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 DATE 06.09.11 UNITED STATES DISTRICT COURT
 WESTERN DISTRICT OF LOUISIANA
 LAFAYETTE DIVISION

FIREFLY DIGITAL, INC.

CIVIL ACTION NO. 10-0133

VERSUS

JUDGE MELANCON

GOOGLE INC.

MAG. JUDGE HANNA

RULE 26(f) REPORT

Trial Date: March 21, 2011
Backup Trial Date: March 28, 2011
Pretrial Conference Date: February 16, 2011
Type of Trial: Jury
Estimated Length of Trial: 5-7 court days

1. Participants:

Attorney

Client

Blair B. Suire

Attorney for Plaintiff
Firefly Digital, Inc. ("Firefly")

Ashok Ramani
Warren A. Braunig
Andrew D. Mendez

Attorneys for Defendant
Google Inc. ("Google")

2. Affirmation Regarding Initial Disclosures:

The parties, through their undersigned counsel, affirm that they served each other with initial disclosures, per Rule 26(a)(1) of the Federal Rules of Civil Procedure, and did so by the deadline contained in the Scheduling Order.

Google's Position:

Firefly's initial disclosures were inadequate. Rule 26 requires the parties to identify "each individual likely to have discoverable information—along with the subjects of that information—that the disclosing party may use to support its claims or defenses." Fed. R. Civ. P. 26(a)(1)(A)(i). While Google identified eight current or former Google employees, plus a number of third parties, Firefly identified only one employee and described that employee's knowledge as "Facts alleged in the Complaint and Answer." Firefly then named "One or more representatives of Firefly Digital, Inc," whom it claims possess the same unspecified knowledge. As a sister court within the Fifth Circuit has indicated, the purpose of the Rule 26(a)(1)(A)(i) disclosures is to enable the opposing party to determine who needs to be deposed, and on what topics. *Mary Kay Inc. v. Weber*, 2008 WL 5411369 (N.D. Tex. 2008). Firefly is the plaintiff here: only Firefly knows, for example, which of its employees were involved in the creation and branding of the products it markets under the mark "gadget" and "website gadget," and which have knowledge of the revenue and profits associated with those marks. Google should not be required to guess. Google raised this issue with Firefly during the Rule 26 conference—if Firefly will not supplement its initial disclosures promptly, Google will ask the Court to order Firefly to do so.

3. Jurisdictional Basis:

A. Firefly's Claims:

Subject matter jurisdiction over Firefly's federal claims of trademark and service mark infringement, unfair competition, and dilution is based on 28 U.S.C. §§ 1331 and 1338(a) and 15 U.S.C. § 1121. Subject matter jurisdiction over Firefly's state claims of unfair trade practices is based on 28 U.S.C. § 1338(b) as the claims are joined with plaintiff's federal claims under 15

U.S.C. § 1051 et seq. Subject matter jurisdiction over Firefly's state claims of trademark and service mark infringement and dilution is based on 28 U.S.C. § 1367 as the state law claims are so related to the federal claims that they form part of the same case or controversy. Firefly also states that jurisdiction over this action is based on 28 U.S.C. § 1332 as this action is between citizens of different states and the amount in controversy exceeds the sum of \$75,000 exclusive of interest and costs.

B. Google's Counterclaims:

Google has filed counterclaims seeking declaratory judgment of the following issues: (1) Firefly's alleged federal trademarks and service marks Website Gadget and Gadget are invalid and should be cancelled; (2) Google does not infringe those marks; (3) Firefly's alleged Louisiana trademarks and service marks Website Gadget and Gadget are invalid and subject to cancellation; and (4) Google does not infringe those marks. The Court has jurisdiction over Google's federal-law counterclaims under 28 U.S.C. §§ 1331, 1338 and 15 U.S.C. § 1121 and over Google's Louisiana-law counterclaims under 28 U.S.C. § 1367.

4. Brief Description of Claims:

A. Firefly's Federal Claims:

Firefly owns the federally registered WEBSITE GADGET and GADGET trademarks and service marks. Google uses the terms "Google Gadgets," "Google Gadgets Editor," "Google Gadget Ventures," "Gadgets API," and "Gadget" in interstate commerce. Instead of using the generic term "widget" for a mini-application implemented using web-based technologies, Google uses Firefly's trademarked term GADGET. The terms used by Google are confusingly similar to Firefly's registered marks. Google's use of these terms is likely to cause confusion, mistake, or deception among the trade and the purchasing public as to the source, origin, and

sponsorship of Google's business, goods, and services. Firefly charges Google with federal trademark and service mark infringement in violation of 15 U.S.C. §§ 1114, federal unfair competition in violation of 15 U.S.C. § 1125(a), and federal dilution in violation of 15 U.S.C. § 1125(c). Firefly seeks monetary damages, trebled monetary damages, recovery of Firefly's costs and attorney's fees, and injunctive relief against Google.

B. Firefly's State Law Claims:

Firefly also owns Louisiana trademark registrations for the marks WEBSITE GADGET and GADGET. Firefly charges Google with state trademark infringement in violation of La. R.S. 51:222, state dilution in violation of La. 51:223.1, and state unfair trade practices in violation of La. R.S. 51:1405. Firefly seeks monetary damages, trebled monetary damages, recovery of Firefly's costs and attorney's fees, and injunctive relief against Google.

C. Google's Counterclaims:

Google pairs the generic, descriptive term "gadget" with one of the world's most famous fanciful marks: Google. It thus cannot be that Google in any way infringes the service marks "Gadget" and "Website Gadget."

In any case, the generic, descriptive terms "gadget" and "website gadget" are not valid service marks under federal and Louisiana law. Since at least 2005, the term "gadget" has been used widely as a generic, descriptive term for mini-applications or content modules that can be added to a website or computer desktop. Far from being unique to a particular company, "gadget" is a term of general meaning, used interchangeably with "widget." As the online dictionary Webopedia explained in 2007: "Adding to the confusion is the fact that widgets used on the desktop or Web are also called gadgets." Several companies have for years sold or made available content modules or mini-applications that they describe as "gadgets," "web gadgets,"

or “website gadgets.” These companies range from multinational behemoths like Microsoft and Texas Instruments to small shops like SmartWebGadgets, BuildAGadget and Gadget/Widget. As a result, Google will demonstrate that the terms “gadget” and “website gadget” are not associated by the public with any particular source, let alone Firefly.

If even if Firefly’s service marks are found to be valid, Google has not infringed those marks, because it has acted in good faith, without intent to infringe on Plaintiff’s marks, such that its content is excused by the fair-use and innocent-use doctrines; and Firefly is precluded from recovery on the basis of its abandonment and unclean hands, as well as the laches doctrine.

5. Brief Statement of Responses:

A. Firefly’s Response to Google’s Counterclaims:

(a) Google seeks a declaratory judgment of invalidity of Firefly’s federal and state trademarks and service marks claiming that the terms GADGET and WEBSITE GADGET are generic or descriptive terms. The term “widget,” not GADGET, is the generic term for a mini-application that is implemented using web-based technologies. The consuming public recognizes the marks GADGET and WEBSITE GADGET as identifying and distinguishing Firefly’s goods and services from others. Furthermore, Firefly’s federal registrations of these marks are prima facie evidence of the validity of the registered marks and of Firefly’s exclusive right to use them in commerce.

Google also seeks a declaratory judgment of non-infringement of Firefly’s federal and state marks claiming that its use of GADGET is protected under the doctrines of fair use, good faith, abandonment, and laches. Google’s use of the terms “Google Gadgets,” “Google Gadgets Editor,” “Google Gadget Ventures,” “Gadgets API,” and “Gadget” in interstate commerce is not a fair use or a use in good faith. GADGET and WEBSITE GADGET are source-identifiers for

Firefly's goods and services. Google was notified by correspondence dated May 15, 2009 that Firefly considered Google's use of the terms "Gadget," "Google Gadget," and "Google Gadget Ventures" to be an infringement of Firefly's marks GADGET and WEBSITE GADGET. Firefly filed its complaint on January 29, 2010. The delay between providing notice to Google and filing the complaint was not unreasonable, and Google has not suffered any prejudice due to this delay.

(b) Firefly asserts the following affirmative defenses to Google's counterclaims: (1) Google's counterclaims fail to state a claim or cause of action against Firefly upon which relief can be granted; (2) Google's counterclaims are barred by waiver, laches, and/or estoppel; (3) Google's counterclaims are barred on grounds of unclean hands; (4) Google's counterclaims are barred by the allegations set forth in Firefly's Complaint; and (5) Google is not entitled to an award of attorney's fees, costs, and expenses.

(c) The issue of trademark and service mark validity is a question of law with underlying factual questions. Trademark and service mark infringement is a question of fact.

B. Google's Response to Firefly's Claims:

Firefly's claims miss the mark for several reasons, first and foremost because Google pairs the generic, descriptive term "gadget" with one of the world's most famous fanciful marks: Google. The term "gadget" is used widely by numerous companies to refer to content modules or mini-applications for display on websites and personal desktops, and has been so used for at least five years now. The marks "Gadget" and "Website Gadget" do not have secondary meaning, and Google's use of the term "gadget" in various products and services is not likely to create any risk of confusion with Firefly's products and services. In any event, Google's use of the term "gadget" has been made without any intent to infringe Firefly's marks, and falls within

the innocent use and fair use exceptions. Moreover, Firefly cannot justify having sat on its marks for *years* without notifying Google or taking other prompt enforcement action. And Firefly appears to have unclean hands, in that it falsely marked its offerings as subject to federal registration years before it filed such registrations.

6. Anticipated Amendments to Pleadings:

Firefly does not at this time anticipate any amendments to the pleadings.

Google does not at this time anticipate any amendments to the pleadings.

7. Anticipated Motions:

Firefly anticipates that it may file a motion for summary judgment.

Google expects to file summary judgment motions for invalidity of Firefly's federal and Louisiana service marks as well as non-infringement of those marks. Google also may file for summary judgment on one or more of its affirmative defenses.

8. Anticipated Expert Witnesses:

Firefly anticipates that it may call one or more experts to testify on likelihood of confusion and/or damages at trial. No expert has been retained at this time.

Because discovery has just commenced, Google has not decided what expert(s) it will call at trial. At present, Google expects to call a survey expert at trial and, depending on Firefly's claimed damages, a damages expert. Google respectfully reserves the right to modify this response once it learns more information from Firefly and third parties.

9. Discovery Plan:

Firefly does not believe that a more case-specific Scheduling Order is required.

Google finds the Court's scheduling order satisfactory.

10. Stipulations:

The parties have stipulated that, subject to the Court's approval, each side may serve thirty-five (35) interrogatories. Otherwise, the parties have not stipulated to any facts or legal issues.

11. Major Issues of Fact in Dispute:

1. Whether Google's use of the terms "Google Gadgets," "Google Gadgets Editor," "Google Gadget Ventures," "Gadgets API," and "Gadget" constitutes infringement of Firefly's registered trademarks and service marks GADGET and WEBSITE GADGET.
2. If Google is found to have infringed Firefly's registered trademarks and service marks GADGET and WEBSITE GADGET, whether Google's infringement was willful.
3. Whether Google's use of the terms "Google Gadgets," "Google Gadgets Editor," "Google Gadget Ventures," "Gadgets API," and "Gadget" constitutes intentional dilution of Firefly's registered trademarks and service marks GADGET and WEBSITE GADGET.
4. If Google is found to have infringed or diluted Firefly's registered trademarks and service marks, the amount of damages, if any, that Firefly is entitled to recover.
5. Whether Firefly's service marks "Gadget" and "Website Gadget" are invalid because they are generic.
6. Whether Firefly's service marks "Gadget" and "Website Gadget" are invalid because they are descriptive and have not attained secondary meaning.
7. Whether Google's alleged use of Firefly's claimed service marks "Gadget" and "Website Gadget" constitutes a fair use.
8. Whether Google's alleged use of Firefly's claimed marks constitutes an innocent use.

9. Whether Google's use of the terms "Google Gadgets," "Google Gadgets Editor," "Google Gadget Ventures," "Gadgets API," and "Gadget" creates a likelihood of confusion for consumers as to the source or origin of Google's products.
10. Whether Firefly's claimed service marks "Gadget" and "Website Gadget" are famous and distinctive.
11. If Firefly's marks are valid, whether Google's use of the terms "Google Gadgets," "Google Gadgets Editor," "Google Gadget Ventures," "Gadgets API," and "Gadget" is likely to cause dilution of Firefly's marks through blurring or tarnishment.
12. Whether Firefly abandoned its claimed service marks "Gadget" and "Website Gadget" by failing to prosecute or take action against alleged infringers since at least January 7, 2002.
13. Whether Firefly designated as federally-registered marks "Gadget" and "Website Gadget" before it filed its federal registrations.

12. Major Issues of Law in Dispute:

1. Whether Google's use of the terms "Google Gadgets," "Google Gadgets Editor," "Google Gadget Ventures," "Gadgets API," and "Gadget" constitute unfair competition.
2. If Google is found to have infringed Firefly's registered trademarks and service marks GADGET and/or WEBSITE GADGET, whether Firefly is entitled to a permanent injunction.
3. Whether the prevailing party is entitled to recover costs and attorneys' fees.
4. Whether Firefly's filing this litigation in January 2010, despite having allegedly used the service marks Gadget and Website Gadget continuously since at least January 7,

2002, and despite Google's continuous and nationwide use of the term "gadgets" since at least 2006, constitutes an unreasonable delay in prosecuting its rights.

5. Whether Firefly's filing this litigation in January 2010, despite Google's continuous and nationwide use of the term "gadgets" since at least 2006, falls outside the one-year statute of limitations under Louisiana's Unfair Trade Practices Act.

6. Whether Firefly's designating as federally-registered marks "Gadget" and "Website Gadget" before it filed its federal registrations constitutes unclean hands.

13. Rule 16 Conference:

The parties do not believe that a Rule 16 conference with the assigned magistrate judge would be beneficial at this time.

14. Related Case Information:

This case is not related to any other pending case.

15. Alternative Dispute Resolution (ADR):

Undersigned counsel each affirm that prior to the Rule 26(f) conference they discussed the possibility of resolving the dispute through ADR. Undersigned counsel agree that mediation could prove productive in this case, but at a later time.

16. Consent Trials:

At this time the parties do not agree to trial by Magistrate Judge with jury.

17. Track Assignment:

The parties do not request transfer to any accelerated or standby docket.

18. Electronic Courtroom:

Firefly states that this case may be document-intensive. Firefly estimates that up to 50 documents may be involved in trial of the case. Firefly plans to conduct trial presentation on CD-ROM if a large number of exhibits are actually used.

Google expects this case to be document-intensive and expects to present up to 100 documents at trial. Google intends to store all trial exhibits on a hard drive and present them electronically during trial.

19. Electronically Generated Exhibits or Aids:

Firefly does not anticipate using computer generated exhibits.

Google at this time cannot say whether it will use electronically-generated exhibits or aids.

20. Handicap Provisions:

The parties do not presently anticipate the need for handicap accommodations but will notify the Court if such accommodations are needed.


21. Insured Claims and Claims Involving Contractual Indemnity:

N/A

BY MY SIGNATURE I HEREBY CERTIFY THAT THE FOREGOING IS ACCURATE AND COMPLETE.

Respectfully Submitted:

Dated: May 26, 2010



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BY MY SIGNATURE I HEREBY CERTIFY THAT THE FOREGOING IS ACCURATE AND COMPLETE.

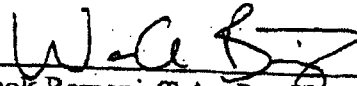
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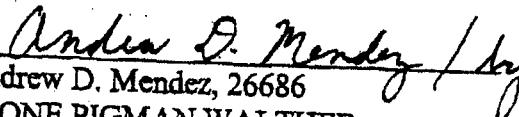
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