Hangingout, Inc. v. Google, Inc. Doc. 9 Att. 1

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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

HANGINOUT, INC,

Plaintiff,

vs.

GOOGLE INC.,

Defendant.

CASE NO. 13-CV-2811 JAH NLS

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF GOOGLE'S MOTION TO DISMISS

ORAL ARGUMENT REQUESTED

Date: March 3, 2014
Time: 2:30 p.m.
Courtroom 13B
Judge: Hon. John A. Houston

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INTRODUCTION

The complaint that Plaintiff Hanginout, Inc. ("Hanginout") filed against defendant Google Inc. ("Google") on November 26, 2013 (the "Complaint") fails to state any claims for which relief can be granted. Hanginout does not own, or allege to own, a registered trademark and therefore cannot state a claim for trademark infringement under 15 U.S.C. § 1114, Section 32 of the Lanham Act. Hanginout's additional claims for federal and state law unfair competition fail because Hanginout does not plead any factual allegations sufficient to support that it has a valid, protectable trademark or that it is the senior user. Because Hanginout fails to state a cognizable legal theory or sufficient facts to support any cognizable legal theory, the Complaint must be dismissed in its entirety.

BACKGROUND

According to Hanginout's Complaint (Dkt. No. 1), it developed an interactive video-response platform under the brand HANGINOUT. (Compl. ¶ 11.) Hanginout filed U.S. trademark applications for the HANGINOUT word mark and the HANGINOUT design mark ("the HANGINOUT marks") on July 12, 2012. (*Id*. at ¶ 16.) The applications are still pending. (*Id*. at ¶ 17.) The Complaint does not allege that HANGINOUT is a viable protectable trademark, either because it is inherently distinctive or because it has acquired secondary meaning. Nor does it allege that Hanginout is the senior user of the mark. The Complaint does not allege the date Hanginout first used the HANGINOUT marks in commerce or how Hanginout "commercialized" its products, (Compl. ¶ 9), including whether Hanginout has done any marketing or made any sales of its products bearing the HANGINOUT marks, the volume of actual paying customers, or where the customers are located.

According to the Complaint, Defendant Google has developed a social media-based video chat service called Hangouts that enables both one-on-one and group video chats. (Compl. ¶ 19.) Hangouts can be accessed on the Internet through

Google+ websites, or through mobile applications for Android and IOS. (*Id.*) Google filed an application to register the mark HANGOUTS on April 26, 2013. (*Id.* at ¶ 20.) Hanginout alleges upon information and belief that Google "officially launched" Hangouts on May 15, 2013 (Compl. ¶ 18), but does not allege when Google first began using the HANGOUTS mark. Hanginout alleges that Google "aggressively market[s]" its Hangouts product. (*Id.* at ¶ 25.)[1]

ARGUMENT

I. LEGAL STANDARD

A complaint may be dismissed under Rule 12(b)(6) of the Federal Rules of Civil Procedure "based on the lack of a cognizable legal theory or the absence of sufficient facts alleged under a cognizable legal theory." *Balistreri v. Pacifica Police Dep't*, 901 F.2d 696, 699 (9th Cir. 1990). "Factual allegations must be enough to raise a right to relief above the speculative level." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007) (internal quotations and citation omitted). Mere "labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do." *Id.* Rather, "[t]o survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.' . . . 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." *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Twombly*, 550 U.S. at 556, 570). A plaintiff must plead "more

[1] While these allegations are assumed true for purposes of this motion to dismiss, and justify granting the motion, Google reserves the right to contest their accuracy and completeness. For example, Google officially launched Hangouts on June 28, 2011 (http://googleblog.blogspot.com/2011/06/introducing-google-project-real-life.html)—almost a year before the date Hanginout's claimed as its first use date in its trademark applications (Compl. ¶ 16, Attachments A, B). But determination of the parties' respective dates of first use are not necessary to resolve this motion.

than an unadorned, the-defendant-unlawfully-harmed-me accusation." *Iqbal*, 556 U.S. at 678.

II. HANGINOUT'S § 1114 CLAIM (COUNT I) MUST BE DISMISSED

The plain language of 15 U.S.C. § 1114(1)(a), Section 32(1) of the Lanham Act, provides protection only for the "registrant" of a "registered mark" when a use in commerce of an imitation of that "registered mark" is likely to cause confusion. 15 U.S.C. § 1114(1)(a):

> (1) Any person who shall, without the consent of the ***registrant***—
>
> (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a ***registered mark*** in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . .

Id. (emphasis added).

Unlike Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)), which provides protection for unregistered trademarks, "section 32 provides protection only to registered marks." *Brookfield Commc'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1046 n.8 (9th Cir. 1999); *accord FreecycleSunnyvale v. The Freecycle Network, Inc.*, No. C 06-00324 CW, 2006 WL 2060431, at **3-4 (N.D. Cal. July 25, 2006) (dismissing claim under 15 U.S.C. § 1114 where mark was unregistered but an application was pending, finding that "[o]n its face, §32(1) limits standing to registrants.").

Hanginout does not allege that it has a registered trademark—only that it has "pending trademark applications" for the HANGINOUT marks. (Compl. ¶ 17.) Hanginout therefore has not stated a claim for which relief can be granted, and its claim for trademark infringement under 15 U.S.C. § 1114 must be dismissed.

III. HANGINOUT'S § 1125 CLAIM (COUNT II) MUST BE DISMISSED

The Complaint fails to allege elements necessary to state a claim for trademark infringement under 15 U.S.C. § 1125(a) (Section 43(a) of the Lanham

Act), which can provide protection for unregistered marks. To state such a claim, a plaintiff must allege that it has a valid, protectable trademark, for which it is the senior user, and that the defendant is using a mark confusingly similar to the plaintiff's mark in commerce. *See*, *e.g.*, *Brookfield*, 174 F.3d at 1047. Hanginout fails to do this.

First, the Complaint does not allege that HANGINOUT is a valid and protectable trademark. Although Hanginout alleges it has pending trademark applications, unregistered marks are not entitled to a presumption of validity. *Glow Industries, Inc. v. Lopez*, 252 F. Supp. 2d 962, 976 (C.D. Cal. 2002) (plaintiff's pending trademark application not entitled to presumption of validity). Therefore, a plaintiff must allege that its unregistered mark is either inherently distinctive or has acquired secondary meaning. *E.g.*, *Int'l Jensen, Inc. v. Metrosound U.S.A., Inc.*, 4 F.3d 819, 823 (9th Cir. 1993). The Complaint must be dismissed because it fails to do so. "[B]ecause inherent and acquired distinctiveness are different legal theories that potentially involve different factual bases, [the accused infringer] is entitled to notice of whether the Marks are alleged to possess inherent distinctiveness." *Freecycle*, 2006 WL 2060431 at *6 (dismissing § 43(a)(1) claim and finding that counterclaimant had failed to allege whether the marks had inherent or acquired distinctiveness).

Second, the Complaint fails to allege facts sufficient to show that Hanginout is the senior user of the mark. Seniority of use can only be established by commercial usage. "[I]t is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in the sale of goods or services." *Dep't of Parks and Recreation for State of California v. Bazaar Del Mundo Inc.*, 448 F.3d 1118, 1125 (9th Cir. 2006) (citation omitted). Thus, the senior user of an unregistered trademark may assert trademark rights only where it has obtained "sufficient market penetration in any particular geographic area to claim common law trademark rights

as the senior user in that territory," which is determined by examining information including the trademark user's "volume of sales and growth trends, the number of persons buying the trademarked product in relation to the number of potential purchasers, and the amount of advertising." *Glow Industries*, 252 F. Supp. at 983. The Complaint fails to allege sufficient commercial use to establish seniority. It does not even allege when Hanginout first used the HANGINOUT mark in commerce.[2] Further, it fails to allege any facts from which it would be plausible to conclude that Hanginout made any use in commerce of sufficient volume and geographic scope to give it seniority over Google's nationwide use of HANGOUTS. *Cf. Iqbal*, 556 U.S. at 678 (requiring complaint to be "'plausible on its face'") (quoting *Twombly*, 550 U.S. at 570). Hanginout has not alleged that its product has been marketed or sold in any specific geographic area for any continuous length of time nor alleged any sales or advertising of its product. Accordingly, the Complaint's factual content fails to "allow[] the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id.* (citing *Twombly*, 550 U.S. at 556).

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[2] Attachments A and B to the Complaint, which Hanginout represents are the trademark applications for the HANGINOUT marks, represent under oath the date of first use of the marks is June 6, 2012. (Compl. ¶ 16, Attachments A, B.) However, it is unclear whether that is accurate. The specimens that Hanginout submitted to the USPTO contain a copyright date of *2013*—and feature an image of the iPhone 5S, which was not released until September 2013. (Declaration of Margret M. Caruso ("Caruso Decl."), ¶ 2, Ex. 1; http://www.apple.com/pr/library/2013/09/16iPhone-5s-iPhone-5c-Arrive-on-Friday-September-20.html.) Thus, nothing on the face of the specimens, which are incorporated in the Complaint by reference as part of Hanginout's trademark application, reflect that the HANGINOUT mark was used in commerce for the services identified as early as July 2012. This calls into question not only the first use date, but also the veracity of Hanginout's representations to the USPTO.

Third, Hanginout's allegation of likelihood of confusion is factually deficient. The Complaint only formulaically recites that "Google's wrongful use of the HANGINOUT marks constitutes trademark infringement of Hanginout's HANGINOUT marks, has caused significant confusion in the marketplace, and is likely to cause both confusion and mistake, along with being likely to deceive consumers." (Compl. ¶ 30.) But it alleges no facts that, if proven, would "allow[] the court to draw the reasonable inference" that confusion is likely. *Iqbal*, 556 U.S. at 678 (citing *Twombly*, 550 U.S. at 556). This requires dismissal. *See*, *e.g.*, *id.*; *Fractional Villas, Inc. v. Tahoe Clubhouse*, No. 08-cv-1396, 2009 WL160932, at *4 (S.D. Cal. Jan. 22, 2009) (dismissing Lanham Act Section 43 claim where plaintiff failed "[b]eyond conclusory allegations" to plead "any specific facts that show the unauthorized use of its intellectual property caused confusion, induced mistake, or deceived as to the affiliation of defendant with plaintiff").

Because Hanginout has failed to plead the essential elements of validity of its asserted trademark and senior use, and failed to plead sufficient factual allegations to support those elements or likelihood of confusion, Hanginout's trademark infringement claim under Section 43(a) of the Lanham Act must be dismissed.

IV. HANGINOUT'S STATUTORY AND COMMON LAW UNFAIR COMPETITION CLAIMS (COUNT III) MUST BE DISMISSED

A. Hanginout Fails To Allege A Claim Under California Business & Professions Code § 17200.

Actions pursuant to California Business & Professions Code § 17200 are "substantially congruent" to claims made under the Lanham Act and rise and fall with those claims. *E.g.*, *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1153 (9th Cir. 2002). Hanginout's conclusory allegations in support of its § 17200 claim provide no further factual information than what it pleads for its federal Lanham Act claims. (*Compare* Compl. ¶ 42 with ¶ 38.) Accordingly, its § 17200 claim fails for the same reasons as its federal Lanham Act claims.

B. Hanginout Fails To Allege A Claim of California Common Law Unfair Competition.

"Under California law, unfair competition is limited to cases in which a party passes off their goods as another." *Groupion, LLC v. Groupon, Inc.*, 859 F. Supp. 2d 1067, 1083 (N.D. Cal. 2012). Because Hanginout has not alleged that Google has "passed off" its goods as those of Hanginout, the Complaint fails to state claim for common law unfair competition. *Id.*

CONCLUSION

For the foregoing reasons, Hanginout's Complaint should be dismissed in its entirety.

DATED: January 10, 2014

Respectfully submitted,

/s/ Margret M. Caruso

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CERTIFICATE OF SERVICE

I hereby certify that on January 10, 2014, I will cause to be filed the foregoing **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF GOOGLE'S MOTION TO DISMISS** with the Clerk of the Court using the CM/ECF system, which will then send a notification of such filing to counsel for Plaintiff Hanginout, Inc.

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