Go to Table of Contents

No. 12-17487

United States Court of Appeals
for the Ninth Circuit

EMOVE, INC.,

Plaintiff - Appellant,

v.

SMD SOFTWARE INC. *et al.*,

Defendants - Appellees.

On Appeal from the United States District Court for the District of Arizona, Phoenix, Cause No. 2:10-cv-02052-JRG

DEFENDANTS/APPELLEES' ANSWERING BRIEF

OSBORN MALEDON, P.A.
Thomas L. Hudson, AZ Bar No. 014485
Maureen Beyers, AZ Bar No. 017134
Erick S. Ottoson, AZ Bar No. 026970
Eric M. Fraser, AZ Bar No. 027241
2929 North Central Avenue
Phoenix, Arizona 85012-2794
(602) 640-9000
thudson@omlaw.com
mbeyers@omlaw.com
eottoson@omlaw.com
efraser@omlaw.com

Attorneys for Defendants-Appellees

Go to Table of Contents

CORPORATE DISCLOSURE STATEMENT

SMD Software, Inc. has no parent corporation. No publicly held corporation owns 10% or more of its stock.

SiteLink LLC has no parent corporation. No publicly held corporation owns 10% or more of its stock.

Click on headings below to go to corresponding page

TABLE OF CONTENTS

Page

Click on headings below to go to corresponding page

Click on headings below to go to corresponding page

Click on headings below to go to corresponding page

Go to Table of Contents

TABLE OF AUTHORITIES

Page

Cases

Go to Table of Contents

Go to Table of Contents

Go to Table of Contents

Statutes

Other Authorities

Go to Table of Contents

Go to Table of Contents

INTRODUCTION*

Plaintiff-Appellant eMove filed a groundless and unreasonable lawsuit against the Defendants-Appellees (collectively "**SMD**"), primarily alleging false advertising under the Lanham Act. SMD prevailed on summary judgment. After receiving the summary judgment order, eMove filed an Amended Complaint alleging more of the same nonactionable claims and, after more pointless discovery, voluntarily dismissed its entire case with prejudice.

SMD sought its attorneys' fees, which, under the Lanham Act, are available in "exceptional cases" (meaning a case that is groundless, unreasonable, vexatious, or pursued in bad faith). The district court found that eMove's case qualified as "exceptional" because it was groundless and unreasonable, and awarded SMD attorneys' fees. In reaching this conclusion, the district court found that eMove's case consisted merely of mudslinging; that its allegations and theories shifted over time because they were groundless; that the case "easily" met the standard for awarding summary judgment; that the centerpiece of its case could never support a Lanham Act claim; and that eMove's continued prosecution of its case, including

* Cases and statutes cited in this brief include hyperlinks to Westlaw. Record citations are to the ECF docket number (with hyperlinks to Pacer) followed by the ECF page number, with additional page designations added when necessary to clarify a record citation. When the ECF page number at the top of the page differs from the page numbers at the bottom, the ECF page number is used.

Go to Table of Contents

filing an Amended Complaint on the heels of the adverse summary judgment ruling, demonstrates how eMove's case was groundless and unreasonable.

Under settled Ninth Circuit law, these findings are sufficient to support an award of attorneys' fees. Moreover, none of these findings is clearly erroneous, and most of them were made in connection with the district court's summary judgment ruling—a ruling that became law of the case, was not appealed, and therefore may not be challenged on this appeal. In sum, the district court did not abuse its discretion in awarding fees. Accordingly, the Court should affirm.

Go to Table of Contents

ISSUES

1. The district court found that eMove threw mud against the wall, changed its theories throughout the case because they were groundless, had striking failures of proof, and continued to press its claims after it was on notice of the fatal flaws of its case. These findings have support in the record, and most of them were made in an order that became law of the case and was not appealed. In light of that, are these findings clearly erroneous?

2. A court may award attorneys' fees in a Lanham Act case when the plaintiff's case was groundless or unreasonable. Under settled Ninth Circuit precedent, this standard is met when the plaintiff (1) pursues a case that has fundamental flaws or gaping holes in proof, or (2) is put on notice of defects in its claims, but pursues them anyway. Given that (1) eMove's case had gaping holes of proof, and (2) eMove pursued groundless claims after being put on notice of such defects, did the district court have discretion to award fees?

STATUTORY PROVISION

The pertinent statutory provision, 15 U.S.C. § 1117(a)(3), provides in relevant part that "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party."

Go to Table of Contents

STATEMENT OF THE FACTS AND CASE

I. The Parties and Their Competing Businesses

The parties in this case offer competing software programs used by owners and managers of self-storage facilities that lease storage units to tenants.[1] These software programs are used to process tenant payments, provide online access to tenant accounts, and perform other functions for managing a self-storage facility.[2] There are more than 50,000 such facilities in the United States.[3]

eMove is a subsidiary of U-Haul International, Inc. ("**U-Haul**") and operates out of U-Haul's corporate headquarters in Phoenix, Arizona.[4] eMove markets "WebSelfStorage," a software program owned by a different U-Haul subsidiary.[5]

SMD Software and SiteLink Software are North Carolina-based companies.[6] Their self-storage management software is called "SiteLink."[7] Defendant-Appellee Markus Hecker is SMD's Chief Operating Officer.[8]

---

[1] ECF-168 at 2.

[2] *Id.* at 2-3.

[3] *Id.* at 19.

[4] *Id.* at 2; ECF-147 at 1-2.

[5] ECF-168 at 2.

[6] ECF-147 at 8.

[7] ECF-168 at 2.

[8] *Id.*

Go to Table of Contents

II. eMove's Groundless Lawsuit Filed for Retaliatory Purposes

In 2008, SMD sued eMove and U-Haul in North Carolina, asserting a claim for false advertising under the Lanham Act and related state-law claims. *SMD Software, Inc. et al. v. eMove, Inc.*, No. 5:08-cv-00403-FL (E.D.N.C.).[9] That lawsuit concerns widely-distributed printed brochures that make false and inaccurate comparisons between eMove's software and SMD's software.[10] In other words, it is a typical Lanham Act case involving actual advertising and demonstrably false statements. eMove filed the action below in retaliation for the North Carolina lawsuit.

Tellingly, eMove's complaint purported to identify three instances of false advertising, but each was visibly flimsy.[11] First, eMove identified a document (the "**Lorton Fax**") provided to a single self-storage company in Virginia, Lorton Self Storage ("**Lorton**").[12] Although the so-called "Lorton Fax" was the cornerstone of its dispute, eMove did not claim that SMD distributed the Lorton Fax to any other self-storage facility.[13] Consequently, the Lorton Fax could not, as a matter of law, be the basis of any legitimate claim because it had not been "disseminated

---

[9] *See also* ECF-201 at 2-3 & n.1; *id.* at 8.

[10] ECF-72-5 at 25.

[11] ECF-1-1 at 9-10 ¶¶ 13-16.

[12] *Id.* ¶¶ 13, 15; ECF-72-1 at 2-3. The parties have referred to this document as the "Lorton Fax." *See* ECF-168 at 4-5 (discussing Lorton Fax).

[13] ECF-1-1 at 9-10 ¶¶ 13, 15; *see also* ECF-147 at 11 ¶ 49 and response.

Go to Table of Contents

sufficiently to the relevant purchasing public to constitute 'advertising' or 'promotion' within that industry." *Coastal Abstract Serv., Inc. v. First Am. Title Ins. Co.*, 173 F.3d 725, 735 (9th Cir. 1999) (citation omitted). To top it off, Lorton became an eMove customer shortly after receiving the Lorton Fax.[14]

Second, eMove alleged that Mr. Hecker made two oral misrepresentations at a trade show to potential clients.[15] After it emerged in discovery that Mr. Hecker actually spoke to U-Haul representatives sent to gather intelligence from SMD's trade-show booth, eMove then claimed that a group of unidentified self-storage facility owners and managers also heard the statements.[16]

Third, eMove alleged that Mr. Hecker "posted his contact information [on an internet message board] in response to others requesting information about EMove."[17] Unsurprisingly, eMove never could explain how providing such "contact information" could qualify as a false statement, likewise landing this third alleged instance in the frivolous pile. In other words, eMove initially filed a flagrantly groundless lawsuit.

---

[14] ECF-168 at 5; *see also* ECF-147 at 11 (¶ 48 and response).

[15] ECF-1-1 at 9-10 ¶ 14.

[16] *Compare* ECF-72-2 at 92-93 (alleging that Mr. Hecker made the statements as part of a conversation with two U-Haul representatives who were "talk[ing] specifically to Markus [Hecker]"); *with* ECF-147 at 13 ¶¶ 55-56 (changing the story such that Mr. Hecker was "speaking to a group of self-storage facility owners and employees when the statements in question were made").

[17] ECF-1-1 at 10 ¶ 16.

Go to Table of Contents

III. eMove's Shifting Allegations

eMove's subsequent conduct in the litigation confirmed the groundlessness of eMove's claims. The case proceeded as an exercise in whack-a-mole litigation as eMove repeatedly shifted its allegations (apparently so it could keep the case alive and exert leverage over SMD in the North Carolina matter). For example, during discovery eMove expanded the litigation to include some additional (non-actionable) internet message-board posts.[18] eMove also alluded that it was "aware of additional misrepresentations" contained in SMD's internal telephone call logs which were produced to eMove early in discovery.[19] When pressed, however, eMove would not (because it could not) identify any "additional misrepresentations" in the call logs.

After eMove came up with nothing of substance, SMD moved for summary judgment.[20] But rather than defend the (indefensible) case it had developed, eMove once again dramatically changed course and abandoned many of the allegations it had disclosed in its complaint and in discovery.[21] Even more remarkably, eMove's response to the summary judgment motion (which coincided

---

[18] ECF-147 at 20-21 ¶ 85; *id.* at 23 ¶ 95; *id.* at 27-28 ¶ 110; *id.* at 29 ¶ 115; *id.* at 31-32 ¶ 119; *id.* at 33 ¶ 122.

[19] ECF-72-1 at 5.

[20] ECF-70.

[21] *See* ECF-135 at 8-10; *compare generally* ECF-70 (Defendants' motion for summary judgment) *with* ECF-146 (eMove's response to motion).

Go to Table of Contents

with its change of counsel) relied on yet even more brand-new (and unactionable) allegations.[22]

The new allegations, which surfaced six months after fact discovery ended, focused heavily on SMD's telephone call logs with its customers.[23] Yet during discovery eMove had refused to identify any misstatements contained in these logs.[24] To deflect attention from its missing proof, eMove's summary judgment response attacked—for the first time—SMD's document-preservation efforts.[25] If not for the defendants' "lassiaz faire [sic] retention policy," eMove argued, eMove would have access to deleted emails that were "worse than all of" the existing evidence.[26] Of course, eMove had no support for that allegation. Moreover, eMove had never raised an objection to SMD's document production during discovery, i.e., at a time when the issue could have been properly addressed.

---

[22] *See* ECF-135 at 8 & n.3.

[23] ECF-146 at 8-12 (section entitled "Defendants' Call-Logs Establish that Defendants Regularly Engage in False Comparative Advertising").

[24] ECF-72-1 at 10-13, 16 (responses to contention interrogatories 1, 2, 12).

[25] ECF-146 at 22-23; *see also id.* at 8 ("Defendants have made no efforts to preserve relevant evidence."); *id.* at 12 ("Defendants' deletion of emails prevented a full disclosure . . . ."); *id.* at 29 ("Moreover, the Defendants deleted documents that would have revealed an even broader distribution of their false message.").

[26] *Id.* at 23.

Go to Table of Contents

IV. The District Court's Summary Judgment Ruling

Predictably, eMove's eleventh-hour overhaul of its lawsuit failed; the district court granted SMD's summary judgment motion.[27] In its order, the district court expressed frustration with eMove's litigation tactics, observing that "a plaintiff cannot sustain its Lanham Act claim by merely throwing mud at the wall and hoping that some of it will stick. This is ***precisely*** what the plaintiff has done in this case."[28]

The district court based its decision in large part upon a lack of evidence that the alleged misstatements had been sufficiently disseminated to constitute "commercial advertising or promotion" under the Lanham Act.[29] The alleged misstatements could be found in at most three places, which the court concluded was insufficient in a market with more than 50,000 customers.[30]

SMD conceded that one of the statements—an internet message board post—had been sufficiently disseminated.[31] But the internet message board post could be actionable only upon evidence that a customer would give it the outlandish, non-literal interpretation eMove ascribed to it. The post compared

---

[27] ECF-168.

[28] *Id.* at 13 (emphasis added).

[29] *Id.* at 16-17.

[30] *Id.* at 19.

[31] ECF-135 at 21.

Go to Table of Contents

SMD's free listing service and search engine optimization program to "UHAULS [sic] referrals."[32] eMove insisted that the words "UHAULS referrals" somehow referred to the emove.com website rather than U-Haul's referral program (which is not a website at all).[33] Under the Lanham Act, eMove was required to submit extrinsic evidence that consumers actually understood it to have that unusual meaning. But eMove presented no such evidence. As a result, the district court found as a matter of law that the post was not false and granted SMD's summary judgment motion on eMove's Lanham Act claim.[34]

The district court also addressed eMove's state law claims, which were based on the ***same statements*** as its Lanham Act claim.[35] In addressing the state-law claims the court found ***no evidence*** of harm to eMove from any of those statements.[36] As the district court put it, "the record is wholly devoid of evidence" that eMove suffered any harm resulting from at least some of the statements.[37]

---

[32] ECF-168 at 22.

[33] *Id.* at 23.

[34] *Id.*

[35] *Id.* at 23-24 (noting that the state-law unfair competition claim was congruent with eMove's Lanham Act claim); ECF-146 at 33-36 (discussion of state-law claims in eMove's summary judgment opposition brief, identifying no allegations specific to those claims).

[36] ECF-168 at 26.

[37] *Id.*

Go to Table of Contents

V. eMove's Frivolous Amended Complaint Filed in an Effort to Keep Its Case Alive

Rather than accept the defeat of its groundless claims, eMove threw more mud at SMD. Before the district court issued its summary judgment opinion, eMove sought permission to file an Amended Complaint based on an allegation that Mr. Hecker told one of eMove's own employees that eMove's telephone call center had closed down.[38] eMove filed this new complaint four days ***after*** the summary judgment order issued.[39]

The eMove employee was not a potential customer and the alleged statement did not deceive her.[40] Thus, eMove had absolutely no evidence that the statement had been disseminated to any customer or that eMove suffered any harm—and it knew that. Yet, determined to proceed with its fishing expedition, eMove continued to conduct discovery and forced SMD to do the same.[41]

But the expedition ended abruptly after eMove failed to proffer an expert report on the new allegation.[42] One day later, eMove moved to dismiss the ***entire*** case with prejudice.[43] With that, and after forcing SMD to incur nearly $1 million

---

[38] ECF-157 at 2-3.

[39] ECF-170 at 4-5 ¶¶ 17-30; *see also* ECF-157-1 (showing additions).

[40] ECF-157-2 at 2-3 ¶¶ 1, 10; ECF-201-4 at 21:17-19.

[41] ECF-172; ECF-173; ECF-174; ECF-175; ECF-179; ECF-180; ECF-181.

[42] ECF-185 (reflecting expert report deadline).

[43] ECF-187; ECF-190.

Go to Table of Contents

in fees[44] in defending eMove's groundless and constantly shifting allegations, the case ended.

VI. The District Court's Finding That the Case Qualified as "Exceptional," Thereby Entitling SMD to Attorneys' Fees

Having been forced to defend a groundless case at great expense, SMD moved for attorneys' fees.[45] The district court awarded $836,079.15 in attorneys' fees and $97,716.41 in non-taxable costs, thereby shifting the reasonable attorneys' fees SMD had incurred to the party that had pursued the groundless litigation.[46]

The district court correctly noted that to award fees under the Lanham Act in the Ninth Circuit, a case must be "exceptional," 15 U.S.C. § 1117(a), which means the case is "*either* groundless, unreasonable, vexatious, *or* pursued in bad faith."[47] The district court also correctly recognized that "[t]he simple fact that the court determines that the defendants were entitled to judgment does not mean that the plaintiff's claims were groundless."[48] The court found that SMD was entitled to fees because eMove's claims both "were groundless and unreasonable."[49]

---

[44] ECF-201 at 13; ECF-210 at 15.

[45] ECF-191; ECF-201.

[46] ECF-210. The district court reduced the requested award by $28,817.10, or about 3%, for reasons that are unrelated to this appeal.

[47] *Id.* at 2 (quoting *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1156 (9th Cir. 2002) (quotations and citation omitted)).

[48] *Id.* at 3.

[49] *Id.*

Go to Table of Contents

The district court made detailed findings as to why eMove's case met the controlling legal standard. First, it incorporated the meticulous findings of fact from its summary judgment opinion (ECF-168) by reference.[50] In particular, it repeated that eMove's strategy consisted of "throwing mud at the wall and hoping that some of it will stick."[51] As evidence of this, the court found that eMove's theories shifted throughout the litigation, with internal inconsistencies in eMove's briefing, and with some theories abandoned as late as oral argument on the summary judgment motion.[52] The district court, like SMD, had a difficult time "pinn[ing] down the statements that the plaintiff claimed to be actionable."[53] However, once the district court cleared the brush and determined which alleged misstatements remained, it "***easily found*** that no genuine issues of material facts existed."[54] In other words, summary judgment was not a close call.

The court also highlighted some important shortcomings of eMove's case. Critically, eMove's lack of evidence of dissemination was "[s]trikingly absent."[55] This was no ordinary failure of proof; the absence of proof was *striking*. In particular, there was no "testimony from customers" who could corroborate

[50] *Id.* at 1.

[51] *Id.* at 3 (quoting ECF-168 at 13).

[52] *Id.* at 3.

[53] *Id.* at 4.

[54] *Id.* (emphasis added).

[55] *Id.* at 4 (quoting ECF-168 at 17).

Go to Table of Contents

eMove's claims that SMD made false statements to them.[56] Likewise, the Lorton Fax—the cornerstone of eMove's case—could never support a Lanham Act case because it "was sent to only one recipient, who dismissed it as 'foolishness,' forwarded the fax to the plaintiff, and switched to the plaintiff's product."[57]

The district court then shifted to eMove's Amended Complaint, finding that it, too, demonstrated eMove's "unreasonable attempts to make something stick in this case."[58] The court observed that the Amended Complaint was filed just four days after its summary judgment order, yet suffered from the same defects as the first one.[59] The court specifically called out the complete lack of evidence about dissemination, the thrust of its summary judgment opinion:

> The court had already held that the original misrepresentations were insufficiently disseminated, and there was *absolutely no evidence* supporting the assertion that the newly alleged statements were sufficiently disseminated.[60]

Once again, this was not an ordinary failure of proof. There was "*absolutely no evidence*" supporting eMove's claim.[61] The court further commented that "[t]here was simply no reasonable basis to believe in many of the factual

---

[56] *Id.* at 4.

[57] *Id.* (citing ECF-168 at 4-5, 19).

[58] *Id.* at 4.

[59] *Id.*

[60] *Id.* at 4 n.2 (emphasis added).

[61] *Id.* (emphasis added).

Go to Table of Contents

allegations underlying the plaintiff's claims."[62] These findings fully support the district court's ruling that the case was groundless and unreasonable, and therefore justified the court's exercise of its discretion to award fees.

[62] *Id.* at 4.

Go to Table of Contents

STANDARD OF REVIEW

In making a decision to award fees, a district court goes through several steps, which this Court reviews under different standards. The district court's interpretation of the statute, 15 U.S.C. § 1117(a), is reviewed de novo, its findings of fact supporting the award are reviewed for clear error, and its decision to award fees both are reviewed for abuse of discretion.

eMove incorrectly asserts (at 28) that essentially everything on appeal should be reviewed de novo.[63] Although the district court's opinion withstands even the de novo standard, the central questions in this case are reviewed for abuse of discretion and clear error. This Court reviews de novo the district court's interpretation, as a matter of law, of what constitutes an "exceptional case" under the Lanham Act. *See Earthquake Sound Corp. v. Bumper Indus.*, 352 F.3d 1210, 1216 (9th Cir. 2003) ("The interpretation of what constitutes an 'exceptional case' is a question of law and we review that de novo as well.") (quoted in eMove's opening brief at 28). In other words, this Court reviews de novo whether the district court employed the appropriate standard for exceptionality, i.e., that a case

[63] eMove has not disputed that if this case is exceptional, then the district court properly exercised its discretion to award fees. *See* OB28 n.5 (acknowledging the abuse of discretion standard for that question).

Go to Table of Contents

is exceptional if it is "*either* groundless, unreasonable, vexatious, *or* pursued in bad faith."[64]

Once this Court determines that the district court correctly applied the legal standard, the balance of the district court's analysis is reviewed for clear error or an abuse of discretion. For example, the district court had to make factual findings and apply those facts to the articulated standard. Those factual findings are reviewed for clear error; the court's decision to award fees is reviewed for an abuse of discretion. In *Love v. Associated Newspapers, Ltd.*, 611 F.3d 601 (9th Cir. 2010), this Court articulated the various standards for attorneys' fees in a Lanham Act case: "We review an award of attorney's fees for abuse of discretion, factual findings for clear error, and legal conclusions de novo." *Id.* at 614.

ARGUMENT SUMMARY

The district court awarded attorneys' fees to SMD after SMD prevailed on summary judgment and eMove voluntarily dismissed its case with prejudice. Relying principally on findings the court made when granting summary judgment—an order eMove did not appeal and which is now binding, *see* Argument § I(B)(1)(b)—the court exercised its broad discretion and found that eMove's case was groundless and unreasonable, either of which is a sufficient

[64] *See* ECF-210 at 2 (quoting *Cairns*, 292 F.3d at 1156).

Go to Table of Contents

basis to award attorneys' fees to the prevailing party in a Lanham Act case. *See* Argument § I(B)(2).

eMove's case was doomed from the start. As the district court found, eMove's allegations rested on mudslinging, not substance, and shifted throughout the case. Thus, as the district court explained, eMove utterly failed to show that nearly all of the alleged misstatements had been disseminated and awarding summary judgment was easy. eMove's reliance on the Lorton Fax demonstrated the gaping holes in its case. To top it off, after the court awarded summary judgment to SMD, eMove had no basis to file its Amended Complaint that alleged more of the same. Yet it did so anyway. The district court's findings supporting the fee award were not clearly erroneous, and, decisively, eMove cannot challenge most of them because they are law of the case. *See* Argument § I(B).

As the Ninth Circuit has repeatedly held, a plaintiff's utter failure of proof on a required element of a Lanham Act claim makes a case groundless and unreasonable and justifies an award of attorneys' fees, as does a party's unreasonable litigation conduct. *See* Argument § I(A). Applying settled Ninth Circuit precedent, the district court did not abuse its discretion to find that eMove's case was groundless, unreasonable, and therefore exceptional. *See* Argument § I(B).

Go to Table of Contents

On appeal, eMove does not dispute that SMD prevailed below, and it takes no issue with the amount of the fee award. It also has not appealed the district court's summary judgment order. Instead, it rests its case on a series of flawed arguments that distort the record and the law. First, eMove repeatedly quibbles with unappealed rulings of the district court that are now the law of the case and cannot be challenged. Second, eMove inaccurately suggests that the district court awarded fees simply because SMD prevailed on summary judgment (despite the court's express rejection of that principle). Third, eMove invites this Court to get lost in the trees, ignoring that the case as a whole was exceptional. Fourth, eMove's insistence, contrary to law and evidence, that allegedly destroyed evidence would have supported its case highlights the failures of its appeal. *See* Argument § II(A).

eMove's specific arguments also fail on the merits. eMove claims it was reasonable to allege that the misstatements had been sufficiently disseminated, despite its absolute lack of evidence and the overwhelming weight of legal authority to the contrary. Nor did the single internet posting preclude an award of fees; eMove ignores the rest of the court's findings about the post, never requested the finding it now claims the district court should have made, and cannot escape that the post was actually true. *See* Argument § II(B).

Go to Table of Contents

eMove misses the point when it argues on appeal that the Amended Complaint and eMove's shifting allegations do not justify fees. Regardless of whether eMove was entitled to file an Amended Complaint, its continued prosecution of utterly baseless claims, particularly in light of the district court's summary judgment ruling, demonstrates eMove's unreasonable and groundless positions. Similarly, eMove dramatically shifted its theories of its case throughout the case, further demonstrating the unreasonable nature of the case. eMove did not merely "narrow" the focus of its case. *See* Argument § II(B).

The district court had broad discretion to award fees in this case. It properly exercised its discretion in light of the many aspects of eMove's case that made it unreasonable and groundless. eMove waived most of its arguments to the contrary, and in any event the district court's findings supported the fee award and are not clearly erroneous. eMove simply cannot avoid the fact that it never should have brought this case in the first place and it must now compensate SMD for the fees eMove forced SMD to incur.

Go to Table of Contents

ARGUMENT

I. The District Court Acted Well Within Its Discretion by Awarding Fees in This "Exceptional Case"

A. In False Advertising Cases, a District Court Has the Discretion to Award the Defendant Fees if the Case Is Groundless or Unreasonable

In sharp contrast to the so-called "American Rule," which controls in other areas, courts have routinely awarded fees under the Lanham Act and its predecessor statute, and did so even before the statute authorized such awards. *See, e.g.*, *Aladdin Mfg. Co. v. Mantle Lamp Co. of Am.*, 116 F.2d 708, 717 (7th Cir. 1941) (counsel's fees "recoverable as compensatory damages"). In 1975, Congress expressly authorized such awards, as it already had done much earlier in the copyright and patent statutes.[65] *See* 15 U.S.C. § 1117(a);[66] *cf.* 17 U.S.C. § 505 (copyright); 35 U.S.C. § 285 (patent).[67]

---

[65] *See* Act of Mar. 4, 1909, ch. 320, § 40, 35 Stat. 1084.

[66] Added in Pub. L. No. 93-600, 88 Stat. 1955 § 3 (1975).

[67] In footnote 6 (at 30), eMove urges this Court to adopt the Federal Circuit's more "demanding" standard for exceptionality in patent cases. But the Federal Circuit itself does not apply that standard to Lanham Act claims; it applies the law of the regional circuit. *See Waymark Corp. v. Porta Sys. Corp.*, 334 F.3d 1358, 1362-63 (Fed. Cir. 2003). Moreover, requiring a prevailing defendant to show bad faith on the plaintiff's part makes some sense in the patent context, where "there is a presumption that an assertion of infringement of a duly granted patent is made in good faith." *Highmark, Inc. v. Allcare Health Mgmt. Sys., Inc.*, 687 F.3d 1300, 1309-10 (Fed. Cir. 2012) (quotations and citation omitted). There is no analogous presumption in the false advertising context.

Go to Table of Contents

It is thus settled today that to help deter both frivolous lawsuits and unreasonable conduct, courts have the discretion to award attorneys' fees to a defendant when the case is "exceptional," meaning that it "is *either* groundless, unreasonable, vexatious, *or* pursued in bad faith." *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1156 (9th Cir. 2002) (quotations and citation omitted). The requirements are disjunctive; the prevailing party need only establish one attribute of an exceptional case. A finding of bad faith is not required. *See* Argument § II(A)(2).

In the Ninth Circuit, an utter failure to provide proof on an element of a Lanham Act claim makes a case exceptional. *See Cairns*, 292 F.3d at 1156. These elements include that:

(1) a false or misleading statement of fact was made about a product,

(2) the statement was made in a commercial advertisement,

(3) the statement actually deceived or had the tendency to deceive a substantial segment of its audience,

(4) the deception was material, in that it was likely to influence purchasing decisions,

(5) the defendant caused the statement to enter interstate commerce, and

(6) the plaintiff has been or is likely to be injured as a result of the statement, either by direct loss of sales or by a lessening of the goodwill associated with its products.

Go to Table of Contents

Soilworks, LLC v. Midwest Indus. Supply, Inc., 575 F. Supp. 2d 1118, 1124 (D. Ariz. 2008) (spacing added); *see also* 15 U.S.C. § 1125(a).

In accordance with these standards, in *Cairns* the district court found that the "statements in the advertisements at issue were true and the [plaintiff] had no reasonable basis to believe they were false," 292 F.3d at 1156, i.e., the plaintiff had utterly failed to prove the first element of its Lanham Act claim ("false or misleading"). The Ninth Circuit held that this finding was by itself "***sufficient*** to justify an award of attorneys' fees." *Id.* (emphasis added). In other words, this failure of proof meant "the false advertisement claim was groundless and unreasonable." *Id.*

Similarly, in *Societe Civile Succession Guino v. Renoir*, 305 F. App'x 334 (9th Cir. 2008), this Court held that the plaintiff's claims were groundless because the plaintiff "presented no evidence of confusion or damages, basic elements of any Lanham Act claim." *Id.* at 338. It also held that the plaintiff's claims were unreasonable because of the plaintiff's "failure to dismiss its claim earlier in the proceeding once it knew that there was no evidence to support it." *Id.*

This same failure of proof concept applies in other cases brought under the Lanham Act, all of which share the attorneys' fees provision with false advertising cases. 15 U.S.C. § 1117(a). For example, in a trademark case, the plaintiff must show an effect on United States commerce. *Love*, 611 F.3d at 613. Accordingly,

Go to Table of Contents

in *Love* the district court dismissed the claims because the plaintiff "failed to present any evidence that the alleged Lanham Act violations affected United States commerce in any way," and awarded attorneys' fees on that basis. *Id.* at 613. This Court affirmed the fee award because the plaintiff "presented not one item of evidence substantiating any U.S. effect, other than a misleading and deceptive declaration." *Id.* at 615 (quotations omitted). The failure of proof made the Lanham Act claims "groundless and unreasonable." *Id.* at 616 (quotations omitted).

The result was the same in *Secalt S.A. v. Wuxi Shenxi Constr. Mach. Co.*, 668 F.3d 677 (9th Cir. 2012). In that trade dress case, the plaintiff needed to show that its designs were nonfunctional. This Court explained that although "the parties had been in discovery for almost two years, taken multiple depositions, and compiled substantial documents," the plaintiff could not show legitimate evidence of nonfunctionality, as required for its Lanham Act claim. *Id.* at 688. The district court awarded fees in part on this basis. Summarizing this Court's standards for awarding attorneys' fees, the Court explained, "exceptional cases include instances where plaintiff's case is ***frivolous*** or ***completely lacking in merit.***" *Id.* at 687-88 (emphases added). The Court affirmed because the plaintiff's "utter failure of proof" on the required element of its Lanham Act claim justified the award. *Id.* at 688.

Go to Table of Contents

Cairns, *Societe Civile*, *Love*, and *Secalt* all demonstrate that in the Ninth Circuit, a district court has the discretion to award fees if the plaintiff utterly fails to provide proof on a required element of its Lanham Act claim. Giving courts such discretion also furthers the purposes of § 1117(a) to (1) "provide protection against unfounded suits," S. Rep. No. 1400, 93d Cong., 2d Sess., reprinted in 1974 U.S.C.C.A.N. 7132, 7136, and (2) "give defendants a remedy against unfounded suits." *Id.* at 7137.

B. In This Case, the District Court Did Not Abuse Its Discretion by Awarding Fees Because eMove's Case Was Groundless and Unreasonable

In this case, the district court made four findings that supported its conclusion that eMove's case was groundless and unreasonable: (1) eMove merely threw mud against the wall and its allegations shifted throughout the case; (2) the court easily found that no genuine issues of material facts existed (as demonstrated in part by eMove's total failure to show that all but one of the alleged misstatements were sufficiently disseminated); (3) gaping holes plagued eMove's case (as illustrated by the Lorton Fax); and (4) the Amended Complaint further demonstrated that eMove's case had no legitimate basis.[68]

Decisively, eMove does not directly contend that the district court clearly erred in making any of these findings, and it clearly did not. Moreover, the district

[68] ECF-210 at 3-4.

Go to Table of Contents

court made three of these findings in its order granting summary judgment, which eMove did not appeal. Consequently, if these findings are "sufficient to justify an award of attorneys' fees," *Cairns*, 292 F.3d at 1156, which they are, the Court should affirm.

1. For Purposes of the Appeal, the Court Should Accept the District Court's Findings Because They Are Not Clearly Erroneous and Three of Them Are Law of the Case

a. The District Court's Findings That Support the Fee Award Are Not Clearly Erroneous

The record supports the district court's findings, and in any event they are not clearly erroneous. "To be clearly erroneous, a decision must strike [the Court] as more than just maybe or probably wrong; it must . . . strike [the Court] as wrong with the force of a five-week-old unrefrigerated dead fish." *Prete v. Bradbury*, 438 F.3d 949, 968 n.23 (9th Cir. 2006) (quotations and citation omitted).

As the district court aptly observed, eMove's case "evolved throughout the litigation."[69] For example, eMove's complaint focused on the Lorton Fax,[70] but eMove abandoned that claim (three times),[71] only to attempt later to resuscitate it, including (improperly) on appeal. (*E.g.*, OB10-13.) eMove's summary judgment

[69] ECF 210 at 3.

[70] ECF 1-1 at 9-10 ¶¶ 13, 15.

[71] *See* ECF-147 at 12 ¶ 53 and response; ECF-72-1 at 5 (letter from counsel); ECF-72-1 at 23 (Request for Admission No. 3); and ECF-72-2 at 3 (identifying the Lorton Fax as "Exhibit 2" referenced in Request for Admission No. 3).

Go to Table of Contents

response also focused on particular call log entries,[72] which had not been identified in the Complaint or through discovery. The district court also witnessed firsthand eMove's shifting theories. eMove expressly abandoned theories in its filings with the court,[73] waived many others through its silence,[74] and even abandoned some as late as oral argument on SMD's summary judgment motion.[75] Finding that eMove's case "evolved" was an understatement, not clear error.

Nor was it clear error to explain that "the court ***easily*** found that no genuine issues of material facts existed,"[76] i.e., that granting summary judgment was not a close call. A valid claim requires evidence proving each of the required elements. eMove's case fell short on almost all of them, and, as discussed more fully below in Argument § (I)(B), the district court highlighted one dispositive failure: "[s]trikingly absent from the plaintiff's evidence of dissemination is testimony from customers asserting that the defendants made any of the allegedly false statements to them."[77] Any stench akin to a "five-week-old unrefrigerated dead

---

[72] *E.g.*, ECF-146 at 8.

[73] *E.g.*, ECF-84 at 7 n.4.

[74] *Compare* ECF-70 (SMD describing all alleged misstatements eMove identified), *with* ECF-146 (eMove addressing only a subset of the statements).

[75] ECF-198 at 52:9-16.

[76] ECF-210 at 4 (emphasis added).

[77] *Id.* (quoting ECF-168 at 17).

Go to Table of Contents

fish," *Prete*, 438 F.3d at 968 n.23 (quotations and citation omitted), comes from the failures of eMove's case, not from the district court's findings.

Third, the district court properly identified some of the many fatal problems with eMove's reliance on the Lorton Fax, which eMove does not and cannot dispute. eMove does not dispute, and in fact admitted, that the Lorton Fax was sent to only one recipient[78] (thereby failing the "commercial advertisement" requirement). eMove does not dispute, and in fact admitted, that the recipient dismissed it as "foolishness"[79] (thereby failing the deception requirement). eMove does not dispute, and in fact admitted, that the recipient forwarded the fax to eMove and then switched to eMove's product[80] (thereby failing the materiality and injury requirements). eMove cannot claim that these findings are clearly erroneous because it admitted all of them.

Fourth, the court's findings on eMove's Amended Complaint were not clearly erroneous. The district court correctly found that "[t]he Amended Complaint was filed four days after the granted summary judgment to the defendants."[81] The district court correctly found that the claims were similar to

---

[78] ECF-147 at 11 ¶ 49.

[79] *Id.* at 10-11 ¶ 45.

[80] *Id.* at 11 ¶¶ 46, 48.

[81] ECF-210 at 4; *see* ECF-168 (granting summary judgment on 4/20/2012); ECF-170 (Amended Complaint filed 4/24/2012).

Go to Table of Contents

what had just been decided in the summary judgment order: a false statement allegedly made to a single U-Haul employee at a trade show.[82] And the district court correctly found that eMove voluntarily dismissed its own complaint.[83] These accurate findings, including that "[t]here was simply no reasonable basis to believe in many of the factual allegations underlying the plaintiff's claims," are not clearly erroneous, nor could they be reversed under de novo review.[84]

b. Three of the District Court's Reasons for Awarding Fees Are Law of the Case

In awarding fees, the district court relied on three of the findings it made in granting summary judgment. First, the district court drew attention to eMove's shifting allegations, citing and block-quoting the findings it made earlier on that point.[85] Second, the court highlighted eMove's lack of evidence on a crucial requirement of a Lanham Act claim, again quoting its earlier order.[86] Third, the court recalled its harsh criticism of eMove's use of the Lorton Fax.[87]

eMove has not appealed the summary judgment order. Indeed, it expressly acknowledges (at 31) that the summary judgment ruling "is not itself a subject of

---

[82] *Compare* ECF-168 at 3-4, 17 *with* ECF-170 at 4 ¶¶ 18-20; *see also* ECF-210 at 4 & n.2.

[83] ECF-187; ECF-190.

[84] ECF-210 at 4.

[85] *Id.* at 3-4 (quoting ECF-168 at 13 & n.4).

[86] *Id.* at 4 (quoting ECF-168 at 17).

[87] *Id.* (citing ECF-168 at 4-5, 19).

Go to Table of Contents

appeal." These findings from the summary judgment order, therefore, are binding and cannot be disturbed on appeal.

Under black-letter law, a party who fails to challenge a ruling on appeal is deemed to have waived any right to challenge that ruling, which ruling thus remains law of the case. *See, e.g.*, *Williamsburg Wax Museum, Inc. v. Historic Figures, Inc.*, 810 F.2d 243, 250 (D.C. Cir. 1987) ("Under law of the case doctrine, a legal decision made at one stage of litigation, unchallenged in a subsequent appeal when the opportunity to do so existed, becomes the law of the case for future stages of the same litigation, and the parties are deemed to have waived the right to challenge that decision at a later time."); *Zimmerman v. Direct Fed. Credit Union*, 262 F.3d 70, 77 & n.6 (1st Cir. 2001) (explaining that the lower court's "unappealed finding [on malice] is the law of the case (and, thus, appropriately may be treated as compelling evidence of actual malice)").

Pursuant to this settled rule, the Ninth Circuit has repeatedly applied the doctrine to legal and factual rulings by a district court that are not appealed. *See Hoffman v. Constr. Protective Servs.*, 431 F. App'x 601, 602 (9th Cir. 2011) (district court's findings justifying fee award were not appealed and were treated as law of the case); *Applied Med. Distribution Corp. v. Surgical Co. BV*, 587 F.3d 909, 918, 920 (9th Cir. 2009) (district court's holdings on summary judgment as to enforceability of choice-of-law provision and applicability of California law were

Go to Table of Contents

not appealed and were therefore law of the case); *In re Huang*, 275 F.3d 1173, 1177 (9th Cir. 2002) (district court's holding as to unenforceability of provisions of settlement agreement was not appealed and was law of the case); *Thornton v. McClatchy Newspapers, Inc.*, 261 F.3d 789, 799 n.7 (9th Cir. 2001) *opinion clarified*, 292 F.3d 1045 (9th Cir. 2002) (lower court's finding of bad faith was not appealed and therefore "remain[ed] the law of the case"); *Beecher v. Leavenworth State Bank*, 209 F.2d 20, 22 (9th Cir. 1953) (litigant's argument was foreclosed by findings of fact and conclusions of law in district court's order—which he failed to appeal—under law of the case doctrine); *Golden W. Brewing Co. v. Milonas & Sons*, 104 F.2d 880, 881 (9th Cir. 1939) ("Appellee has not appealed, hence the law of the case is that the trade marks are valid and have been infringed.").

eMove's failure to appeal the district court's summary judgment ruling waived its ability to challenge any of the findings in the order and made the order final. *See, e.g., McGregor v. Paul Revere Life Ins. Co.*, 369 F.3d 1099, 1102 (9th Cir. 2004) ("The district court decided this issue [concerning attorneys' fees] in Paul Revere's favor, and McGregor did not appeal that ruling. We do not reach the issue ourselves because McGregor's failure to appeal it waived any challenge to the district court's ruling."). Consequently, eMove cannot challenge the first three bases for the district court's award of fees.

Go to Table of Contents

2. The District Court's Findings Are Sufficient to Support the Conclusion That eMove's Case Was Groundless or Unreasonable

But even if the district court's findings were reviewable, this Court may quickly dispose of eMove's appeal because as in *Cairns*, the findings below are "sufficient to justify an award of attorneys' fees to" SMD. 292 F.3d at 1156.

The district court first found that eMove's shifting, inconsistent allegations and theories made its case unreasonable because they made it unnecessarily difficult and expensive for SMD to mount a defense. *See Love*, 611 F.3d at 616 (affirming fees when the plaintiff "lengthened or multiplied the work of the defendants and the district court" (quotations omitted)). eMove never had a real case; instead, it pursued its suit "by merely throwing mud at the wall and hoping that some of it will stick."[88]

The second and third findings concern the utter lack of merit of eMove's case. As the Ninth Circuit has repeatedly held, a case is exceptional when the plaintiff brings and pursues a case that has fundamental flaws or gaping holes in proof. *See Cairns*, 292 F.3d at 1156 (district court's finding that plaintiff failed to prove falsity "sufficient to justify an award of attorneys' fees"); *Societe Civile*, 305 F. App'x at 338 (plaintiff's claim is groundless when it "presented no evidence of confusion or damages, basic elements of any Lanham Act claim"); *Love*, 611 F.3d

[88] ECF-210 at 3 (quoting ECF-168 at 13).

Go to Table of Contents

at 615-16 (affirming fee award when the plaintiff "presented not one item of evidence substantiating" a required element of a Lanham Act claim (quotations omitted); *Secalt*, 668 F.3d at 688 (affirming fee award when "there was an utter failure of proof" on a required element of a Lanham Act claim). This case easily meets this standard. The Lorton Fax, the central theme of eMove's case, failed almost every element of the Lanham Act. This was thus no ordinary failure of proof. Instead, as in *Secalt*, "there was an ***utter*** failure of proof." *Id.* at 688 (emphasis added). The district court remarked that eMove's lack of evidence was "[s]triking[],"[89] that the court reached its findings "easily,"[90] and that eMove "merely thr[ew] mud at the wall."[91] These findings are more than sufficient to support a conclusion that the case was groundless and unreasonable.

In addition to those findings based upon the law of the case, the district court also based its award of fees upon eMove's filing of its Amended Complaint. As in *Cairns*, "[t]his finding did not constitute an abuse of discretion" and was, independently or when combined with the other three reasons, "sufficient to justify an award of attorneys' fees to" SMD. 292 F.3d at 1156. As the district court

[89] *Id.* at 4 (quoting ECF-168 at 17).

[90] *Id.* at 4.

[91] *Id.* at 3 (quoting ECF-168 at 13).

Go to Table of Contents

observed, the Amended Complaint "is further indicative of the plaintiff's unreasonable attempts to make something stick in this case."[92]

By the time it filed the Amended Complaint, eMove was on notice of the failures of its claims yet pursued them anyway, thereby knowingly prosecuting groundless and unreasonable claims. The original complaint alleged, among other things, that Mr. Hecker made a false statement at a trade show.[93] The district court tossed the bogus claim because it had not been sufficiently disseminated.[94]

Yet, after receiving that adverse order, eMove filed an Amended complaint deploying that same bogus theory of relief: that one of the defendants made a single false statement to another eMove representative at another trade show.[95] The district court understandably expressed disbelief: "The court had already held that the original misrepresentations were insufficiently disseminated, and there was absolutely no evidence supporting the assertion that the newly alleged statements were sufficiently disseminated."[96]

---

[92] *Id.* at 4.

[93] ECF-1-1 at 9-10 ¶ 14.

[94] ECF-168 at 21.

[95] ECF-170; *see also* ECF-157-1 (redlined version of Amended Complaint); Dkt. 157-2 (declaration from eMove employee submitted with motion for leave to file Amended Complaint).

[96] ECF-210 at 4 n.2.

Go to Table of Contents

Tellingly, in *Secalt* this Court recently affirmed an award of fees when faced with a similar situation: the plaintiff was on notice of the defects in its claims but pursued them anyway. In *Secalt*, the plaintiff had parallel proceedings in Georgia and Nevada. The Georgia court held that there was "an utter failure of evidence" in the plaintiff's Lanham Act case. 668 F.3d at 688. Undeterred, the plaintiff pressed its case in Nevada. "As it turned out, the testimony at summary judgment in Nevada played out just like in Georgia—there was an utter failure of proof." *Id.* This Court affirmed the award of fees because the plaintiff was "on notice" of the shortcomings of its case, "undercut[ting]" the same argument that eMove is raising here: that it was merely raising debatable issues.[97] *Id.* eMove's situation is even worse: it filed its new complaint in the same case in the same court before the same judge.

Upon learning of the failures of its case, eMove's should have ended the charade by withdrawing its motion to amend its complaint. Its failure to do so before forcing SMD to incur the expense of defending a new and equally flawed complaint justifies the fee award. *See Societe Civile*, 305 F. App'x at 338

[97] eMove's reliance (at 29-30) upon *Applied Info. Sciences Corp. v. eBAY, Inc.*, 511 F.3d 966, 973 (9th Cir. 2007), for the proposition that it raised "debatable issues" is misplaced. As the district court's opinions make clear, the issues in this case were not even close, much less debatable. And in any event, because this Court performs a clearly erroneous and abuse of discretion review, it could not, by definition, change the outcome of a lower court's determination on a so-called "debatable issue."

Go to Table of Contents

("Societe's failure to dismiss its claim earlier in the proceeding once it knew that there was no evidence to support it was 'unreasonable.'"). Accordingly, the Court should affirm.

II. eMove's Arguments for Why the District Court Erred Suffer from Several Fundamental Flaws and Otherwise Do Not Withstand Scrutiny

eMove contends the Lanham Act gave the district court absolutely no discretion to award fees. In making this argument, eMove advances a number of legally flawed positions and distorts the pertinent record.

A. eMove's Arguments on Appeal Implicitly Rest on Legally Flawed Arguments That the Court Should Disregard

eMove's arguments on appeal suffer from several fatal defects that will permit the Court to quickly dispose of them.

1. eMove's Brief Implicitly Rests on Disagreeing with the District Court's Summary Judgment Ruling, Which Ruling Is Now Law of the Case

eMove admits (at 31) that the summary judgment order "is not itself a subject of appeal." Because eMove has not appealed that order, the district court's conclusions in that ruling are law of the case and eMove has waived any right to challenge them. *See, e.g.*, *Williamsburg*, 810 F.2d at 250; *Applied Medical*, 587 F.3d at 918-20. *See* Argument § I(B)(1)(b).

Notwithstanding its admission, many of eMove's arguments presuppose the summary judgment ruling remains subject to debate. For example, eMove says (at 25) that ruling "turned on [the district court's] ***highly debatable*** determination of

Go to Table of Contents

what inferences were justified by" the evidence. (Emphasis added.) It also repeatedly says (at 2, 13, 31, and 32) that it presented "***extensive evidence***" in opposition to SMD's claim that its case was baseless. (Emphasis added.) It even dismisses as "pejorative" the district court's (accurate) characterization of its case as nothing but mudslinging (OB32), and further suggests that the district court erred by failing to view the facts and inferences in its favor. (OB32-33 "the court chose to ***reject*** the inferences from the evidence"); (OB33 arguing that notwithstanding the evidence presented, the district court "nevertheless granted summary judgment"); (OB38 "even if the district court were correct").

None of this eMove may do. The district court's findings made in its summary judgment ruling—including that eMove "***merely***" threw "mud at the wall"—are law of the case; eMove has waived its ability to challenge them. On appeal eMove must live with these findings, and this Court should accept them. But in any event, those findings are "sufficient to justify an award of attorneys' fees." *Cairns*, 292 F.3d at 1156. Accordingly, the Court may quickly dispose of many of eMove's arguments on appeal.

2. eMove Incorrectly Claims This Court Reviews the District Court's Findings De Novo and Incorrectly Asserts That Bad Faith Is Required

eMove relies (at 28) upon *Secalt* for the proposition that this case is reviewed de novo, but the "de novo" review articulated in *Secalt* properly applies

Go to Table of Contents

only to the "legal determination" of what makes an action "exceptional." 668 F.3d at 687 (citing *Earthquake*, 352 F.3d at 1216). In other words, the only aspect of the district court's decision that warrants a de novo review is whether the district court should have followed the standard set forth in *Cairns*: "groundless, unreasonable, vexatious or pursued in bad faith."

Secalt's articulation is perhaps not sufficiently nuanced for the issues presented in this case, but any ambiguity can be resolved by examining *Earthquake*, the Ninth Circuit opinion to which both the *Secalt* opinion and eMove cite, as well as the other Ninth Circuit cases further back in the citation chain. *Earthquake* properly articulated precisely what is reviewed de novo: "The interpretation of what constitutes an 'exceptional case,'" which "is a question of law." 352 F.3d at 1216. Tracing the citation history further back through *Stephen W. Boney, Inc. v. Boney Servs, Inc.*, 127 F.3d 821, 825 (9th Cir. 1997), and in turn to *Schwarz v. Sec'y of Health & Human Servs.*, 73 F.3d 895, 900 (9th Cir. 1995), confirms that the district court's findings of fact that support the fee award must be clearly erroneous to warrant reversal, and the court's decision to award fees is reviewed for abuse of discretion.

Go to Table of Contents

Most other circuits have adopted this set.[98] *See Tamko Roofing Prods., Inc. v. Ideal Roofing Co.*, 282 F.3d 23, 30 (1st Cir. 2002); *Louis Vuitton Malletier S.A. v. LY USA, Inc.*, 676 F.3d 83, 105 (2d Cir. 2012); *Securacomm Consulting, Inc. v. Securacomm Inc.*, 224 F.3d 273, 279 (3d Cir. 2000); *Emp'rs Council On Flexible Comp. v. Feltman*, 384 F. App'x 201, 205-06 (4th Cir. 2010); *Schlotzsky's, Ltd. v. Sterling Purchasing & Nat'l Distribution Co.*, 520 F.3d 393, 402 (5th Cir. 2008); *Gnesys, Inc. v. Greene*, 437 F.3d 482, 488 (6th Cir. 2005); *United Phosphorus, Ltd. v. Midland Fumigant, Inc.*, 205 F.3d 1219, 1232 (10th Cir. 2000); *Welding Servs., Inc. v. Forman*, 301 F. App'x 862, 863 (11th Cir. 2008).

As the First Circuit explained when affirming fees in a Lanham Act case, "The widespread use of this standard for awards of attorneys' fees reflects the fact that only the district court has the intimate knowledge of the nuances of the underlying case," and "is better situated than the court of appeals to marshal the pertinent facts and apply the fact-dependent legal standard." *Tamko*, 282 F.3d at 30 n.4 (quotations and citations omitted). Here, the district court presided over eMove's case and made detailed factual findings and applied them to the Ninth

[98] The Seventh Circuit goes one step further. *See Cent. Mfg., Inc. v. Brett*, 492 F.3d 876, 883 (7th Cir. 2007) ("We review a grant of attorney fees to a prevailing party defendant under the Lanham Act only for clear error. And we will not reverse a determination for clear error unless it strike[s] us as wrong with the force of a 5-week-old, unrefrigerated dead fish." (quotations and citation omitted)).

Go to Table of Contents

Circuit standard for awarding fees; this is not a purely legal question that merits de novo review.

In addition, eMove recognizes (at 48-52) that the Ninth Circuit does not require a finding of bad faith but suggests that it will seek en banc or Supreme Court review on this point. Most circuits agree with the Ninth Circuit that a prevailing defendant need not show bad faith. *See Noxell Corp. v. Firehouse No. 1 Bar-B-Que Rest.*, 771 F.2d 521, 526 (D.C. Cir. 1985); *Tamko*, 282 F.3d at 32; *Securacomm*, 224 F.3d at 281; *Retail Servs., Inc. v. Freebies Publ'g*, 364 F.3d 535, 550 (4th Cir. 2004); *Eagles, Ltd. v. Am. Eagle Found.*, 356 F.3d 724, 728 (6th Cir. 2004); *Nightingale Home Healthcare, Inc. v. Anodyne Therapy, LLC*, 626 F.3d 958, 963-64 (7th Cir. 2010); *Hartman v. Hallmark Cards, Inc.*, 833 F.2d 117, 123 (8th Cir. 1987); *Nat'l Ass'n of Prof'l Baseball Leagues, Inc. v. Very Minor Leagues, Inc.*, 223 F.3d 1143, 1146-47 (10th Cir. 2000).

The panel must follow circuit precedent, *Hart v. Massanari*, 266 F.3d 1155, 1171 (9th Cir. 2001) ("Once a panel resolves an issue in a precedential opinion, the matter is deemed resolved, unless overruled by the court itself sitting en banc, or by the Supreme Court."), and in any event there is no reason for the Ninth Circuit to alter course and depart from the overwhelming majority authority from other circuits.

Go to Table of Contents

3. eMove's Contention That Losing on Summary Judgment Is Not Sufficient Misses the Point

eMove's brief also improperly attempts to suggest that it merely lost on summary judgment, thereby making it impossible for this case to qualify as "exceptional." (*See, e.g.*, OB27, 32-39.) But eMove ignores that the district court anticipated and rejected that precise argument: "[t]he simple fact that the court determines that the defendants were entitled to judgment does not mean that the plaintiff's claims were groundless."[99] It further ignores that the district court did not consider this case a close call, but rather "easily found that no genuine issues of material facts existed."[100]

Consequently, this was no ordinary failure of proof as eMove suggests. Rather, the evidence supporting eMove's claims was "[s]trikingly absent."[101] The district court even twice characterized eMove's case as "throwing mud at the wall and hoping that some of it will stick."[102] As *Cairns*, *Societe Civile*, *Love*, and *Secalt* teach, findings like these are sufficient to "support [] the district court's conclusion that the Lanham Act claims were 'groundless and unreasonable'." *Love*, 611 F.3d at 616.

---

[99] ECF-210 at 3.

[100] *Id.* at 4.

[101] *Id.* (quoting ECF-168 at 17).

[102] *Id.* at 3; ECF-168 at 13.

Go to Table of Contents

4. eMove's Brief Intentionally Asks the Court to Not View the Case as a Whole, Which Likewise Exposes the Flawed Nature of Its Appeal

A fourth global defect with eMove's brief is its effort to isolate each procedural step in the case, rather than viewing the totality of what occurred under the "exceptional" standard. For example, eMove argues (at 43-46) that its filing of the Amended Complaint does not make this case exceptional. It further tries to carve out as defensible (at 46-48) the shifting nature of its claims. These arguments go nowhere because the district court found the case "exceptional" based on the totality of eMove's conduct throughout the litigation.[103] The Lanham Act fee provision "looks to the whole of the case rather than to small segments of the litigation." *Securacomm*, 224 F.3d at 283 (quotations omitted); *see also Venture Tape Corp. v. McGills Glass Warehouse*, 540 F.3d 56, 64 (1st Cir. 2008) (district court reviews the "totality of the circumstances" when determining whether case is exceptional). That approach follows the mandate of the statute, which provides for fees "in exceptional ***cases***." 15 U.S.C. § 1117(a)(3) (emphasis added). Consequently, although eMove understandably wishes to avoid reviewing the case in light of the totality of what occurred, the Court should not be fooled into granting this wish.

[103] *See, e.g.*, ECF-210 at 4 ("The Amended Complaint is ***further*** indicative of the plaintiff's unreasonable attempts to make something stick in this case.") (emphasis added).

Go to Table of Contents

5. eMove's Repeated Requests for This Court to Excuse Its Weaknesses Because SMD Allegedly "Destroyed" Evidence Is Improper

eMove's position on appeal also improperly theorizes that SMD "destroyed" evidence that would have supported its claims. (OB10, 13, 16, 24, 31, 32, 37-38). eMove suggests that but for the destruction of this unidentified "evidence," its case would have been stronger, and it might even have avoided summary judgment. While the allegation is false, these arguments are improper for several reasons.

As an initial matter, the record does not support eMove's contention that SMD produced only a few emails with customers. In fact, SMD produced hundreds of such email chains along with 16,000 pages of documents.[104] Second, and more fundamentally, eMove only raised the issue of document destruction with the district court as an effort to stave off summary judgment.[105] eMove waived any such argument and the district court never made any findings about eMove's specious and desperate allegation. *See Harris v. Super. Ct.*, 278 F. App'x 719, 722 (9th Cir. 2008) (spoliation claim waived on appeal); *Kinnally v. Rogers Corp.*, No. CV-06-2704-PHX-JAT, 2008 WL 4850116, at *6 (D. Ariz. Nov. 7,

[104] ECF-209-1 at 3-4 ¶ 12; ECF-201 at 2.

[105] eMove raised this issue for the first time in response to SMD's summary judgment motion. ECF-146. Fact discovery had already closed by that point. The district court, however, had warned that "Absent extraordinary circumstances, the court will not entertain fact discovery disputes after the deadline for completion of fact discovery . . ." ECF-14 at 3-4.

Go to Table of Contents

2008) ("The majority of Plaintiffs' arguments regarding spoliation are actually ***untimely discovery disputes***." (emphasis added)). Having never obtained a ruling from the district court on this issue, eMove cannot now claim that pertinent evidence was destroyed, or otherwise suggest the district court erred for reasons related to such evidence. *Cf. Marbled Murrelet v. Babbitt*, 83 F.3d 1060, 1066-67 (9th Cir. 1996) ("by failing to request a ruling on the admissibility of the evidence in the district court" party waived on appeal objections related thereto). In light of that, eMove's reliance on these arguments merely confirms that the Court should affirm.

B. The Merits of eMove's Argument on Appeal Do Not Withstand Scrutiny

In addition to suffering from several fundamental and fatal flaws, the merits of eMove's brief—even taken on its own terms—do not withstand scrutiny.

1. Contrary to Its Assertion, eMove Had No Reasonable Basis for Its Position on Dissemination

eMove argues (at 32-39) that its position on dissemination was not unreasonable or frivolous because it really did have "extensive evidence supporting its claims" (notwithstanding the district court finding "precisely" the opposite).[106] As noted above, this argument relies primarily on an improper attempt to attack the district court's summary judgment ruling. (*See, e.g.*, OB32-

[106] ECF-210 at 3.

Go to Table of Contents

33 arguing the district court misapplied the summary judgment standard.) Moreover, it badly distorts the record by pretending it includes evidence that does not exist. (E.g., OB31 ("eMove presented extensive evidence raising non-frivolous inferences that eMove engaged in an organized campaign of disparagement and that its CEO made a widely-disseminated false statement."). The actual record confirms that eMove had no reasonable basis for its position on dissemination.

a. Under the Lanham Act a Reasonable Dissemination Claim Requires Broad Dissemination

To satisfy the Lanham Act's "commercial advertising or promotion" requirement, the statements "must be disseminated sufficiently to the relevant purchasing public to constitute 'advertising' or 'promotion' within that industry." *Coastal Abstract*, 173 F.3d at 735 (citation omitted). Isolated statements made to only a few individuals are not actionable under the Lanham Act unless the entire market consists of only a few customers (certainly not the case here, where there are tens of thousands of customers). *Id.*[107]

[107] Other courts have reached the same conclusion. *See, e.g., Fashion Boutique of Short Hills, Inc. v. Fendi USA, Inc.*, 314 F.3d 48, 58 (2d Cir. 2011) (27 oral statements in a marketplace of thousands of customers insufficient); *Cargill Inc. v. Progressive Dairy Solutions, Inc.*, No. CV F-07-0349-LJO-SMS, 2008 WL 2235354, at *15 (E.D. Cal. May 29, 2008) (statements made to two customers insufficient when the market spanned "several states in the United States"); *Walker & Zanger, Inc. v. Paragon Indus., Inc.*, 549 F. Supp. 2d 1168, 1182 (N.D. Cal. 2007) ("A handful of statements to customers does not trigger protection from the Lanham Act unless 'the potential purchasers in the market are relatively limited in number' . . . .") (citing *Coastal Abstract Serv., Inc. v. First Am. Title Ins. Co.*,

Go to Table of Contents

b. For All but One Statement, eMove Had No Reasonable Basis to Believe That Any Case for Dissemination Occurred

Correctly applying the law, the district court found eMove's evidence of dissemination strikingly absent. As it explained, "these allegedly false statements can be found in three places: the Lorton Fax, excerpts from the call log dated April 26, 2010, and January 11, 2010, and Mr. Goldsberry's declaration [regarding a trade show]."[108] Those isolated statements necessarily fail the "sufficient dissemination" requirement, and no reasonable litigant could suggest otherwise.

Tellingly, eMove identifies (at 35-36) a host of ways in which advertising can be disseminated: displays at trade shows, sales presentations, face-to-face or word-of-mouth communications, and statements over the telephone.[109] But the

---

173 F.3d 725 (9th Cir. 1999)); *Auto-Chlor Sys. of Minn., Inc. v. JohnsonDiversey*, 328 F. Supp. 2d 980, 1019-20 (D. Minn. 2004) (3 statements in a marketplace of hundreds of customers insufficient); *Prof'l Sound Servs., Inc. v. Guzzi*, 349 F. Supp. 2d 722, 729 (S.D.N.Y. 2004) *aff'd*, 159 F. App'x 270 (2d Cir. 2005) (statement to one of 36 customers insufficient).

[108] ECF-168 at 19.

[109] The alleged false statements also fall far short of the cases upon which eMove relies (at 35): *Fashion Boutique*, 314 F.3d at 58 (27 oral statements in a marketplace of thousands of customers insufficient); *Seven-Up Co. v. Coca-Cola Co.*, 86 F.3d 1379, 1385 (5th Cir. 1996) (*written materials* distributed at trade shows); *Town & Country Motors, Inc. v. Bill Dodge Auto. Group, Inc.*, 115 F. Supp. 2d 31, 35 (D. Me. 2000) (a "handful" of incidents); *Avon Prods., Inc. v. S.C. Johnson & Son, Inc.*, 984 F. Supp. 768, 773, 795 (S.D.N.Y. 1997) (written materials distributed by sales representatives); *Nat'l Artists Mgmt. Co. v. Weaving*, 769 F. Supp. 1224, 1235-36 (S.D.N.Y. 1991) (promotion to 10 or 20 out of 30 customers, addressed "preliminar[il]y" for purposes of determining jurisdiction);

Go to Table of Contents

medium of communication is not what is important. To be actionable, the statements must be sufficiently distributed to the purchasing public—regardless of the medium. *See Fashion Boutique of Short Hills, Inc. v. Fendi USA, Inc.*, 314 F.3d 48, 58 (2d Cir. 2011).

Relying upon *Guidance Endodontics, LLC v. Dentsply Int'l, Inc.*, 663 F. Supp. 2d 1138 (D.N.M. 2009), eMove also makes the unremarkable point (at 35-36) that circumstantial evidence can support the dissemination requirement. But in *Guidance*, unlike here, the plaintiff had specific, documented evidence of dissemination such as declarations from customers; the actual false statement repeated in internal documents; specific, documented telephone calls from customers inquiring about the specific false statements; and documentary proof of an internal marketing policy. 663 F. Supp. 2d at 1141-42.

That is a far cry from eMove's groundless case, which is built upon suppositions, innuendo, and baseless requests for inferences. In an effort to suggest otherwise, eMove claims (at 36-37) that there was evidence demonstrating a "campaign" of "false statements." But eMove fails to mention that these statements obviously were not actionable for other reasons (e.g., that they were not false or material).

Bracco Diagnostics, Inc. v. Amersham Health, Inc., 627 F. Supp. 2d 384 (D.N.J. 2009) (broad dissemination including written materials at trade shows, distribution of articles, website ads, print ads, television ads, and continuing education materials).

Go to Table of Contents

eMove also claims (at 18 n.3) that one of the defendants said "F*ck U-Haul," but glosses over that the alleged statement was made *to eMove and U-Haul employees*, not to "the relevant purchasing public." *Coastal Abstract*, 173 F.3d at 735; *see also Pitney Bowes, Inc. v. ITS Mailing Sys., Inc.*, No. CIV.A. 09-05024, 2010 WL 1005146, at *5 (E.D. Pa. Mar. 17, 2010) ("private statements *to competitors*," rather than to consumers, are not "commercial advertising"). For this and a variety of other reasons (e.g., the statement is also not false or misleading), eMove had no reasonable basis to believe this statement was actionable, and the issue is not a close call.

The "50 references to eMove" in SMD's call logs fare no better. The Lanham Act does not prohibit mere "references" to a competitor in an internal log. For example, "trying to convince owner to convert," (at 16), presumably from eMove to SMD's software, is not wrong; it is legitimate competition and eMove had no reasonable basis to suggest otherwise. Similarly, the internal note that an employee "got" a customer (at 16) is virtually meaningless.

The district court made detailed findings about the lack of dissemination of the alleged misstatements and noted the evidence was "[s]trikingly absent."[110] There was an *exceptional* lack of evidence, as in *Cairns*, *Societe Civile*, *Love*, and *Secalt*.

[110] ECF-168 at 13-21.

Go to Table of Contents

2. Contrary to eMove's Contention the Hecker Internet Posting Did Not Preclude the District Court from Awarding Fees

eMove contends (at 39-43) that the district court had no discretion to award fees because eMove also relied on the internet posting to avoid summary judgment. According to eMove, this Court must reverse because in its fee order the district court noted its prior finding on dissemination, but the court's summary judgment ruling on the internet posting was unrelated to dissemination. This argument is flawed for many reasons, including that (1) it ignores the district court's other findings, (2) eMove never asked the district court to make the findings it now claims were necessary, and (3) its reliance on the internet posting was frivolous for other reasons.

a. eMove Ignores That the Rest of Its Claims Were Also Groundless and Unreasonable

eMove's argument presupposes that the district court's fee award must be reversed if a single one of its positions below was correct or at least was not frivolous. Not so. As explained above (Argument § II(A)(4)), it is the ***case*** that is exceptional. 15 U.S.C. § 1117(a)(3); *Securacomm*, 224 F.3d at 283. The remaining aspects of eMove's case suffice to make the case exceptional.

Moreover, the district court's findings are sufficient to justify an award. First, the district court's order implicitly and necessarily found that every aspect of eMove's case was groundless and unreasonable, including the message board post.

Go to Table of Contents

It twice characterized eMove's claims as "throwing mud" and expressly referenced its summary judgment opinion, which specifically addressed[111] the message board statement.

Second, the district court was not required to make findings about every detail of the case when awarding fees. There is no ambiguity in the court's opinion: the court "[**FOUND**] that the plaintiff's claims here were groundless and unreasonable,"[112] and unlike the cases upon which eMove relies, supported that finding with specific details of eMove's case. The Lanham Act does not require more.

b. eMove's Arguments About the Message Board Post Are Waived

eMove begins its discussion of the message board post by criticizing (at 40) the district court's lack of findings on the topic in the order awarding fees. eMove ***never asked*** the court to make the very finding it is now claiming the court should have made. SMD specifically raised the groundlessness and unreasonableness of

[111] The cases eMove cites (at 40) do not help. In *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1205 (11th Cir. 2001), unlike here, the district court awarded fees without articulating any basis for doing so. In *Gordon & Breach Sci. Pubs. S.A. v. Am. Inst. of Physics*, 166 F.3d 438, 439 (2d Cir. 1999), the district court *denied* fees and the Second Circuit affirmed; nothing in the case supports eMove's proposition.

[112] ECF-210 at 3.

Go to Table of Contents

eMove's theory about the message board post in its motion for fees.[113] eMove never challenged that argument with the district court; its response[114] fails even to address the message board post. It waived that argument. eMove cannot now seek reversal for something it never asked the court to do, particularly when SMD raised the issue and eMove stayed silent. *See United States v. Tosca*, 18 F.3d 1352, 1355 (6th Cir. 1994) ("It is a general principle of appellate jurisprudence that a party desiring more particularized findings at the trial court level must request them from the trial court."); *Meyer v. Portfolio Recovery Assocs., LLC*, 707 F.3d 1036, 1044 (9th Cir. 2012) ("[A]rguments not raised before the district court are waived.").

Moreover, even if eMove brought one legitimate claim in a sea of baseless claims, at most the district court could have apportioned fees between eMove's legitimate and baseless claims. eMove cites (at 40) *Fox v. Vice*, 131 S. Ct. 2205, 2212 (2011), for this proposition. Here, too, however, eMove waived its argument because it ***never requested*** such apportionment from the district court. As a result, eMove cannot now claim error on that basis.

[113] ECF-201 at 5-6.

[114] ECF-207.

Go to Table of Contents

c. The District Court Properly Found That the Message Board Post Was Not False or Misleading

The fee award should also be affirmed because eMove's position on the message board post ***was*** groundless and unreasonable. *See Earthquake*, 352 F.3d at 1216 ("A district court's failure to articulate its findings underlying its award of attorney's fees . . . is not an abuse of discretion, however, if the record supports the decision of the district court."); *see also United States v. Pope*, 686 F.3d 1078, 1083 (9th Cir. 2012) ("[W]e may affirm on any basis supported by the record.").

The statement in question was contained in a post allegedly created by Mr. Hecker on an internet message board on January 24, 2008:

> Compare that to UHAULS referrals. Some UHAUL dealers, but not most, claim there are referrals from other UHAUL dealers. The 2 features above are available in SiteLink out of the box. No other software offers such broad-based value, ready to use, at no more cost than one simple web site setup.
>
> Showing at or near the top of ANY search exposes owners' web sites to more clients than the narrow UHAUL system. Join UHAUL just the same, still get their referrals, but why limit exposure to a closed network vs. the entire web by not using SiteLink Web Edition?[115]

The district court correctly found that this post was not "false or misleading."[116] In order to be considered false or misleading, a plaintiff must prove that "the challenged advertisement is literally false, or [that] the challenged advertisement is literally true, but misleading." *Johnson & Johnson Vision Care*,

[115] ECF-168 at 22.

[116] *Id.* at 22-23.

Go to Table of Contents

Inc. v. 1-800 Contacts, Inc., 299 F.3d 1242, 1247 (11th Cir. 2002). A plaintiff claiming an advertisement is true but misleading must also present evidence of consumer deception. *Id.*

The message board post satisfies none of those requirements. As the district court found, it is not literally false. The message board post, which refers to "UHAULS referrals," refers to a referral network between stores, which eMove ***admitted***, "is available only to U-Haul dealers and premier-level affiliates."[117] As the district court noted,[118] eMove did not contest that description and interpretation below. On appeal, eMove criticizes the district court's opinion but fails even to acknowledge its reasoning on literal falsity. This was not a close question, and it certainly was not clearly erroneous.

eMove's arguments concerning its alternate interpretations of the post are even worse. The district court's reasoning on this point was simple, as it should be. The post repeatedly makes clear that it is referring to U-Haul's ***referral*** system ("Compare that to UHAULS referrals," "referrals from other UHAUL dealers," and "still get their referrals"), not whether eMove affiliate websites are available through search engines. As a result, the district court concluded that the post could not have meant that eMove is not accessible to the internet or that customer listings

[117] ECF-147 at 27 ¶ 106.

[118] ECF-168 at 22-23.

Go to Table of Contents

are not listed in search engines, as eMove claims.[119] Moreover, as the court explained, if eMove based its claims on a non-literal interpretation of the post, then it had the burden of producing extrinsic evidence of how consumers perceived the post.[120] eMove did not do so and offers no justification for its failure to produce such evidence.

In criticizing the court's opinion, eMove grossly mischaracterizes the order. eMove claims "the court ***itself*** acknowledged that the statement was false" (at 42) and that the court "acknowledg[ed] the facial falsity" of the statement (at 43). The district court did no such thing. The court found no dispute of material fact as to whether the statement was literally false.[121] It then addressed eMove's alternate, non-literal interpretations of the statement and ***rejected them***, explaining that "no reasonable trier of fact could conclude" that the post had the outlandish meaning eMove ascribed to it.[122] In so doing, it explained in a dictum that "it seems unlikely that the defendants would suggest that eMove.com itself is closed, because this assertion can be tested and proven false so easily."[123] In other words, the statement says *X*, which is true, and no one would interpret it to mean *Y*

---

[119] ECF-168 at 23.

[120] *Id.* (citing *Walker*, 549 F. Supp. 2d at 1182).

[121] ECF-168 at 22-23.

[122] *Id.* at 23.

[123] *Id.*

Go to Table of Contents

because *Y* is so obviously false. The court did not suggest that the ***message board post*** was false; it explained that ***eMove's interpretation*** was obviously wrong.

eMove has even gone so far as to take its charade to this Court. eMove includes in a parenthetical (at 33), "'***there is evidence***' that SMD made statements alleged to be false." (Emphasis added; quoting ECF-168 at 21). The emphasized phrase purports to be the opinion of the district court. It is not. The quote comes from the court summarizing, ***and then rejecting***, eMove's argument:

> The ***plaintiff argues*** that the trier of fact may conclude that because there is evidence that the defendants said each *allegedly* false statement[] once, twice, or at most three times, the defendants must have said each statement many more times because there is evidence that the defendants discussed eMove and WebSelfStorage. ***I disagree***.[124]

Far from holding that there is evidence to support eMove's position, the district court explained ***eMove's argument***, couching it with "allegedly," and then noted the court's ***disagreement*** with that argument. None of eMove's arguments concerning the message board post hold water.

3. eMove Misses the Point Concerning the Amended Complaint

eMove argues (at 43-46) that filing its Amended Complaint did not make its case exceptional because it sought leave to file before the summary judgment order issued, and thus purportedly was "simply following the court's order granting

[124] ECF-168 at 21 (emphases added).

Go to Table of Contents

leave to amend." This argument badly misses the point and provides no reason for this Court to reverse.

Although eMove made its ***request*** for leave to amend before the district court granted summary judgment, eMove filed the Amended Complaint four days after the order was entered. Upon receipt of the district court's order, no reasonable litigant would have pressed ahead with more of the same frivolous claims. eMove, however—consistent with the groundless positions it took earlier—***continued to press its new claims after the order had issued.***

Nothing in the court's order granting leave to file the Amended Complaint required eMove to continue prosecuting its groundless case. *Eventually,* eMove wised up and voluntarily dismissed its own case with prejudice, but only after forcing SMD to endure more discovery and incur more fees preparing for trial (then merely thirty-nine days away). The district court got it exactly right in finding that "[t]he Amended Complaint is further indicative of the plaintiff's unreasonable attempts to make something stick in this case."[125]

Moreover, even though the court granted leave to file the Amended Complaint, it did not express any optimism about the likely success of eMove's new claims. To the contrary, the summary judgment order made abundantly clear that eMove should not pursue a Lanham Act claim involving a single statement

[125] ECF-210 at 4.

Go to Table of Contents

made to a single person. The court's reasoning in granting summary judgment applied with equal force to the claims in the Amended Complaint. If there was ever any doubt that eMove's new claims would fail, the court's order eliminated it. In other words, instead of learning its lesson, eMove continued to press what it then knew was a groundless case. *See Societe Civile*, 305 F. App'x at 338 ("Societe's failure to dismiss its claim earlier in the proceeding once it knew that there was no evidence to support it was 'unreasonable.'").

As discussed above (Argument § (I)(B)(2)), this Court affirmed an award of fees when a plaintiff pressed its Lanham Act case after it was "on notice" of the shortcomings of its case. *Secalt*, 668 F.3d at 688. Moreover, in *Secalt* the warning came from another court, leaving open the possibility that another judge would see its case differently. In this case, however, eMove's warning came from the same judge who would preside over its new claims. eMove simply cannot escape that its decision to file and press its new claims confirms the unreasonableness and groundlessness of its case.

4. eMove Misses the Point Concerning Its Alleged "Narrowing the Focus" of Its Claims

eMove argues (at 46-47) that it should not be sanctioned for "narrowing the focus of its claims." (Capitalization altered.) That benign and self-serving description mischaracterizes the record and misses the point. eMove did not

Go to Table of Contents

merely narrow its claims. It dramatically altered them throughout litigation in a manner that made defending the case needlessly more expensive.

As explained above (Argument § II(B)(4)), eMove's complaint and discovery responses bore little resemblance to how it defended against summary judgment. The Lorton Fax came and went as it suited eMove's needs at the moment, its damages theories dramatically changed, and it was nearly impossible to identify any misstatements that were actually at issue in the case. The district court shared SMD's exasperation. It explained that it was difficult to "pin[] down the statements that the plaintiff claimed to be actionable,"[126] and ***twice*** observed that eMove's "theory of the case evolved."[127] This was not narrowing, it was zig-zagging.

Moreover, the district court's findings should stand even if eMove had merely narrowed its claims. Timing is key. eMove did not proactively narrow its case in order to focus litigation and save the parties and the court from unnecessary battles.[128] Instead, it abandoned various claims and theories ***after*** they had been briefed: in response to SMD's *Daubert* motion,[129] in response to SMD's summary

---

[126] ECF-210 at 4.

[127] *Id.* at 3; *accord* ECF-168 at 13.

[128] Or at least it did not do so and stick with it; although it affirmatively abandoned its Lorton Fax claims, its brief on appeal demonstrates that it chose to resurrect it.

[129] ECF-84 at 7 n.4.

Go to Table of Contents

judgment motion,[130] and even as late as oral argument on summary judgment.[131] eMove should have, but did not, proactively and affirmatively narrow its claims ***before*** forcing SMD and the district court to spend time and money on them. eMove's "failure to dismiss its claim earlier in the proceeding" made its case unreasonable. *Societe Civile*, 305 F. App'x at 338.

III. If the Court Concludes the District Court Abused Its Discretion by Finding eMove's Case to Be Groundless and Unreasonable, It Should Remand for the District Court to Rule on the Other Grounds Raised for Fees Below

In addition to the above, this case truly is exceptional for many more reasons. The statements were not false. They were not material. Customers were not deceived. eMove suffered no harm. And eMove pursued its case vexatiously and in bad faith. Any reasonable litigant would know that virtually every aspect of the case was groundless.

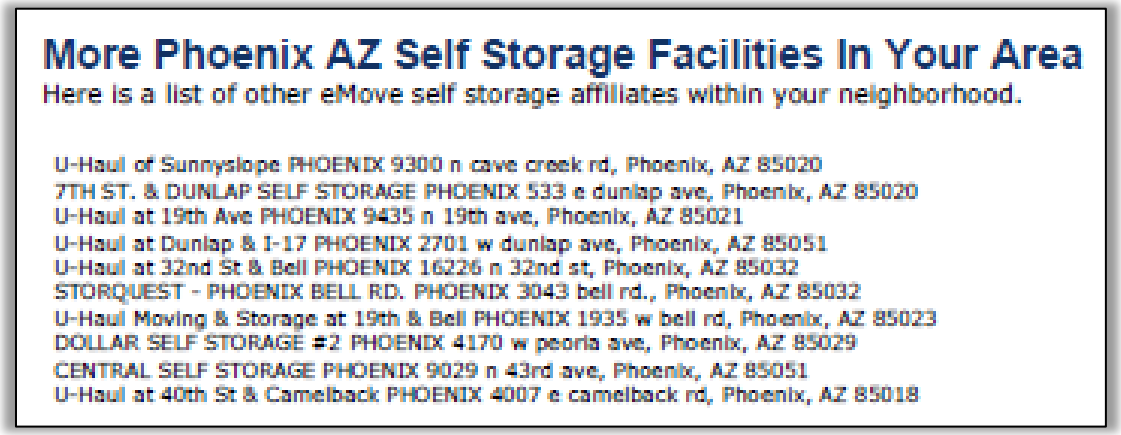
A single example demonstrates one of the fundamental flaws in eMove's case, that the statements were not false. eMove claims (at 18), "Hecker falsely indicated that when a customer is searching for non-U-Haul affiliated facility [sic], the eMove website will display U-Haul-owned self-storage facilities." This is far from literally false; it is quite literally true. The following image appeared at the

[130] *See* ECF-168 at 13 & n.4; ECF-210 at 3-4.

[131] ECF-198 at 52:9-16.

Go to Table of Contents

bottom of the eMove affiliate page for a non-U-Haul affiliated facility.[132] It clearly shows listings for U-Haul-owned facilities:



More Phoenix AZ Self Storage Facilities In Your Area

Here is a list of other eMove self storage affiliates within your neighborhood.

U-Haul of Sunnyslope PHOENIX 9300 n cave creek rd, Phoenix, AZ 85020
7TH ST. & DUNLAP SELF STORAGE PHOENIX 533 e dunlap ave, Phoenix, AZ 85020
U-Haul at 19th Ave PHOENIX 9435 n 19th ave, Phoenix, AZ 85021
U-Haul at Dunlap & I-17 PHOENIX 2701 w dunlap ave, Phoenix, AZ 85051
U-Haul at 32nd St & Bell PHOENIX 16226 n 32nd st, Phoenix, AZ 85032
STORQUEST - PHOENIX BELL RD. PHOENIX 3043 bell rd., Phoenix, AZ 85032
U-Haul Moving & Storage at 19th & Bell PHOENIX 1935 w bell rd, Phoenix, AZ 85023
DOLLAR SELF STORAGE #2 PHOENIX 4170 w peoria ave, Phoenix, AZ 85029
CENTRAL SELF STORAGE PHOENIX 9029 n 43rd ave, Phoenix, AZ 85051
U-Haul at 40th St & Camelback PHOENIX 4007 e camelback rd, Phoenix, AZ 85018

eMove has never offered any evidence disputing the truth of this statement. As in *Cairns*, "the statements . . . were true and [the plaintiff] had no reasonable basis to believe they were false." 292 F.3d at 1156. Although the district court did not evaluate the falsity of this statement or most of the others (because it did not need to do so), it could do so on remand if necessary.

As this example illustrates, determining whether a case is exceptional inherently depends on the facts of the case and the progression of litigation. "[O]nly the district court has the intimate knowledge of the nuances of the underlying case. . . . [I]n determining whether sanctions are warranted the district court is better situated than the court of appeals to marshal the pertinent facts and apply the fact-dependent legal standard." *Tamko*, 282 F.3d at 30 n.4 (quotations

[132] ECF-72-5 at 8. The full webpage appears at ECF-72-5 at 6-8; the page is discussed in context at ECF-70 at 8-10 ¶¶ 59-69, and ECF-72-5 at 1-8.

Go to Table of Contents

and citations omitted). As a result, if the district court's stated reasons are inadequate then the case should be remanded. *See Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 881 (9th Cir. 1999) ("As an appellate court, we are ill-equipped to determine Avery Dennison's motivation for bringing and pursuing this litigation. We therefore remand the attorneys' fees question to the district court for determination.").

In this case, SMD argued below that it was entitled to fees for reasons in addition to, and independent of, those relied upon by the district court.[133] However, in light of the findings it made, which were sufficient to entitle SMD to fees, the district court did not reach these additional bases. But these grounds too entitled SMD to fees, making remand appropriate if the Court disagrees with the district court's basis for the fee award.

Accordingly, and contrary to eMove's assertion (at 28), if the Court disagrees with the district court's basis for the fee award, it should not merely reverse, but remand for the district court to rule in the first instance on the additional bases supporting fees raised by SMD below. Alternatively, because the Court may affirm on any ground supported by the record, it could affirm on any one of these alternative bases.

[133] ECF-201; ECF-209.

Go to Table of Contents

CONCLUSION

Because the district court did not commit clear error or abuse its discretion in finding that eMove's case was groundless and unreasonable and awarding fees to SMD, the judgment of the district court should be affirmed.

RESPECTFULLY SUBMITTED this 17th day of May, 2013.

OSBORN MALEDON, P.A.

By s/ Thomas L. Hudson

Thomas L. Hudson, AZ Bar No. 014485
Maureen Beyers, AZ Bar No. 017134
Erick S. Ottoson, AZ Bar No. 026970
Eric M. Fraser, AZ Bar No. 027241
2929 North Central Avenue, Suite 2100
Phoenix, Arizona 85012-2794
(602) 640-9300
(602) 640-9050
thudson@omlaw.com
mbeyers@omlaw.com
eottoson@omlaw.com
efraser@omlaw.com

Go to Table of Contents

STATEMENT OF RELATED CASES

Defendants/Appellees are not aware of any cases that are related within the meaning of Ninth Circuit Rule 28.2.6.

Go to Table of Contents

CERTIFICATE OF COMPLIANCE

1. This brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B) because:

☒ this brief contains 13,626 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii), *or*

☐ this brief uses a monospaced typeface and contains [state the number of] lines of text, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii).

2. This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because:

☒ this brief has been prepared in a proportionally spaced typeface using Word 2007 with 14 point, Times New Roman font, or

☐ this brief has been prepared in a monospaced typeface using [state name and version of word processing program] with [state number of characters per inch and name of type style].

Dated this 17th day of May, 2013.

s/ Thomas L. Hudson
Attorneys for Defendants-Appellees

Go to Table of Contents

CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing with the Clerk of the Court for the United States Court of Appeals for the Ninth Circuit by using the appellate CM/ECF system on May 17, 2013.

Participants in the case who are registered CM/ECF users will be served by the appellate CM/ECF system.

I further certify the following participant in the case is not a registered CM/ECF user. I have mailed the foregoing document by First-Class Mail, postage prepaid, to the following non-CM/ECF participant:

Luther D. Starling, Jr.
Daughtry Woodard Lawrence & Starling
405 East Market Street
Smithfield, NC 27577

s/ Thomas L. Hudson
Attorneys for Defendants-Appellees