MICHAEL G. KING (SBN 145477) THOMAS H. CASE (SBN 116660) HENNELLY & GROSSFELD LLP 4640 Admiralty Way, Suite 850 Marina del Rey, CA 90292 Telephone: (310) 305-2100 Facsimile: (310) 305-2116 mking@hgla.com tcase@hgla.com Attorneys for Defendant. MOVE, INC. 8 9 10 11 12

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA WESTERN DIVISION

ACTIVERAIN CORP., a Washington corporation,

CASE NO.: Assigned to: CV07-5037 DDP (CTx) Hon. Dean D. Pregerson

13

VS.

Plaintiff.

Defendant.

ANSWER OF DEFENDANT MOVE, INC.

MOVE, INC., a Delaware corporation,

JURY TRIAL DEMANDED

17 18

14

15

16

Action Filed: August 2, 2007

19

20

21

22

23

24

25

MOVE, INC. ("answering defendant") answers the complaint, as follows:

JURISDICTION AND VENUE

- 1. Answering Paragraph 1 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the matters alleged and therefore denies them on this ground.
- Answering Paragraph 2 of the complaint, answering defendant admits 2. 26 that venue of this action lies in the United States District Court for the Central 27 District of California and admits that plaintiff alleges claims arising in part from a 28 contract. Answering defendant is without knowledge or information sufficient to

form a belief as to the remainder of Paragraph 2 and therefore denies them on that ground.

II. PARTIES

- 3. Answering Paragraph 3 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the matters alleged and therefore denies them on this ground.
- 4. Answering Paragraph 4 of the complaint, answering defendant admits the allegations.

III. STATEMENT OF FACTS

- 5. Answering Paragraph 5 of the complaint, answering defendant admits the first two sentences of this paragraph. Answering defendant is without knowledge or information sufficient to form a belief as to the truth of the matters alleged in the remaining allegations of this paragraph and therefore denies them on this ground.
- 6. Answering Paragraph 6 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the matters alleged and therefore denies them on this ground.
- 7. Answering Paragraph 7 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the matters alleged and therefore denies them on this ground.
- 8. Answering Paragraph 8 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the matters alleged in the first sentence of this paragraph and therefore denies them on this ground. Answering defendant denies that ActiveRain's "Confidential Information" has value. Answering defendant further denies that plaintiff's "Confidential Information" is not generally known to the public, nor [sic] to those in the trade or business or other persons who could obtain economic value from it."

- 9. Answering Paragraph 9 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the matters alleged and therefore denies them on this ground.
- 10. Answering Paragraph 10 of the complaint, answering defendant admits that "Move and its subsidiaries and/or affiliates provided, among other things, website-based real estate content and decision support tools to consumers to utilize before, during and after a move." Answering defendant denies that Move, Inc. did not provide "an established or focused social network and online blogging community for real estate professionals."
 - 11. Answering Paragraph 11 of the complaint, answering defendant denies that "Move had not been able to successfully develop, launch or market a social network and blogging community or platform for real estate professionals equivalent to that provided by the Active Rain Real Estate Network."
 - 12. Answering Paragraph 12 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the matters alleged and therefore denies them on this ground.
 - 13. Answering Paragraph 13 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the matters alleged and therefore denies them on this ground.
 - 14. Answering Paragraph 14 of the complaint, answering defendant denies the allegations in this paragraph
 - 15. Answering Paragraph 15 of the complaint, answering defendant admits the allegation in this paragraph.
 - 16. Answering Paragraph 16 of the complaint, answering defendant denies the allegations in this paragraph.
 - 17. Answering Paragraph 17 of the complaint, answering defendant denies the allegations in this paragraph.

10

13

16 17

18 19

20 21

23 24

25

26

- 18. Answering Paragraph 18 of the complaint, answering defendant denies the allegations in this paragraph.
- 19. Answering Paragraph 19 of the complaint, answering defendant denies the allegations in this paragraph.
- 20. Answering Paragraph 20 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the allegations in this paragraph and denies these allegations on this ground.
- 21. Answering Paragraph 21 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the allegations in this paragraph, and denies them on this basis.
- 22. Answering Paragraph 22 of the complaint, answering defendant denies the allegations in this paragraph.
- Answering Paragraph 23 of the complaint, answering defendant admits 23. that it "asked ActiveRain to extend its no shop agreement." Answering defendant denies that the information requested was "Confidential Information," and denies that the request was made "ostensibly" to the extent that allegation implies that Move made the request other than in good faith. Answering defendant is without knowledge or information sufficient to form a belief as to the remaining allegations in this paragraph and denies these allegations on that basis.
- 24. Answering Paragraph 24 of the complaint, answering defendant admits that ActiveRain extended the no shop agreement and provided Move with more information. Answering defendant denies that the information provided by ActiveRain was "Confidential Information". Answering defendant is without knowledge or information sufficient to form a belief as to the remaining allegations and denies these allegations on this basis.
- Answering Paragraph 25 of the complaint, answering defendant denies 25. 27 the allegations in this paragraph.

- 26. Answering Paragraph 26 of the complaint, answering defendant denies the allegations in this paragraph.
- 27. Answering Paragraph 27 of the complaint, answering defendant admits that ActiveRain provided Move with material about its members in electronic format and denies all other allegations in this paragraph.
- 28. Answering Paragraph 28 of the complaint, answering defendant denies the allegations in this paragraph.
- 29. Answering Paragraph 29 of the complaint, answering defendant denies the allegations in this paragraph.
- 30. Answering Paragraph 30 of the complaint, answering defendant denies all allegations in this paragraph.
- 31. Answering Paragraph 31 of the complaint, answering defendant denies the allegations in this paragraph.
- 32. Answering Paragraph 32 of the complaint, answering defendant denies all allegations in this paragraph.
- 33. Answering Paragraph 33 of the complaint, answering defendant denies all allegations in this paragraph.

IV. STATEMENT OF DAMAGES

- 34. Answering Paragraph 34 of the complaint, answering defendant denies all allegations in this paragraph.
- 35. Answering Paragraph 35 of the complaint, answering defendant denies all allegations in this paragraph.
- 36. Answering Paragraph 36 of the complaint, answering defendant denies that any alleged damages to ActiveRain were the result of acts and/or omissions of answering defendant. Answering defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph, and on that basis denies them.

- Answering Paragraph 37 of the complaint, answering defendant denies that any alleged damages to ActiveRain were the result of acts and/or omissions of answering defendant. Answering defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph, and on that basis denies them.
 - 38. Answering Paragraph 38 of the complaint, answering defendant denies all allegations in this paragraph.
- 39. Answering Paragraph 39 of the complaint, answering defendant admits that ActiveRain has retained counsel in this matter and denies all remaining allegations in this paragraph.

V. CAUSES OF ACTION

1. FIRST CAUSE OF ACTION

Violation of California Uniform Trade Secrets Act

- 40. Answering Paragraph 40 of the complaint, answering defendant incorporates by reference as though fully set forth herein all prior paragraphs in this Answer.
- 41. Answering Paragraph 41 of the complaint, answering defendant denies all allegations in this paragraph.
- 42. Answering Paragraph 42 of the complaint, answering defendant admits that "At all times relevant hereto, the California Uniform Trade Secrets Act, Cal. Civ. Code § 3426.1 et seq. was in full force and effect and binding upon defendant." Answering defendant denies all other allegations in this paragraph.
- 43. Answering Paragraph 43 of the complaint, answering defendant denies that any alleged damages to ActiveRain were the result of acts and/or omissions of answering defendant. Answering defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph, and on that basis denies them.

3

11

16

17 18

19

21

23

2425

26

2728

2. SECOND AND ALTERNATIVE CAUSE OF ACTION

Breach of Contract Under California Law

- 44. Answering Paragraph 44 of the complaint, answering defendant incorporates by reference as though fully set forth herein all prior paragraphs in this Answer.
- 45. Answering Paragraph 45 of the complaint, answering defendant admits that ActiveRain and Move entered into a contract under California contract law titled Mutual Nondisclosure Agreement, and denies all other allegations in this paragraph.
- 46. Answering Paragraph 46 of the complaint, answering defendant denies all allegations in this paragraph.
- 47. Answering Paragraph 47 of the complaint, answering defendant denies all allegations in this paragraph.

3. THIRD AND ALTERNATIVE CAUSE OF ACTION

Violation of California Common Law of Unjust Enrichment

- 48. Answering Paragraph 48 of the complaint, answering defendant incorporates by reference as though fully set forth herein all prior paragraphs in this Answer.
- 49. Answering Paragraph 49 of the complaint, answering defendant denies all allegations in this paragraph.
- 50. Answering Paragraph 50 of the complaint, answering defendant denies all allegations in this paragraph.
- 51. Answering Paragraph 51 of the complaint, answering defendant denies all allegations in this paragraph.

24

26

28

4. FOURTH AND ALTERNATIVE CAUSE OF ACTION

Violation of California Common Law of Promissory and/or Equitable Estoppel

- 52. Answering Paragraph 52 of the complaint, answering defendant incorporates by reference as though fully set forth herein all prior paragraphs in this Answer.
- 53. Answering Paragraph 53 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph, and on that basis denies them.
- 54. Answering Paragraph 54 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph, and on that basis denies them.
- 55. Answering Paragraph 55 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph, and on that basis denies them.
- 15 56. Answering Paragraph 56 of the complaint, answering defendant denies that any of its statements or conduct was unjust or inequitable. Answering defendant is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph, and on that basis denies them.
 - 57. Answering Paragraph 57 of the complaint, answering defendant denies all allegations in this paragraph.
 - 58. Answering Paragraph 58 of the complaint, answering defendant denies all allegations in this paragraph.

5. FIFTH AND ALTERNATIVE CAUSE OF ACTION

Violation of California Common Law of Unfair Competition (Breach of Confidential Relationship and Common Law Misappropriation)

59. Answering Paragraph 59 of the complaint, answering defendant incorporates by reference as though fully set forth herein all prior paragraphs in this Answer.

27

- 60. Answering Paragraph 60 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph, and on that basis denies them.
- 61. Answering Paragraph 61 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph, and on that basis denies them.
- 62. Answering Paragraph 62 of the complaint, answering defendant denies all allegations in this paragraph.
- 63. Answering Paragraph 63 of the complaint, answering defendant denies all allegations in this paragraph.
- Answering Paragraph 64 of the complaint, answering defendant denies 64. all allegations in this paragraph.
- 65. Answering Paragraph 65 of the complaint, answering defendant denies all allegations in this paragraph.
- Answering Paragraph 66 of the complaint, answering defendant denies 66. all allegations in this paragraph.

6. SIXTH AND ALTERNATIVE CAUSE OF ACTION Violation of Washington Unfair Business Practices Act

- 67. Answering Paragraph 67 of the complaint, answering defendant incorporates by reference as though fully set forth herein all prior paragraphs in this Answer.
- 68. Answering Paragraph 68 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph, and on that basis denies them.
- 69. Answering Paragraph 69 of the complaint, answering defendant denies all allegations in this paragraph.
- Answering Paragraph 70 of the complaint, answering defendant denies 70. 28 all allegations in this paragraph.

- 71. Answering Paragraph 71 of the complaint, answering defendant admits that Defendant advertises to the realtor market, and to the public in general; Defendant solicited ActiveRain for investment and/or acquisition by Move; ActiveRain is a private company; and Move is a publicly-traded company. Answering defendant denies all remaining allegations in this paragraph.
- 72. Answering Paragraph 72 of the complaint, answering defendant admits that Move is the same company formerly known as Homestore, Inc. and on its website, Move has referred to itself as "the new Homestore." Answering defendant objects to the remaining allegations as irrelevant and subject to a motion to strike.
- 73. Answering Paragraph 73 of the complaint, answering defendant denies all allegations in this paragraph.
- 74. Answering Paragraph 74 of the complaint, answering defendant denies all allegations in this paragraph.

7. SEVENTH AND ALTERNATIVE CAUSE OF ACTION Violation of California Common Law of Fraud/Deceit

- 75. Answering Paragraph 75 of the complaint, answering defendant incorporates by reference as though fully set forth herein all prior paragraphs in this Answer.
 - 76. Answering Paragraph 76 of the complaint, answering defendant denies all allegations in this paragraph.
 - 77. Answering Paragraph 77 of the complaint, answering defendant denies all allegations in this paragraph.
 - 78. Answering Paragraph 78 of the complaint, answering defendant denies all allegations in this paragraph.
 - 79. Answering Paragraph 79 of the complaint, answering defendant denies all allegations in this paragraph.

- 80. Answering Paragraph 80 of the complaint, answering defendant denies all allegations in this paragraph.
- 81. Answering Paragraph 81 of the complaint, answering defendant denies all allegations in this paragraph.
- 82. Answering Paragraph 82 of the complaint, answering defendant denies 6 all allegations in this paragraph.

VI. RESERVATION OF RIGHTS

83. Answering Paragraph 83 of the complaint, answering defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph, and on that basis denies them.

VII. PRAYER FOR RELIEF

84. Answering the Prayer for Relief, Paragraphs 1 through 9, answering defendant denies that plaintiff is entitled to damages, interest, costs, or any other form of relief.

FIRST AFFIRMATIVE DEFENSE

(Failure to State a Claim)

85. Neither the complaint nor any purported cause of action contained 18 therein states facts sufficient to constitute a cause of action against answering defendant, or at all.

SECOND AFFIRMATIVE DEFENSE

(Plaintiff's Own Conduct Proximately Caused Alleged Damage)

86. Any injury, damage and/or loss sustained by plaintiff was proximately caused by or contributed to by plaintiff's own negligent, willful and/or other misconduct or fault, and plaintiff's claims are barred or diminished in the proportion that the conduct of plaintiff proximately caused such injury, damage and/or loss.

THIRD AFFIRMATIVE DEFENSE

(No Substantial Factor/Superseding Act/Omission)

87. No act or omission of answering defendant was a substantial factor in causing any injury, damage and/or loss to plaintiff nor was any act or omission of answering defendant a contributing cause thereof, and any acts or omissions of answering defendant were superseded by acts or omissions of others including, without limitation, plaintiff.

FOURTH AFFIRMATIVE DEFENSE

(Acts/Omissions of Third Parties)

88. Answering defendants allege that plaintiffs' injuries, damages and/or losses, if any, if not caused solely by plaintiffs' own acts, omissions or negligence, were proximately caused or contributed to by the acts, omissions, negligence and/or other tortious acts of persons and/or parties other than answering defendants. including, but not limited to, third parties. Any damages recoverable by plaintiffs must be diminished in proportion to the amount of fault attributable to plaintiffs and/or third parties, and then apportioned among all actors whose conduct contributed to plaintiffs' alleged injuries, damages and/or losses such that each actor should be liable only for that proportion of plaintiffs' injuries, damages and/or losses, if any, caused by such conduct.

FIFTH AFFIRMATIVE DEFENSE

(Statute of Limitations)

89. The complaint, and each purported cause of action contained therein, is barred by the applicable statutes of limitation including, but not limited to, California Code of Civil Procedure §§ 335 through 349.4.

25

24

2

3

8

9

10

11

12

17

19

20

21

22

26

27

SIXTH AFFIRMATIVE DEFENSE

(Failure to Mitigate)

90. The complaint, and each purported cause of action contained therein, is barred, in whole or in part, to the extent plaintiff failed to mitigate, minimize or avoid any damage allegedly sustained.

3

5

6

8

10

11

12

13

16

17

19

20

21

23

24

25

26

27

SEVENTH AFFIRMATIVE DEFENSE

(No Proximate Cause)

91. The complaint, and each purported cause of action contained therein, is barred by the absence of proximate causation between any alleged act or omission of answering defendant.

EIGHTH AFFIRMATIVE DEFENSE

(Proportionate Share of Non-Economic Damages)

92. Answering defendants allege that there are other persons, parties, and/or third parties who are at fault and who proximately caused plaintiffs' injuries and/or damages, if any, and that pursuant to California Civil Code Section 1431.2 answering defendants may only be liable for their proportionate share of noneconomic damages, if any, as set forth in the statute, if it should be found that answering defendants were at fault, which is expressly denied.

NINTH AFFIRMATIVE DEFENSE

(Spoliation)

To the extent that any of the physical evidence has been changed, 93. modified, altered, lost or destroyed, the complaint, and each purported cause of action contained therein, is barred by the doctrines of intentional and/or negligent spoliation of evidence.

TENTH AFFIRMATIVE DEFENSE

(Failure to Satisfy Conditions Precedent)

The complaint and each cause of action therein are barred because 94. plaintiff failed to satisfy conditions precedent.

1	ELEVENTH AFFIRMATIVE DEFENSE
2	(Conditions Subsequent)
3	95. The complaint and each cause of action therein are barred because
4	answering defendant's obligations, if any, were contingent on conditions subsequent.
5	TWELFTH AFFIRMATIVE DEFENSE
6	(Performance Excused)
7	96. The complaint and each cause of action therein are barred because
8	answering defendant's performance was excused.
9	THIRTEENTH AFFIRMATIVE DEFENSE
10	(Waiver)
11	97. The complaint and each cause of action therein are barred by the
12	equitable doctrine of waiver.
13	FOURTEENTH AFFIRMATIVE DEFENSE
14	(Estoppel)
15	98. The complaint and each cause of action therein are barred by the
16	equitable doctrine of estoppel.
17	FIFTEENTH AFFIRMATIVE DEFENSE
18	(Unclean Hands)
19	99. The complaint and each cause of action therein are barred by the
20	equitable doctrine of unclean hands.
21	SIXTEENTH AFFIRMATIVE DEFENSE
22	(Accord and Satisfaction)
23	100. The complaint and each cause of action therein are barred by an accord
24	and satisfaction.
25	SEVENTEENTH AFFIRMATIVE DEFENSE
26	(Consent)
27	101. The complaint and each cause of action therein are barred by consent of
28	plaintiff in the alleged acts or omissions.

1	EIGHTEENTH AFFIRMATIVE DEFENSE
2	(Competition Privilege)
3	102. The complaint, and each purported cause of action set forth therein, is
4	barred by the competition privilege.
5	<u>NINETEENTH AFFIRMATIVE DEFENSE</u>
6	(No Irreparable Harm)
7	103. Plaintiff is not entitled to any injunctive or equitable relief because it
8	will not suffer irreparable harm.
9	TWENTIENTH AFFIRMATIVE DEFENSE
10	(Adequate Remedy at Law)
11	104. Plaintiff is not entitled to any injunctive or equitable relief because it
12	has an adequate remedy at law.
13	TWENTY FIRST AFFIRMATIVE DEFENSE
14	(No Fraud, Oppression, or Malice)
15	105. All of defendant's actions with regard to plaintiff were conducted in
16	good faith and without fraud, oppression or malice towards plaintiff or its legal
17	rights, thereby precluding any and all claims for special, exemplary, or punitive
18	damages.
19	TWENTY SECOND AFFIRMATIVE DEFENSE
20	(No Ratification of Fraud, Oppression, or Malice)
21	106. Defendant did not ratify or authorize any conduct alleged to constitute
22	fraud, malice or oppression.
23	TWENTY THIRD AFFIRMATIVE DEFENSE
24	(Preemption)
25	107. Defendant contends that plaintiff's claims, including without limitation
26	the third, fourth, fifth, sixth, and seventh claims, are preempted under California's
27	trade secret statute. California Civil Code Section 3426.7.
28	

TWENTY FOURTH AFFIRMATIVE DEFENSE

(Due Process and Equal Protection)

108. Defendant denies that plaintiff is entitled to recover punitive damages in this action. Further, any award of punitive damages against defendant in this action would be barred to the extent that it violates the due process and equal protection provisions of the United States and California Constitutions.

WHEREFORE, answering defendant prays for judgment as follows:

- 1. That plaintiff take nothing by reason of its complaint in this action;
- 2. That answering defendant recover judgment against plaintiff for answering defendants costs of suit herein, including reasonable attorneys' fees as authorized by law (including without limitation California Civil Code Section 3426.4); and
 - 3. For such other and further relief as the Court deems just and proper.

JURY DEMAND

Defendant demands a trial by jury.

DATED: September $\frac{1}{2}$, 2007

HENNELLY & GROSSFELD LLP

Вÿ

MICHAEL G. KING THOMAS H. CASE Attorneys for Defendant,

MOVE, INC.

26

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

27

PROOF OF SERVICE I declare that I am over the age of eighteen (18) and not a party to this action. My business address is 4640 Admiralty Way, Suite 850, Marina del Rey, California, 90292. 4 On September 7, 2007, I served the following document(s): 5 ANSWER OF DEFENDANT MOVE, INC. JURY TRIAL DEMANDED on the interested parties in this action as indicated below or on the attached service list, together with this declaration, as follows: See Attached Service List 9 (X) (By Mail) I am readily familiar with the business' practice at my place of business for collection and processing of correspondence for mailing with the United States Postal Service. I know that the correspondence is deposited with the United States Postal Service on the same day this declaration was executed in the ordinary course of business. I know that the envelope was sealed and, with postage thereon fully prepaid, placed for collection and mailing on this date, following ordinary business practices, in the United States mail at Marina del Rey, California. (X) (By E-Mail) I caused the above-referenced document(s) to be transmitted by email transmission to the interested parties at the appropriate e-mail addresses as listed above or on the attached service list. I did not receive, with a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful. A true and correct copy of the e-mail printout showing the date and time in which it was sent, is attached hereto and incorporated herein by this reference. 17 (X) (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made. 18 I declare under penalty of perjury that foregoing is true and correct. 19 Executed on September 7, 2007, at Marina del Rey, California. 20 21 CYNTHIA FALL 22 23 24 25 26 27 28

Service List ACTIVERAIN CORP. v. MOVE, INC. U.S. District Court, Central District – Case No.: CV07-5037 DDP 2 **Attorneys for Plaintiff** Jerry McNaul Leslie J. Hagin ACTIVERAIN CORP. MCNAUL EBEL NAWROT & 5 HELGREN, PLLC 600 University St., Suite 2700 Seattle, WA 98101-3134 7 Tel: (206) 467-1816 EM: jmcnaul@mcnaul.com lhagin@mcnaul.com **Attorneys for Plaintiff** Howard Weitzman **ACTIVERAIN CORP.** 10 Jonathan P. Steinsapir KINSELLA WEITZMAN ISER KUMP & 11 ALDISERT LLP 12 808 Wilshire Blvd., 3rd Floor Santa Monica, CA 90401 13 Tel: (310) 566-9800 14 Fax: (310) 566-9850 EM: hweitzman@kwikalaw.com 15 isteinsapir@kwikalaw.com 16 17 18 19 20 21 22 23 24 25 26 27 28 18

Case No.: CV07-5037 DDP (CTx)