UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

EDIBLE INTERNATIONAL, LLC and EDIBLE IP, LLC,	)	
Plaintiffs,	)	Case No. 3:18-cv-00216-MPS
v.	)	
GOOGLE LLC	)	
Defendant.	)	January 11, 2019

MEMORANDUM IN SUPPORT OF DEFENDANT GOOGLE LLC'S EMERGENCY MOTION TO REOPEN CASE FILE

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Defendant Google LLC ("Google") respectfully submits this memorandum of law in support of its Emergency Motion to Reopen the Case File in this action.

INTRODUCTION

Plaintiff Edible IP, LLC ("Edible IP") is contemptuously violating this Court's order of July 13, 2018, which granted Google's "motion to compel arbitration with respect to all of the plaintiff's claims," stayed the case, and administratively closed it. (Dkt. No. 37 at 1, 10.) In defiance of the Court's order holding that all of Edible IP's claims against Google relating to its AdWords program (now known as "Ads") are subject to the arbitration clause, Edible IP is attempting to forum shop its grievances against Google relating to the AdWords program elsewhere. Earlier this week, Edible IP served Google with a summons and complaint that Edible IP filed in the Superior Court of Georgia, alleging variously titled claims that all arise from Google's AdWords program. Like the complaint Edible IP filed in this Court, "[t]he gravamen of the plaintiff's complaint is that the defendant 'accomplishes [an] unlawful scheme of exploiting the [plaintiffs' mark] through various means, including without limitation its Adwords programs.'" *Id.* at 7.

The Court's Order specifically provided that Google could "seek to initiate further proceedings in this action." Dkt. 1 at 10. Google now seeks to do so and requests this action be reopened so that it can seek injunctive relief to protect and preserve the federal court's exercise of its jurisdiction in determining the arbitrability of Edible IP's claims relating to Google's AdWords Program, giving full effect to the Federal Arbitration Act, and confirming any eventual arbitration award flowing from this Court's Order. If Edible IP's contemptuous attempt to flout this Court's exercise of its jurisdiction is not enjoined, Google will be irreparably harmed by having to defend the Georgia State Court action, wasting time and resources on claims that are subject to the same arbitration clause this Court already construed and applied, and which are

futile on multiple grounds. Because the Georgia Uniform Superior Court Rules and Civil Practice Act require Google to submit a responsive pleading in 30 days of service, time is of the essence. Google therefore seeks expedited review of its motion.

Google's emergency motion that the Court order the case file in this action to be reopened should be granted so that Google can seek (i) a temporary restraining order and preliminary injunction staying Edible IP's action before the Superior Court of Georgia, and (ii) an Order to Show Cause why Edible IP should not be held in contempt of this Court's July 13 Order compelling arbitration.

FACTUAL AND PROCEDURAL BACKGROUND

Edible IP files a lawsuit based on "sales" of the "Edible Arrangements" Trademark. Edible IP and its co-plaintiff initiated this action on February 5, 2018. *See* Dkt. 1. Edible IP's complaint is based on the central allegation that "Google [purportedly] accomplishes [an] unlawful scheme of exploiting the EDIBLE ARRANGEMENTS [tradem]ark through various means, including without limitation . . . its marketing and 'sale' of Edible Arrangements' valuable trademarks as keywords to Edible Arrangements' direct competitors[.]" Dkt. 1 at ¶43; *accord* Dkt. 37 at 7 (referring to this allegation as the "gravamen of the plaintiff's complaint"). On that basis, Edible IP alleged various violations of the Lanham Act, Connecticut state law, and common law unfair competition. *See, generally* Dkt. 1 at ¶¶57-76.

Google successfully moves to compel arbitration of Edible IP's claims. After two months of futile attempts to resolve the Parties' dispute informally, Google filed a motion to compel arbitration on April 2, 2018. *See* Dkts. 28, 29. As explained in the memorandum of law supporting Google's motion, Edible IP and its co-plaintiff were bound by Google's Terms and Conditions, because they participated in Google's advertising program by purchasing advertisements that would use the Edible Arrangements trademark owned by Edible IP. *See* Dkt.

29 at 7-10. Dkt. 29 at 4, n. 1. In its opposition to Google's motion to compel arbitration, Edible IP never disputed it was bound by these terms; rather, it admitted that it participated in Google's advertising programs, and was thus bound by Google's Terms and Conditions, including the arbitration agreement. *See* Dkt. 33 at 1 (acknowledging Edible IP's "participation in Google's advertising programs"). Indeed, the Court's order recognized that "[Edible IP's] sole argument in opposition to the defendant's motion to compel arbitration avers that arbitration should not be compelled because their claims fall outside the scope of the arbitration clause." *See* Dkt. 37 at 5. But the Court rejected that argument and found Edible IP's claims within the scope of the arbitration agreement. *See, generally* Dkt. 37.

Edible IP refiles its claims in Georgia Superior Court. On December 21, 2018, Edible IP initiated the Georgia Action against Google (incorrectly captioned as Google Inc., a prior entity). *See* Ex. A at 1. The Georgia Action raises the same substantive claims that this Court already ordered to arbitration—namely that Google's "sale" [sic] of the trademarked name "Edible Arrangements" as a keyword term in its AdWords program is somehow "unlawful." *Compare, e.g.* Dkt. 1 at ¶43 (alleging that Google engages in the "marketing and 'sale' of Edible Arrangements' valuable trademarks as keywords to Edible Arrangements' direct competitors") *with* Ex. A at ¶42 (alleging "Google [] sells the name 'EDIBLE ARRANGEMENTS' to unlicensed third parties. Google has no right to sell, and the third parties have no right to buy from Google, the goodwill associated with that name.").

Well aware that it is merely repackaging the same claims this Court found subject to the arbitration agreement, Edible IP's Georgia Action complaint asserts, *ipse dixit*, that "[t]he claims brought in this case are separate and distinct from any prior claims brought against Google." Ex. A at ¶ 48. This is not true. As shown above, its core complaints are substantively identical.

Edible IP alleges that its Georgia claims "have nothing to do with any direct relationship between Google and Edible IP." *Id.* But this is exactly the same failed argument Edible IP made in opposing Google's motion to compel in this Court. Dkt. 37 at 8 ("The plaintiffs' contention that their claims fall outside the scope of the arbitration clause because they do not relate to the parties' contract does not merit a contrary conclusion.").

Edible IP's second point of alleged "distinction"—that Edible IP is not an advertiser on Google and does not participate in Google's advertising program, Ex. A at ¶ 48—is belied by its judicial admission in this action and the record. Dkt. 33 at 1 (acknowledging Edible IP's "participation in Google's advertising programs"); Dkt. 29 at 4, n. 1 (demonstrating that Edible IP is bound by Google's Terms as an "Advertiser").

As a third point of "distinction," Edible IP alleges in its Georgia Action complaint that it "merely seeks to protect its property rights through an injunction and by forcing Google to pay damages from unlawfully selling Edible IP's goodwill and other property, including (inter alia) disgorgement of the money Google received from the unlawful conduct." Ex. A. ¶ 48. Edible IP sought the same relief from this action. Compl., Dkt. 1, at 16-17 (seeking, among other relief, "injunction against Google directing it to [] Cease recommending and selling Edible Arrangements' trademarks to others" and "That Google be directed to account for and pay to Plaintiffs Google's profits resulting from its unlawful acts.").

ARGUMENT

This Court held that Edible IP's claims relating to Google's AdWords programs are subject to arbitration. Dkt. 37 (the "Order"). Edible IP never sought reconsideration of that Order. Nor did it file an arbitration demand. Instead, in a willful attempt to defy this Court's Order and defeat its determination that Federal Arbitration Act requires arbitration of Edible IP's claims, Edible IP has initiated a lawsuit on what is essentially the same claim based on the same

factual allegations and the same Google AdWords programs in Georgia state court (the "Georgia Action"). *See* Ex. A. To aid the Court's jurisdiction and protect and effectuate its judgments, as well as to give full effect to Google's federal right and remedy, as established in the Order, this Court should enjoin the Georgia Action, as Congress authorized under the Anti-Injunction Act, 28 U.S.C. § 2283.

Edible IP's refusal to arbitrate and insistence instead on forum shopping justifies reopening this action so that Google can vindicate its rights. *E.g. Brady v. W. Overseas Corp.*, 2009 WL 1472736, at *1 (E.D.N.Y. May 22, 2009) ("Plaintiff again requested that the Court re-open the case because . . . Defendant still had failed to proceed with arbitration. The Court [granted the motion and] re-opened the case[.]"); *see also Jamaica Hosp. Med. Ctr., Inc. v. United Health Grp., Inc.*, 584 F. Supp. 2d 489, 497–98 (E.D.N.Y. 2008) ("Plaintiffs are granted leave to re-open this action, should any Defendant . . . fail to arbitrate.").

I. GOOGLE IS ENTITLED TO SEEK A TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION STAYING THE GEORGIA ACTION.

This District has repeatedly granted (and the Second Circuit has repeatedly affirmed) injunctions staying litigation filed in an attempt to avoid an order compelling arbitration. *See, e.g. Doctor's Assocs., Inc. v. Inder Pahwa & Satinder Pahwa*, 2016 WL 7635748, at *1 (D. Conn. Nov. 3, 2016) (granting petition to compel arbitration and preliminary injunction staying state court litigation over claims subject to arbitration); *Doctor's Assocs., Inc. v. Tripathi*, 016 WL 7634464, at *1 (D. Conn. Nov. 3, 2016) (same); *Doctor's Assocs., Inc. v. Distajo*, 944 F. Supp. 1007, 1010 (D. Conn. 1996) ("plaintiff's motion for preliminary injunction [] is granted. Defendants, their agents, representatives, attorneys, and any one acting on their behalf are hereby enjoined, until further order of this court, from commencing, prosecuting, or in any way acting in . . . any matter or dispute which is or may be subject to an arbitration clause in any [] agreement

[with the plaintiff.]"); *see also Doctor's Assocs., Inc. v. Hollingsworth*, 949 F. Supp. 77, 86 (D. Conn. 1996) *aff'd*, Case No. 96–9599 (2d Cir. 1998). In light of the Order compelling Edible IP to arbitrate its claims related to AdWords, Google is entitled to the same relief, and will promptly seek it once this action is reopened.

A. A Stay Is Appropriate Under The Anti-Injunction Act.

Staying state court litigation over claims already ordered to arbitration is a necessary and recognized exception to the Anti-Injunction Act, 28 U.S.C. § 2283. As the court explained in *Necchi Sewing Machine Sales Corp. v. Carl*:

> I have held that the disputes here involved are referable to arbitration. The decree to be entered in this proceeding will direct the parties to proceed to arbitration. Any further proceedings in [state court] to enforce the claims to be arbitrated would be inconsistent with the decision and the decree of this court. Consequently in order to 'protect' and 'effectuate' that decree [the plaintiff] will be stayed from pursuing its action in [state court] until the completion of the arbitration proceedings.

260 F. Supp. 665, 669 (S.D.N.Y. 1966) (quoting 28 U.S.C. § 2283). Similarly, this Court, "having granted [a] Petition to Compel Arbitration," "determined that [the moving party's] arbitration rights will suffer immediate, substantial and irreparable harm if [the] action in the U.S. District Court for the Southern District of Ohio, Eastern Division, is not enjoined." *Doctor's Assocs., Inc. v. Quinn*, 42 F. Supp. 2d 184, 188 (D. Conn. 1999).

This Court's decision in *Doctor's Assocs., Inc. v. Distajo* is particularly instructive. It explained that "the principle that the 'necessary in aid of' exception is meant to give sufficient flexibility that a federal court, as a court of equity, may ... deal adequately with the situation at hand." 944 F. Supp. 1009 (additional internal quotation marks, citation omitted). "In light of this consideration, numerous factors favor enjoining the [plaintiffs'] state court actions," including sparing "great time and expense if the arbitration question is litigated in a single forum," conserving judicial resources "by avoiding duplicative consideration by numerous judges of the

same issues," preserving comity "by avoiding conflicting judgments," and giving effect to the parties' arbitration agreement, which expresses the parties' interest in resolving disputes in a single forum—in arbitration. *Id.* In addition, "the Anti–Injunction Act permits a federal court to stay state court proceedings when 'necessary ... to protect or effectuate its judgments.' *Id.* at 2010 (quoting 28 U.S.C. § 2283 (1994)). This exception "permits enjoining state litigation of an issue that was previously presented to and decided by the federal court." *Id.* (citation omitted). This analysis applies with equal force here and entitles this Court to stay the Georgia Action.

B. An Injunction Is Warranted.

This Court's July 13, 2018 Order compelling arbitration, combined with applicable legal authority, establishes that Google meets the required showing for enjoining the Georgia Action: "(1) irreparable harm; (2) either (a) a likelihood of success on the merits, or (b) sufficiently serious questions going to the merits of its claims to make them fair ground for litigation, plus a balance of the hardships tipping decidedly in favor of the moving party; and (3) that a preliminary injunction is in the public interest." *New York ex rel. Schneiderman v. Actavis PLC*, 787 F.3d 638, 650 (2d Cir. 2015) (internal quotations omitted).

First, the Court has already granted a motion to compel arbitration, establishing that Google will suffer irreparable harm if parallel litigation is ***not*** stayed. *See, e.g., Quinn*, 42 F. Supp. 2d at 188 (holding the moving party's "arbitration rights will suffer immediate, substantial and irreparable harm if … [the later filed action] is not enjoined"); *see also WTA Tour, Inc. v. Super Slam Ltd.*, 339 F. Supp. 3d 390, 406 (S.D.N.Y. 2018) ("Petitioners will suffer irreparable harm if they are forced to litigate rather than arbitrate this dispute."); *Bailey Shipping Ltd. v. Am. Bureau of Shipping*, 2013 WL 5312540, at *16 (S.D.N.Y. 2013) ("Courts have indeed found that losing a right to arbitration constitutes irreparable harm").

Second, "the relevant inquiry is the likelihood of success on the merits of the[] argument

that the claims must be submitted to arbitration [and] not . . . on the merits of the substantive [claims.]" *WTA Tour, Inc*., 339 F. Supp. 3d at 390. This Court's Order holding that Edible IP's claims relating to AdWords are subject to arbitration establishes that Google satisfies this requirement; indeed, it has already succeeded on this very point.

Third, the strong public policy in favor of arbitration demonstrates the "public interest" requirement. *WTA Tour*, 339 F. Supp. 3d at 406 ("a preliminary injunction serves the public interest, as enforcing the arbitration clause supports the strong federal policy in favor of arbitration") (citing *Paramedics Electromedicina Comercial, Ltda v. GE Med. Sys. Info. Techs., Inc.*, 369 F.3d 645, 654 (2d Cir. 2004)).

Accordingly, Google is entitled to an injunction staying the Georgia Action, and this action should be reopened so that Google may file a motion for this relief.

II. EDIBLE IP IS IN CONTEMPT OF THIS COURT'S ORDER COMPELLING ARBITRATION

Edible IP is in contempt of the Court's Order. "A party may be held in contempt for failing to comply with a court order if that order is clear and unambiguous, proof of noncompliance is clear and convincing, and the contemnor has not been 'reasonably diligent and energetic in attempting to accomplish what was ordered.'" *U.S. Titan, Inc. v. Guangzhou Zhen HUA Shipping Co*., 2003 WL 23309445, at *3 (S.D.N.Y. Sept. 26, 2003) (quoting *E.E.O.C. v. Local 638 ... Local 28 of Sheet Metal Workers Int'l Assoc.*, 753 F.2d 1172, 1178 (2d Cir.1985).) Those requirements are met here.

First, the Court's Order was clear and unambiguous: Edible IP's allegations relating to Google's AdWords "clearly 'relate in any way' to the defendant's advertising services and thus fall within the purview of the parties' arbitration clause," and its "claims are therefore subject to arbitration." Dkt. 1 at 7, 9. Accordingly, the Court granted Google's motion to compel

arbitration. *Id.* at 10. Second, rather than comply with the order and proceed with arbitration, Edible IP is seeking to have a state court hear its claims concerning Google's AdWords program. This is clear and convincing proof of noncompliance with the Order.

Edible IP's contemptuous conduct should be sanctioned. *See, e.g. U.S. Titan, Inc. v. Guangzhou Zhen HUA Shipping Co.*, 2003 WL 23309445, at *5 (S.D.N.Y. Sept. 26, 2003) (finding contempt is appropriate where "Guangzhou has refused to comply with this Court's Order to arbitrate and has actively sought to avoid arbitration."); *see also New York Times Co. v. Newspaper & Mail Deliverers' Union of New York & Vicinity*, 740 F. Supp. 240, 245 (S.D.N.Y. 1990) (finding parties' actions discouraging court-ordered arbitration was grounds for contempt). The contempt sanction may be coercive, including ordering Edible IP to dismiss the Georgia Action; and compensatory, such as requiring Edible IP to pay for all of Google's costs, including attorneys' fees, incurred in addressing the Georgia Action, including fees in connection with this motion and Google's anticipated motions seeking injunctive relief and an Order to Show Cause.

Google respectfully submits that reopening of the case file is warranted and appropriate here, so that it may seek a contempt order, preserve judicial resources, and avoid further harm. *E.g. Blast v. Fischer*, 2014 WL 7351171, at *1 (W.D.N.Y. Dec. 23, 2014) (granting "plaintiff's motion[] to reopen this matter and hold the [defendant] in civil contempt of this Court's Order").

III. GOOD CAUSE EXISTS TO GRANT THIS MOTION ON AN EMERGENCY BASIS.

Google has already been served with Edible IP's Georgia Superior Court complaint, meaning that, under the Georgia Civil Practice Act, Google must answer the complaint within 30 days. *See* Ga. Code Ann. § 9-11-12. Accordingly, Google needs immediate relief or else it will be forced to litigate in the Georgia Action, irreparably harming Google's right to arbitration, costing it time and expense, and wasting judicial resources.

CONCLUSION

For the foregoing reasons, Google respectfully requests that the Court grant its Emergency Motion to Reopen the Casefile in the above captioned litigation.

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