18 On the other side of the scale are Hanginout’s insubstantial, unsupported, and  
19 implausible accusations that Google’s use of HANGOUTS, announced before  
20 Hanginout released its first app, “exploits Hanginout’s revolutionary platform” and  
21 is “fraudulent.” (Mot. at 24.) The public interest sharply favors Google.

22 **CONCLUSION**

23 For the foregoing reasons and those set forth in the declarations submitted  
24 herewith, Hanginout’s motion for a preliminary injunction should be denied.  
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Respectfully submitted,

/s/ Margret M. Caruso  
Margret M. Caruso  
Cheryl A. Galvin  
QUINN EMANUEL URQUHART  
& SULLIVAN, LLP

Attorneys for Defendant Google Inc.