	Case 4:21-cv-01727-DMR Document 1	Filed 03/11/21 Page 1 of 18			
1 2 3 4 5 6 7 8 9 10 11 12	Douglas E. Lumish (CA 183863) doug.lumish@lw.com Matthew Rawlinson (CA 231890) matt.rawlinson@lw.com Arman Zahoory (CA 306421) arman.zahoory@lw.com LATHAM & WATKINS LLP 140 Scott Drive Menlo Park, California 94025 Telephone: 650-328-4600 Facsimile: 650-463-2600 Jennifer Barry (CA 228066) jennifer.barry@lw.com LATHAM & WATKINS LLP 12670 High Bluff Drive San Diego, California 92130 Telephone: 858-523-5400 Facsimile: 858-523-5450 Attorneys for Zoom Video Communications, Inc.	DISTRICT COURT			
13	UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA				
14					
15					
16					
17	ZOOM VIDEO COMMUNICATIONS, INC.,				
18	Plaintiff,	COMPLAINT			
19	VS.	REDACTED VERSION OF DOCUMENT SOUGHT TO BE SEALED			
20 RINGCENTRAL, INC.,		DEMAND FOR JURY TRIAL			
21	Defendant.				
22					
23					
24					
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26					
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LATHAM&WATKINS		COMPLAINT & DEMAND FOR JURY TRIAL			

	Case 4:21-cv-01727-DMR Document 1 Filed 03/11/21 Page 2 of 18
1	Zoom Video Communications, Inc. ("Zoom"), for its Complaint against RingCentral, Inc.
2	("RingCentral"), demands a jury trial and alleges as follows:
3	INTRODUCTION
4	1. For the past seven-plus years, Zoom has partnered with RingCentral, providing
5	Zoom's enormously popular video conferencing services for RingCentral to resell under its own
6	"RingCentral Meetings" brand. The terms governing this relationship are set forth in a
7	. But the
8	relationship has changed and, at Zoom's election, the agreement and this
9	business relationship is the second sec
10	2. Specifically, in July of 2020, Zoom sent the to
11	RingCentral, causing the second secon
12	the parties moved , which gives
13	Id. at 4th Amendment
14	§15(b). The agreement is clear that, while RingCentral has certain rights to
15	and other benefits
16	
17	
18	3. , and despite
19	repeated requests from Zoom that it stop, RingCentral has continued unabated to market and resell
20	Zoom's products to new customers and to use Zoom's trademarks to aid
21	that effort. Desperate to continue reselling Zoom's technology, RingCentral has justified this
22	and infringement of Zoom's trademarks by arguing that it has full rights
23	essentially unilaterally adding
24	a full two years to sell Zoom's products
25	against Zoom's will.
26	4. In addition, RingCentral has invoked confidentiality and non-competition
27	provisions in the agreement to contend that Zoom cannot discuss publicly (or even with its own
28	employees) the fact that and to bar Zoom from competing for
LATHAM&WATKINS	COMPLAINT & DEMAND FOR THRY TRIAL

Case 4:21-cv-01727-DMR Document 1 Filed 03/11/21 Page 3 of 18

RingCentral's customers, all the while maintaining that RingCentral somehow has free rein to say 1 2 whatever it wants about the partnership and to make every effort to steal away Zoom's customers. 3 RingCentral's motive for this overreach has become plain: while hoping to silence Zoom 4 concerning , RingCentral has embarked upon a campaign of 5 misinformation designed to mislead customers, investors, and the public at large. In particular, 6 RingCentral has concealed the fact that , falsely suggesting 7 instead that RingCentral is transitioning customers to RingCentral Video for illusory quality or 8 feature-based reasons. These statements are belied by RingCentral's insistence on continuing to 9 sell Zoom's products despite having its own available alternative-if RingCentral truly believed 10 its video product was a quality replacement for Zoom's product, then it would transition all of its customers with no further delay. Its failure to do so reveals that RingCentral believes the opposite 11 12 to be true; Zoom's products are the best in the market and provide the features RingCentral's 13 customers desire. 14 5. In short, despite telling customers and investors that it is moving apace toward 15 independence from Zoom, RingCentral in fact seeks to cling to Zoom's products, brand, and 16 extraordinary goodwill, for as long as possible and . In a classic 17 bait-and-switch, RingCentral is dangling Zoom in front of potential customers to lure them into 18 signing multi-year contracts all the while knowing that RingCentral 19 . This lawsuit seeks to stop this improper conduct, to obtain relief for 20 RingCentral's breach of the agreement and infringement of Zoom's trademarks, and to obtain the 21 Court's judgment establishing that the confidentiality and non-compete provisions are void to the 22 extent they restrain fair competition by Zoom. 23 24 NATURE OF THE ACTION 25 6. This is a civil action for violation of the Lanham Act, for breach of contract, for 26 declaratory judgment that certain provisions of the agreement are void for violating California 27 Business and Professions Code § 16600, and for such other relief as the Court deems just and 28 proper.

1

PARTIES

2 7. Zoom is an American corporation organized under the laws of the State of Delaware 3 with its principal place of business at 55 Almaden Boulevard, 6th Floor, San Jose, California 4 95113. Zoom is celebrated world-wide for its industry-leading video conferencing platform used 5 by families, schools, medical care providers, businesses, governmental entities, and organizations of all kinds across the globe to enable people to connect face-to-face over the internet. In addition 6 7 to its popular video conferencing applications, Zoom provides solutions for chat, conference room 8 video, enterprise cloud phone systems, and webinars. On any given day, hundreds of millions of 9 users connect on Zoom's platform with each other, bridging great distances to meet, chat, talk, and 10 share files, as if in the same room together.

8. RingCentral is a corporation organized under the laws of the State of Delaware with
 its principal place of business at 20 Davis Drive, Belmont, California 94002. RingCentral provides
 various communications products and services for phone, video conferencing, messaging, and
 other business functions

- 15
- 16

JURISDICTION AND VENUE

17 9. This action arises under the Lanham Act, 15 U.S.C. §§ 1051 et seq. and contains 18 related California statutory and common law claims. This Court has subject matter jurisdiction 19 over this action pursuant to 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331 and 1338, as this is an action 20 arising under the laws of the United States and relating to trademarks. This Court has supplemental 21 jurisdiction over the state statutory and common law claims pursuant to 28 U.S.C. § 1367, as those 22 claims are part of the same case or controversy as the federal claims alleged herein, and involve 23 RingCentral's ongoing use, disclosure, and distribution of Zoom's software, trade secrets, 24 technology, and information in violation of RingCentral's contractual obligations to Zoom.

10. This Court has personal jurisdiction over RingCentral by virtue of its headquarters
being located in the State of California and this District, transacting and doing business in the State
of California and this District, and in committing acts of trademark infringement and contract
breach in the State of California and this District. Accordingly, this Court has specific jurisdiction

Case 4:21-cv-01727-DMR Document 1 Filed 03/11/21 Page 5 of 18

1	over RingCentral in connection with this action, and RingCentral's contacts with the State of
2	California are continuous and systematic to such extent that RingCentral is subject to the general
3	jurisdiction of the State of California and this Court.
4	11. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b)(2) because a
5	substantial part of the events giving rise to the claims occurred in this District. RingCentral resides
6	and has its headquarters and principal place of business in this District, conducts business in this
7	District, infringed Zoom's trademarks in this District, and breached the agreement in this District.
8	Moreover, RingCentral has agreed and consented to litigation of claims arising from the agreement
9	being heard in this District. See Exh. A
10	
11	
12	
13	
14	INTRADISTRICT ASSIGNMENT
15	12. This Complaint includes an intellectual property cause of action, an excepted
16	category under Civil Local Rule 3-2(c), and consequently should be assigned on a District-wide
17	basis.
18	
19	BACKGROUND
20	13. Zoom first released its video conferencing software and service to the public under
21	the ZOOM trademark ("ZOOM Mark") in August of 2012, and its user base has grown steadily
22	since. In October 2013, while Zoom was still a fledgling company little known in the marketplace,
23	Zoom and RingCentral entered into a partnership under
24	
25	See Exh. A (at §§1(h) and
26	2(a). In addition,
27	Zoom's marks, including the ZOOM Mark and its UNIFIED MEETING EXPERIENCE
28	trademark, but only and and
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ATTORNEYS AT LAW



FOR JURY TRIAL

Case 4:21-cv-01727-DMR Document 1 Filed 03/11/21 Page 8 of 18

1	22. In parallel, RingCentral has invoked the confidentiality provisions in the agreement			
2	to stifle Zoom's ability to fairly compete with RingCentral, in violation of California law. In			
3	particular, RingCentral has contended that Zoom cannot "share, discuss or disclose the fact that			
4	Zoom with anyone who was not already directly involved in this			
5	decision," and to argue that Zoom and its salespeople are barred from "stating or implying that the			
6	." Indeed, despite having referenced the parties'			
7	license agreement in its own press releases, RingCentral goes so far as to suggest that Zoom is			
8	somehow barred even from mentioning the existence of the agreement and its terms, referring to			
9	the existence of the agreement and its terms as "			
10	And RingCentral leans on provisions of the agreement that purport to			
11	under any circumstances in order to prevent			
12	fair competition between the two companies.			
13	23. At the same time, RingCentral has misled its customers, investors, and the public			
14	concerning the second second and the reason it needs to transition customers to non-Zoom			
15	products. For example, RingCentral sent its partners the following "Important Announcement,"			
16	on January 19, 2021:			
17	Important Announcement:			
18	Customer Transition to RingCentral Video We wanted to inform you that we will soon be transitioning customers currently on RingCentral Meetings over to RingCentral Video. Here's everything that partners need to			
19	know: What is the transition? To give our customers the best possible video meeting experience, we are beginning to transition all existing customer accounts from RingCentral Meetings to RingCentral			
20	Video. Why are we transitioning our customers to RingCentral Video? Transitioning to RingCentral Video will give your customers a number of features not available with RingCentral Meetings.			
21	When is the transition? This transition will be executed throughout 2021, starting with customers on the Essentials plan. Those customers will be transitioned to RingCentral Video on February 16, 2021. Customers on the Standard, Premium, and Ultimate plans will be transitioned to RingCentral Video later in the year.			
22				
23	24. As shown, RingCentral announced that it "will soon be transitioning customers			
24	currently on RingCentral Meetings [i.e., its repackaging of Zoom's product] over to RingCentral			
25	Video [the name for its non-Zoom replacement product]." RingCentral then went on to suggest			
26	that the reason for this transition was to improve the quality of its video conferencing offering, not			
27	because : "What is this transition? To give			
28	our customers the best possible video meeting experience, we are beginning to transition all			
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Case 4:21-cv-01727-DMR Document 1 Filed 03/11/21 Page 9 of 18

1	existing customer accounts from RingCentral Meetings to RingCentral Video." Similarly,
2	RingCentral answered the question "[w]hy are we transitioning our customers from RingCentral
3	Video," not by acknowledging that, but
4	by contending that "[t]ransitioning to RingCentral Video will give your customers a number of
5	features not available with RingCentral Meetings."
6	25. Similarly, in its August 3, 2020 earnings call, RingCentral told the public that "most
7	new customers are now getting RCV [RingCentral Video]," and that "we expect [the] overall
8	customer base to migrate from RingCentral Meetings, which is powered by another provider, to
9	migrate to RCV over time." That was over seven months ago, and despite recently claiming on a
10	February 16, 2021 earnings call that "right now every customer who we acquire new defaults to
11	RingCentral Video," RingCentral still looks to sell Zoom's product to new customers instead of
12	providing them with its replacement product, RingCentral Video,
13	explanation for this is that, despite its public assertions to the contrary, RingCentral has recognized
14	that its own service is inferior to Zoom's product and so it looks to hold onto Zoom's product for
15	as long as it possibly can, despite
16	26. In light of the position RingCentral has taken with Zoom and its comments to the
17	public in breach of the parties' agreement, Zoom had no choice but to take technological steps
18	. Those steps were taken
19	contemporaneously with filing this Complaint.
20	
21	<u>COUNT 1 – FEDERAL UNFAIR COMPETITION AND FALSE DESIGNATION OF</u> <u>ORIGIN – 15 U.S.C. § 1125 (a)</u>
22	
23	27. Zoom repeats and realleges paragraphs 1 through 26 above as if fully set forth
24	herein.
25	28. The ZOOM Mark is strong and inherently distinctive for Zoom's goods and
26	services, and designates Zoom as the source of all goods and services advertised, marketed, sold,
27	or used in connection with the ZOOM Mark. By virtue of Zoom's extensive and continued use of
28	the ZOOM Mark in connection with its products and services, and its extensive marketing,
(INS	COMPLAINT & DEMAND

Case 4:21-cv-01727-DMR Document 1 Filed 03/11/21 Page 10 of 18

1 advertising, promotion, and sale of its products and services under the ZOOM Mark, that mark has 2 acquired worldwide fame and renown, such that the consuming public of this District, the State of 3 California, and the United States associate the ZOOM Mark with a single source of products and services. Zoom is the senior user of the ZOOM Mark, as it began use of its mark in interstate 4 5 commerce prior to RingCentral's first use of the ZOOM Mark RingCentral is using the mark improperly 6 29. 7 This continued unauthorized use of the ZOOM Mark was and is 8 knowing, intentional, and willful. 9 30. Through its unauthorized use of the ZOOM Mark, RingCentral intended to, and did in fact, cause and mislead consumers into believing, and misrepresented and 10 created the false impression, that Zoom authorized, approved, and licensed RingCentral's 11 12 continued use of the mark to solicit new customers. 13 31. RingCentral's unauthorized use of the ZOOM Mark has robbed 14 Zoom of the ability to control the quality of the services offered under the ZOOM Mark, to the detriment of Zoom's reputation and goodwill. Such 15 unauthorized use will likely cause, and has caused, confusion as to the origin and authenticity of RingCentral's services, and 16 17 will likely create a misleading impression of 18 19 As a direct and proximate result of RingCentral's wrongful conduct, Zoom has been 32. 20 and will continue to be damaged. 33. RingCentral's actions thus constitute trademark infringement, false designation of 21 origin, and unfair competition. 22 23 34. RingCentral's activities have caused and will continue to cause irreparable harm to 24 Zoom, for which it has no adequate remedy at law, because: (i) the ZOOM Mark constitutes a 25 unique and valuable property right that has no readily determinable market value; (ii) RingCentral's infringement constitutes interference with Zoom's goodwill and customer 26 27 relationships and is harming and will continue to substantially harm Zoom's reputation as a source 28 of high-quality goods and services; and (iii) RingCentral's wrongful conduct, and the damages

Case 4:21-cv-01727-DMR Document 1 Filed 03/11/21 Page 11 of 18



Case 4:21-cv-01727-DMR Document 1 Filed 03/11/21 Page 12 of 18



	Case 4:21-cv-01727-DMR Document 1 Filed 03/11/21 Page 13 of 18
1	. Whatever rights parties have to agree to limit free-
2	riding in a legitimate joint venture, the law offers no shelter to non-compete covenants that are
3	unnecessary to a collaboration. As the Federal Trade Commission recently observed, "A mere
4	general desire to be free from competition following a transaction is not a legitimate business
5	interest." ¹
6	49. In its dealings with Zoom, RingCentral has gone far beyond limiting competition
7	within the scope of their alliance. It has sought to bar any effort by Zoom to compete for
8	RingCentral's customers, even if Zoom
9	
10	50. RingCentral has sought to hold
11	Zoom to an overbroad non-compete obligation,
12	. The clause's
13	scope is so excessive that it bars any effort
14	
15	Exh. A § 3(d).
16	51. Since then, RingCentral has endeavored to restrict any competition between the
17	parties even further.
18	52. In a
19	
20	
21	Id. at 8th Amendment, Schedule A7-1 §7.8
22	(together, with, the "Non-Compete
23	Clauses"). Notably, this non-compete obligation seeks to apply not merely for the
24	Id.
25	53. Both as written and enforced, each of those non-compete covenants unreasonably
26	denies RingCentral customers the benefits of competition. Were it not for those clauses and
27	
28	¹ In re DTE Energy/NEXUS, Analysis of Agreement Containing Consent Orders to Aid Public Comment, Sept. 13, 2019, <u>https://www.ftc.gov/system/files/documents/cases/07_dte-enbridge_aapc_redacted.pdf/.</u>
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Case 4:21-cv-01727-DMR Document 1 Filed 03/11/21 Page 14 of 18



Case 4:21-cv-01727-DMR Document 1 Filed 03/11/21 Page 15 of 18

1	Zoom with no ability to challenge RingCentral's false statements to customers that it is		
2	discontinuing Zoom's services due to development of a superior product.		
3	58. Zoom seeks a judicial determination and declaration that the Non-Compete Clauses		
4	and confidentiality provisions, as interpreted by RingCentral, are void and thus unenforceable		
5	under California Business & Professions Code Section 16600.		
6			
7	PRAYER FOR RELIEF		
8	WHEREFORE, Zoom respectfully requests that the Court enter judgment in favor of		
9	Zoom and against RingCentral, and grant the following relief:		
10	A. An injunction ordering RingCentral, and its officers, directors, members, agents,		
11	servants, employees, and attorneys, and all other persons acting in concert or		
12	participating with them (collectively, the "Enjoined Parties"), who receive actual		
13	notice of the injunction order by personal or other service, to:		
14	a. cease all use and never use the ZOOM Mark, in, on or with any products or		
15	services, in connection with the advertising, marketing or other promotion,		
16	offering for sale, or sale, of any products or services, including via social		
17	media platforms in relation to any entities or individuals		
18			
19	b. never represent, suggest in any fashion to any third party, or perform any		
20	act that may give rise to the belief, that any sale of new products or services		
21	by the Enjoined Parties, is permitted or sponsored by Zoom;		
22	c. never unfairly compete with Zoom in any manner whatsoever, or engage in		
23	any unfair, fraudulent, or deceptive business practices that relate in any way		
24	to the production, distribution, marketing, and/or sale of products and		
25	services bearing the ZOOM Mark.		
26	B. An order directing the Enjoined Parties to file with the Court and serve upon		
27	Zoom's counsel, within thirty (30) days after service of the order of injunction, a		
28			
	COMPLAINT & DEMAN		

ATTORNEYS AT LAW

	Case 4:21-	-cv-01727-DMR Document 1 Filed 03/11/21 Page 16 of 18
1		report in writing under oath setting forth in detail the manner and form in which the
2		Enjoined Parties have complied with the injunction.
3	C.	An order, pursuant to 15 U.S.C. § 1118, directing the Enjoined Parties to deliver up
4		and destroy any infringing products, labels, signs, prints, packages, wrappers,
5		receptacles, advertisements, plates, molds, matrices, and/or other means of making
6		the same.
7	D.	An order finding that, by the acts complained of above, RingCentral has created a
8		false designation of origin and false representation of association in violation of
9		15 U.S.C. § 1125(a).
10	E.	Pursuant to 15 U.S.C. § 1117(a), an order awarding Zoom damages as follows:
11		a. Zoom's actual damages;
12		b. All of RingCentral's profits or gains of any kind resulting from its acts of
13		trademark infringement false designation of origin and unfair competition,
14		including a trebling of those damages and profits.
15	F.	An order pursuant to 15 U.S.C. § 1117(a) finding that this is an exceptional case
16		and awarding Zoom its reasonable attorneys' fees.
17	G.	An order pursuant to 15 U.S.C. § 1117(a) awarding Zoom all of its costs,
18		disbursements, and other expenses incurred due to RingCentral's unlawful conduct.
19	H.	An order and declaration that RingCentral has breached
20		. RingCentral has
21		
22		. <i>See</i> Exh. 1
23		§2(a) (see also 8th Am. §1.
24	I.	An order that RingCentral has further
25		
26		. See id.
27		at §§ 9(a), (c) (
28		
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COMPLAINT & DEMAND FOR JURY TRIAL

	Case 4:21	-cv-01727-DMR Document 1 Filed 03/11/21 Page 17 of 18
1	J.	An order that RingCentral has
2		
3		including by making false public statements as to the reason RingCentral is
4		transitioning its Customers from RingCentral Meetings to RingCentral Video, and
5		suggesting that transition is due to quality or feature-based reasons as opposed to
6		
7	K.	An order and declaration pursuant to California Business & Professions Code
8		Section 16600 that the anti-competitive terms in the agreement, including the Non-
9		Compete Clauses
10		
11		are void and thus,
12		unenforceable.
13	L.	Award Zoom monetary judgment in an amount to be determined at the conclusion
14		of trial, plus pre-judgment and post-judgment interest at the maximum rate allowed
15		by law.
16	М.	Zoom's reasonable attorneys', accountants' and experts' fees, and costs,
17		
18	N.	An order awarding Zoom pre-judgment interest.
19	О.	An order awarding Zoom such other relief as the Court deems appropriate.
20		
21		DEMAND FOR JURY TRIAL
22	Pursi	uant to Federal Rule of Civil Procedure 38(b), Zoom hereby demands a trial by jury
23	on all issues	so triable.
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LATHAM&WATKINS		COMPLAINT & DEMAND

	Case 4:21-cv-01727-DMR	Document 1	Filed 03/11/21	Page 18 of 18
1	Dated: March 11, 2021		LATHAM & W	ATKINS LLP
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3			By <u>/s/ Douglas</u> Douglas E. I Matthew Ra	<u>E. Lumish</u> Lumish
4			Matthew Ra Jennifer Bar	wlinson
5			Arman Zaho	pory z Watkins LLP
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7			Zoom Video	r Plaintiff Communications, Inc.
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