

UNITED STATES DISTRICT COURT

**ORIGINAL**

NORTHERN DISTRICT OF CALIFORNIA

Before The Honorable HAYWOOD S. GILLIAM, JR., Judge

RUMBLE, INC.,	)	<b>Motion to Dismiss and</b>
	)	<b>Motion to Strike</b>
Plaintiff,	)	
	)	
vs.	)	NO. C 21-00229HSG
	)	
GOOGLE LLC and DOES 1-10, inclusive,	)	Pages 1 - 26
	)	
Defendants.	)	Oakland, California
	)	Thursday, September 9, 2021

**REPORTER'S TRANSCRIPT OF TELECONFERENCE PROCEEDINGS**

**APPEARANCES (Telephonic):**

For Plaintiff: Burke, Williams & Sorensen, LLP  
1901 Harrison Street, Suite 900  
Oakland, California 94612-3501  
BY: ROBERT W. DICKERSON, JR.,  
ATTORNEY AT LAW

Cadwalader, Wickersham & Taft LLP  
200 Liberty Street  
New York, New York 10281  
BY: JACK G. STERN, ATTORNEY AT LAW

For Defendant: Williams & Connolly LLP  
725 Twelfth Street NW  
Washington, DC 20005  
BY: JOHN E. SCHMIDTLEIN, ATTORNEY AT LAW

Reported By: Raynee H. Mercado, CSR No. 8258

Proceedings reported by electronic/mechanical stenography;  
transcript produced by computer-aided transcription.

1 Thursday, September 9, 2021

2 2:30 p.m.

2 P R O C E E D I N G S

3 (Teleconference)

4 **THE CLERK:** We're calling, Your Honor, CV21-00229,  
5 Rumble, Inc. versus Google, LLC, et al.

6 Please state your appearances for the record, please.

7 **MR. DICKERSON:** This is Robert Dickerson for  
8 plaintiff Rumble.

9 **MR. STERN:** Jack Stern from Cadwalader on behalf of  
10 plaintiff Rumble.

11 (Off-the-record discussion.)

12 **MR. DICKERSON:** Robert Dickerson for plaintiff  
13 Rumble.

14 **THE COURT:** And I'm sorry. Who was the appearance  
15 with for the defendant?

16 **MR. SCHMIDTLEIN:** Good afternoon, Your Honor. This  
17 is John Schmidlein from Williams & Connolly for Google.

18 **THE COURT:** All right. Good afternoon to you both.

19 So we're here for a hearing on the partial motion to  
20 dismiss the first amended complaint and motion to strike that  
21 the defendant filed.

22 And let's see. It is certainly sort of an interesting  
23 matter in a couple regards. One is the original complaint had  
24 a tying theory under Section 1, and there's a motion to  
25 dismiss as to that complaint. And rather than oppose the --

1 the amended complaint was filed, which removed the Section 1  
2 tying theory as one of the ones pled in the complaint but then  
3 continued to include what I'll call tying-related language in  
4 the -- in allegations and also, as the defendant notes, seems  
5 to have incorporated a large volume of material from -- from  
6 other lawsuits in terms of allegations that were made there  
7 about the -- the general search market.

8 But it -- it's not entirely clear to me, you know, the --  
9 the basis for the plaintiff's effort to -- to loop in things  
10 that are happening in the general search market in which I  
11 think it's undisputed that the plaintiff doesn't participate.

12 And, really, the -- the justification that's offered is  
13 that there's a monopoly leveraging theory and that the  
14 plaintiff is seeking to introduce actions happening in the  
15 general search market. It's a claim that that is a -- was a  
16 monopoly leveraging gambit for the -- for the video market.

17 But it's not clear to me, really, that monopoly leveraging  
18 is a viable theory as a matter of law. Really, the -- the  
19 plaintiff was citing the -- the *Verizon* footnote and then a  
20 few other cases. But it -- it looks to me in more recent  
21 cases, the courts have all but said that that theory is not a  
22 standalone theory without some allegation of independent  
23 anti-competitive conduct in the leveraged market.

24 And so, you know, really, one of the questions I have I  
25 think as an initial matter, and, really, it's for the -- the

1 defendant's first and then I'll hear from the plaintiff on  
2 this point is, does your motion depend on me essentially  
3 saying that as a matter of law, the monopoly leveraging theory  
4 is -- is inviable under any circumstances?

5 Or are you arguing that for it to be pled, there would  
6 have to be different facts pled here which then tends to  
7 suggest that what we would be talking about is dismissal of  
8 leave. But it's -- it wasn't entirely clear to me which of  
9 those two things you are saying.

10 **MR. SCHMIDTLEIN:** Thank you, Your Honor. This is --  
11 this is John Schmidlein.

12 On the monopoly leveraging claim, I think -- I think we  
13 make both arguments, that -- that you are -- you are correct  
14 that the case law does not recognize -- has not really  
15 established a monopoly leveraging as a -- as a standalone  
16 theory.

17 In other words, the mere fact that you have a monopoly in  
18 one market and you use whatever advantages that gives you to  
19 compete effectively in another market, that's -- that's just  
20 not a viable claim. You need to plead independent  
21 exclusionary conduct directed at that second leveraged market,  
22 as -- as Your Honor recognized.

23 Here, our argument is that they have not made such  
24 allegations. So whether or not there could be some sort of  
25 independent monopoly leveraging theory, which we say there

1 isn't, they haven't even pled the necessary facts to establish  
2 something that would look like a viable leveraging theory  
3 because all of the conduct that they allege is unlawful or  
4 exclusionary, is all the conduct that they've copied from  
5 another lawsuit that pertains to the actual monopolization or  
6 alleged monopolization of -- of the search market, not the  
7 video-sharing platform market or the leveraged market that I  
8 think Your Honor referred to it as.

9 THE COURT: Yeah, and what --

## 10 (Simultaneous colloquy.)

18                   **MR. SCHMIDTLEIN:** Well, I think -- I think the -- I  
19 think the -- if I'm remembering correctly, I think the -- the  
20 *Verizon* footnote even draws that -- draws that distinction.

21           But I think we've -- we've also obviously cited the *Doe*  
22           *vs. Abbott Labs* case, and the *Stein vs. Pac Bell* case, which I  
23           think both -- again, I think recognizing Prinko [phonetic],  
24           recognize that you couldn't even have a monopoly-leveraging  
25           claim unless you got an allegation of independent

1 anti-competitive conduct that's directed at that second  
2 leveraged market.

3 And -- and here, as I said, the -- the argument  
4 we've pressed, at least as it pertains to those search-related  
5 conduct, is that that conduct can't form the basis for a  
6 monopoly-leveraging claim. And I believe that's the argument  
7 that the -- the plaintiff is trying to make here, is that they  
8 can try to use those allegations to establish a  
9 monopoly-leveraging claim that goes into the video-sharing  
10 platform market.

11 **THE COURT:** Right.

12 And then I -- and then I read your papers. And I'm  
13 looking at your reply at page 5 to also make a related but  
14 perhaps analytically distinct argument that there's also a  
15 standing problem because of the way that the conduct is pled.  
16 And you're citing the *American Ad Management* case for that.

17 Is that a distinct argument, or is that part and parcel of  
18 what you just said?

19 **MR. SCHMIDTLEIN:** That would be a distinct argument,  
20 Your Honor.

21 I think that the standing argument, you know, would --  
22 would apply to any antitrust claim whether viable or -- or  
23 not.

24 The fact that you may have pled the actual elements of a  
25 claim would not necessarily give you antitrust standing. That

1 really pertains to where the plaintiff is situated in the  
2 market and what harm or the nature of the harm that the  
3 plaintiff is alleging.

4       Here, our argument is, is that the -- the conduct again,  
5 just focusing on that search-market-related conduct, the  
6 distribution of Google on various -- for example, Android  
7 devices and how Google has agreements with various device  
8 manufacturers to distribute Google Search, not YouTube, but  
9 Google Search.

10      Our position is, is that the fact that the plaintiff is  
11 not a participant in this search market, either as a  
12 competitor or -- or as a consumer customer, places them  
13 outside of the boundaries of having antitrust standing to  
14 complain about conduct that purportedly would give Google a  
15 monopoly in any sort of search market.

16      And that is -- I think that is based on historically cases  
17 that -- that look for, you know, kind of jurisprudential  
18 concerns about causation, around who is the appropriate  
19 plaintiff to address those sorts of allegations.

20      And just to -- to amplify that, Your Honor, I mean, here,  
21 for the -- for the plaintiff to have really a connection to  
22 those allegations, there would have to be a whole slew of very  
23 speculative and -- and distinct steps in the causal chain,  
24 none of which they have pled, nor I think could they plead in  
25 a -- in a direct fashion that would give them standing.

'Cause the argument, as -- as I understand it, they would to have make is in the absence of Google's supposed conduct in the search market, somehow other competing search engines, not the plaintiff 'cause they're not a search engine -- other competing plaintiffs would somehow have gotten better distribution or would have gotten more usage instead of Google and that people searching on those other competing search engines would have been directed somehow to search results that were more favorable for the plaintiff.

Those -- those types of speculative and, you know, large leaps in the causal chain, I think, is exactly what informs courts consideration and analyses of antitrust standing in the types of cases that we've cited.

So that to us, Your Honor, is a -- is a distinct and independent grounds for the dismissal of the search-market-related allegations.

**THE COURT:** Let me hear from Mr. Dickerson.

And, really, just starting with a couple of preliminary points, and I'll let you speak to this monopoly leveraging question.

First, I take it there's no dispute that your client doesn't participate in the general search market and therefore wouldn't have standing in the market.

**MR. DICKERSON:** Your Honor, this is Robert Dickerson. Mr. Stern is going to address these issues.

1                   **THE COURT:** All right. Well, whoever.

2                   **MR. STERN:** Thank you.

3                   Jack Stern from Cadwalader, Your Honor.

4                   Contrary to what Google suggested in its reply, we do not  
5 make a monopolization claim with respect to the general search  
6 market or the online advertising market.

7                   We allege claim of monopolization with respect to the  
8 online video platform market and allege antitrust standing  
9 with respect to that market.

10                  The --

11                  **THE COURT:** Right.

12                  (Simultaneous colloquy.)

13                  **MR. STERN:** -- exclusionary.

14                  **THE COURT:** Right, but so -- and just what I like to  
15 do is just check off things that aren't contested so I  
16 understand the lay of the land is before we get into the  
17 argument.

18                  Your client doesn't participate in the general search  
19 market, correct?

20                  **MR. STERN:** Correct. We do not have standing in  
21 relation to that market. We have standing in relation to the  
22 online video platform market.

23                  **THE COURT:** Okay.

24                  **MR. STERN:** And we have --

25                  **THE COURT:** And then just the second question that

1 I -- and then I'll let you speak to the substance of it.

2       But just before I forget them, on every motion to dismiss,  
3 the question arises is it dismissal with leave or dismissal  
4 without leave. Obviously, you're arguing that there shouldn't  
5 be a dismissal at all, and I haven't decided that yet.

6       But I assume that your position is that if I were to find  
7 infirmities in any of the theories, whether it's monopoly  
8 leveraging or tying or any of -- any of the theories that are  
9 being challenged, your position would be that I should hew to  
10 the Ninth Circuit's own presumption and allow leave to amend  
11 once I point out what the problems are, right?

12           **MR. STERN:** Yes. Yes, Your Honor.

13           **THE COURT:** All right.

14       So then, with respect to this monopoly leveraging theory,  
15 why don't you speak to both of those --

16           **MR. STERN:** Sure.

17           **THE COURT:** -- pieces of it.

18       First, it seems like the theory is at a minimum perhaps  
19 out of favor, if not having been completely found wanting, but  
20 there certainly -- it seems to be a sort of trail of bread  
21 crumbs kind of approach to establishing it growing out of, you  
22 know, one footnote in *Verizon*. So that really is the first --

23       What's your best case, current case, for -- that has  
24 applied that sort of theory? And then, two, where do I look  
25 to find what the elements are for pleading that theory,

1 especially where here, you've got the circumstance where you  
2 obviously acknowledge that you don't participate in the market  
3 that is providing the leverage and you participate in the  
4 supposedly leverage market.

5 What case or cases that are recent do you think best lay  
6 out the pleading standard for that sort of claim? And  
7 controlling --

8 (Simultaneous colloquy.)

9 **THE COURT:** -- better.

10 **MR. STERN:** Well, I think -- first of all, I do want  
11 to address the labels that Google has tried to apply to our  
12 allegations because I -- I do reject the narrow labeling.  
13 But -- but in -- to answer your question directly, I think the  
14 governing authority really is in the Supreme Court *Trinko*  
15 case, which says that monopoly leveraging theory must include  
16 allegations of -- of dangerous probability of success in  
17 monopolizing a second market. Here, the second market would  
18 be the online video platform market.

19 But to come back to my more general point if I can, Google  
20 has tried to label our -- our -- our range of -- the range of  
21 exclusionary conduct we've alleged as tying allegations,  
22 monopoly leveraging allegations. And I don't view what we've  
23 alleged as falling under any specific label.

24 Rather, the exclusionary conduct that we allege  
25 contractual restrictions and tech -- technological bundling

1       that effectively direct mobile searches to Google's own video  
2       platform, YouTube, all of that conduct relates to Google's  
3       monopolization of the online video platform market.

4           And Google's motion effectively seeks to cut out of this  
5       case significant categories of exclusionary conduct that it --  
6       that relate to its monopolization of the online platform  
7       market, the market that Google's affiliate YouTube dominates.

8           We allege exclusionary conduct that we claim had the  
9       effect of cementing YouTube's dominance of the online video  
10       platform market. And at pages five to six of our opposition  
11       brief, ECF44, we detail the specific allegations that explain  
12       how Google's exclusionary conduct in relation to mobile search  
13       affected competition in the online video platform market.

14           Mobile searches are a very important means by which  
15       consumers engage in both general searches and specialized  
16       searches.

17           Our client Rumble is a specialized search provider that  
18       focuses on the sharing of videos online. Rumble competes or  
19       attempts to compete with Google's own specialized search  
20       platform in the area, YouTube.

21           We allege that Google has taken a variety of steps in  
22       relation to mobile phones that have enhanced YouTube's  
23       position as an online video-sharing platform in a way that  
24       excludes competition and has contributed significantly to  
25       YouTube's monopolization of the online video platform market.

1           That is -- that is what we claim.

2           Now, as to tying, as to those categories of exclusionary  
3 conduct that --

4           **THE COURT:** Let me ask you -- before we move on to  
5 that, but -- but -- I do take the defendant's point that  
6 there's a disconnect there, and I'm just wondering what cases  
7 you think bridge the disconnect.

8           You're saying they did all of this stuff in a market we  
9 don't participate in. We're not -- we're not in it. That's  
10 not where the injury occurred. That's undisputed.

11           And you're arguing that that conduct had anti-competitive  
12 effects on the market you do participate in. But what's the  
13 authority for the idea that -- I mean, don't you have to show  
14 that there were anti-competitive actions taken within the  
15 market you participate in?

16           And if you don't think that's the law, what controlling  
17 authority best supports your position on that?

18           **MR. STERN:** Well, I -- I would say that our  
19 allegations do -- do allege a direct impact on the market that  
20 we participate in. The contractual restrictions and  
21 technological bundling that Google has put in place in dealing  
22 with phone manufacturers, as we allege, have played a major  
23 role in positioning YouTube as the dominant online video  
24 search site and monopolizing that online video platform  
25 market.

1           And -- and so that I think is just basic Section 2  
2 monopolization law that a plaintiff is required at the  
3 pleading stage to make plausible allegations of exclusionary  
4 conduct that have an effect on the market at issue.

5           And we submit that that's -- that's precisely what we've  
6 alleged and we -- we provide the specifics at page 5 to 6 of  
7 our opposition brief.

8           On the subject of tying, it -- Google has tried to -- to  
9 label certain conduct as tying conduct. You are correct, Your  
10 Honor, in terms of your history -- the history of this  
11 litigation. The initial complaint had a Section 1 claim in  
12 addition to Section 2 claim.

13           When Google moved to dismiss that, we decided rather than  
14 get involved in motion practice, we would amend our complaint  
15 to remove the Section 1 claim and expand our previous  
16 allegations of exclusionary conduct in relation to mobile  
17 search and how that affects the online video platform market.

18           We did not expect that Google would make a motion that it  
19 could have made in response to the original complaint but they  
20 did, and we make our argument -- our procedural argument under  
21 Federal Rule of 12(g)(2).

22           You know, in terms of tying, we -- we have alleged at --  
23 at -- and this is quoted and -- and summarized at page 5 of  
24 our opposition brief, we've alleged that phone manufacturers  
25 had no economically viable choice but to accept Google's

1 condition.

2 So on the subject of coercion, the court need not go  
3 beyond those specific allegations. But in terms of the -- the  
4 relevant law bearing on tying, at pages 12 to 15 of our  
5 opposition brief, we were careful to quote and not really  
6 paraphrase the cases that hold that tying allegations in the  
7 context of the Section 2 monopolization claim need not meet  
8 all the requirements of the Section 1 agreement in restraint  
9 of trade claim.

10 **THE COURT:** But which -- and which cases are those?  
11 My recollection is those were -- were they district court  
12 cases? I don't remember.

13 **MR. STERN:** This is at pages 12 to 15 of our  
14 opposition brief. We start with *Tele Atlas*, which is a  
15 Northern District of California case. And *California Computer*  
16 *Products*, which is a Ninth Circuit case. Those are the two  
17 primary authorities on treatment of tying allegations in  
18 relation to a Section 2 claim.

19 Now, in -- in terms of the -- the -- allegations that we  
20 included from the -- the DOJ complaint, Google attacks us for  
21 presenting those allegations and allegations based on the  
22 related congressional investigation. But, Your Honor,  
23 there's -- there's nothing improper about that.

24 We explicitly cited the DOJ complaint and the  
25 congressional investigation report as our sources in both our

1 original complaint and the amended complaint. We've provided  
2 cites to those explicit references at pages 3 and 6 of our  
3 opposition brief.

4 And it is -- is really quite common for private antitrust  
5 plaintiffs to incorporate allegations that the DOJ has made.

6 **THE COURT:** Right. Well --

7 (Simultaneous colloquy.)

8 **THE COURT:** Let me ask this. I don't need to  
9 determine, really, whether that is toward or untoward.

10 But going back to the -- the tying question, it seems to  
11 me it's not just the -- the defendant is characterizing the  
12 theory as tying. That's how your complaint frames it. And I  
13 understand you're saying it's not just tying, but to the  
14 point, you know, paragraph 27 talks about tying. Paragraph  
15 151 talks about tying. Paragraph 169 talks about tying.

16 To the extent there is a tying-based theory, and I  
17 understand you're saying "and that's not all," but what's  
18 the -- what's the rational for your claim that as long as we  
19 just say that it's part of a broader pattern of  
20 anti-competitive conduct, the court can't scrutinize whether  
21 it meets the tying pleading requirements at all.

22 And I know you cited Judge White's case from 2008 and some  
23 others, but that -- that's what I'm wondering, is why -- to  
24 the extent you yourself are saying part of the theory is  
25 tying, why wouldn't tying doctrine and pleading requirements

1 apply to that?

2 **MR. STERN:** Well, the -- they do under Section 2.

3 And the cases that we've cited have -- have held that the  
4 pleading requirements for a Section 2 claim are less rigorous  
5 than for a Section 1 agreement in restraint of trade claim.

6 In any event, Google's main attack on those tying  
7 allegations -- and you're correct. They're reflected in six  
8 paragraphs of the complaint -- their main attack is that we've  
9 not adequately alleged coercion. But as we -- as we outline  
10 at page 5 of our opposition brief, we made detailed  
11 allegations concerning the coercive nature of Google's terms  
12 and conditions.

13 **THE COURT:** All right.

14 And so there's a lot at paragraph 5, and it's kind of an  
15 omnibus, so help me out. Which -- you know, in your  
16 opposition, for example, you make the representation that "an  
17 appreciable number of buyers have accepted burdensome terms  
18 that have required the buyers to forgo possibly desirable  
19 substitutes," and I actually didn't see a complaint cite to  
20 that.

21 Where in the complaint is that allegation supported?

22 **MR. STERN:** The -- the -- the -- the allegation, Your  
23 Honor, that -- that -- that phone manufacturers have no  
24 choice?

25 **THE COURT:** Yeah, exactly. I'm --

**MR. STERN:** I -- I --

(Simultaneous colloquy.)

**MR. STERN:** I may have -- I may have created some confusion. I was referring not to paragraph 5 of the complaint. I was referring to page 5 of our opposition brief.

**THE COURT:** No, I know --

(Simultaneous colloquy.)

**THE COURT:** -- but --

**MR. STERN:** And -- and --

**THE COURT:** So the question still obtains.

**MR. STERN:** Yeah. Paragraphs 109 to 117 of the

amended complaint describe the coercive no choice operation of the mobile application distribution agreements.

The -- paragraphs 149 through 155 and Figure 7 of the amended complaint allege and illustrate how Google's pre-installation agreements present phone manufacturers with an all or nothing choice, et cetera.

Paragraphs 109 to 117 describe the pressure on mobile phone manufacturers to obtain certain "must have" and "gotta have" Google apps. And there's more. And it's all set forth and paraphrased at pages 5 through 6 of our opposition brief.

**THE COURT:** All right.

And so I should just look at those paragraphs, and, obviously, it's one thing to say, well, this is a great thing, you know, our product's great. It's another thing to say

1       we're going to preclude you from adopting their product.

2           So I'll -- I will just look at those paragraphs, but how  
3       in your view does that meet the coercion threshold?

4           **MR. STERN:** Well, the coercion is -- the coercion  
5       issue really relates to whether phone manufacturers have a  
6       choice but to accept Google's conditions. And we explain why  
7       they don't -- they don't have an economically viable choice.

8           Now, you know, in terms of the -- you know, the different  
9       standard of pleading tying in a Section 2 claim versus a  
10       Section 1 claim, Google's reply at page 7 cites three cases.  
11       They cite *Golden Boy*, which is a case in which the plaintiff  
12       alleged both Section 1 and Section 2 claims and failed to  
13       provide support for either.

14       The Seventh Circuit case that they cite, *Viamedia*,  
15       actually allowed the plaintiff to proceed with its tying  
16       allegations in support of the Section 2 claim reversing a  
17       trial court dismissal of those claims at summary judgment.

18       And the *Ramallo* case -- the *Ramallo* case that they cite  
19       describes the coercion element in a way that is consistent  
20       with what we alleged, in other words, focusing on whether a  
21       counter-party had any economically viable alternative to  
22       agreeing to the defendant's terms.

23       And if I could just get back to the DOJ because there --  
24       there is a suggestion that there's something improper or  
25       untoward about --

**THE COURT:** Well, I --

(Simultaneous colloquy.)

**THE COURT:** We can save that. I -- I -- I don't

ascribe any. It's just --

(Simultaneous colloquy.)

**MR. STERN:** I was just going to say, Your Honor, that

I mostly defend antitrust cases, and -- and as a defendant,

often find where there is a DOJ case, private plaintiffs use

those allegations because private plaintiffs must plead

plausible antitrust allegations. And the fact that

allegations are the product of a DOJ investigation is

generally considered a pretty strong indication of

plausibility.

I'll give Mr. Schmidtlein the last word briefly since it's

your motion.

**MR. SCHMIDLEIN:** Thank you, Your Honor.

On this -- on this tying point, Your Honor is -- is -- is

right on the money in the sense that they are -- they have

explicitly made allegations of unlawful tying.

The heading, if you look at the -- in bold -- bold capital

letters on page 55 of their complaint, they say Google's

pre-installation agreements affect an illegal tying

arrangement. So they are -- they are obviously trying to tuck

1 in some sort of tying claim into a Section 2 claim.

2 This is a different tying claim than the one they  
3 originally alleged which had no factual basis whatsoever  
4 either. And that's why they -- that's why they dismissed it.  
5 They tried a new version of a tying claim. But they don't --  
6 unlike before, they don't actually have it stand on its own  
7 two legs. They're trying to tuck it into this Section 2  
8 theory and -- and glom it on to other allegations.

9 The reason why that is improper is -- is for a couple of  
10 reasons. Without pleading the actual elements of the tying  
11 claim here, and specifically without having pled -- adequately  
12 replied coercion, and your -- Your Honor, again, was right on  
13 the money. That page in their brief that they keep pointing  
14 you to, page 5, there's a reason there are no paragraph [sic]  
15 in the complaint cited for that proposition because there are  
16 none in the second amended complaint.

17 They haven't pled anywhere that a single device  
18 manufacturer, mobile phone carrier, anybody who manufactures  
19 or sells a device that comes pre-installed with YouTube on it,  
20 they haven't alleged that anybody was coerced into taking  
21 YouTube and pre-loading it on a device and that they would  
22 have preferred not to do that absent the licensing terms that  
23 were provided by Google and that they would have instead  
24 preferred to have pre-installed Rumble.

25 Mr. Stern keeps talking about whether they have a choice

1 or not, that -- they've claimed that -- they made allegations  
2 that -- that people don't have a choice. They have not  
3 alleged that anyone -- anyone that Rumble could have  
4 potentially done a deal with would have chosen otherwise. And  
5 under those circumstances, they have not demonstrated any sort  
6 of coercion.

7 The agreements that are at issue here -- the agreements  
8 that they claim are the tying agreement are somewhat unusual  
9 agreements for antitrust cases.

10 First, the license that includes YouTube and other  
11 Google's apps as a bundle of apps -- the license is free.  
12 The -- the device manufacturer pays nothing for it.

13 **THE COURT:** And is this a fact that's pled in the  
14 complaint itself? Obviously, we're at the 12(b)(6) stage.

15 **MR. SCHMIDTLEIN:** It -- they do not -- they do not  
16 allege otherwise. There is -- there is nothing in any of the  
17 complaint that says that any -- any OEM manufacturer paid  
18 Google for YouTube or paid Google for any of these other apps  
19 that are included in this license.

20 The -- the other thing that they don't plead is that the  
21 license is somehow exclusive. There is nothing in this  
22 license, this supposed coerce -- this supposed license that  
23 people have no choice but to accept -- there is nothing in  
24 that license that prevents a device manufacturer or a -- a  
25 carrier from also taking a license and pre-installing Rumble.

1           If they want to do that, they are free to do that. That  
2 is different than the typical tying case where a party says,  
3 if you want the -- the product A that I supposedly have a  
4 monopoly in, you have to buy that but then you also have to  
5 buy product B. You have to pay an affirmative price for  
6 product B.

7           In those cases, oftentimes plaintiffs allege under those  
8 circumstances, I can't sell my product to the customer 'cause  
9 they've already paid for the competing product. They don't  
10 want to pay twice for this -- the competing product, and  
11 they've already had to buy my competitor's version of that  
12 product.

13           Those facts are not present here. And they have not  
14 alleged a single instance -- not once do they allege in all of  
15 their reformulated allegations from elsewhere, they never --  
16 they never allege once that they went and talked to a Samsung  
17 or they talked to an LG or they talked to anyone and -- and  
18 said "we want to pre-load our app on your phone," and the  
19 person said, "I'm sorry I can't do that. I'm prevented from  
20 doing it," or "it's just not feasible for me to do that  
21 because I already have a deal with Google."

22           And it's not just, you know, the fact that Google --  
23 Google but -- Android phones are not the only devices where  
24 Rumble could get distribution. Rumble could -- Rumble could  
25 go and try to persuade Apple to pre-load their app. Google

1 doesn't have an agreement with Apple to have YouTube  
2 pre-loaded. They're not pre-loaded on Apple. Rumble could go  
3 and try to get pre-loaded on a laptop computer, like many  
4 other apps are pre-loaded on a laptop computer. Google  
5 doesn't control the laptop computer market.

6 They don't allege that anybody has indicated an interest  
7 in pre-loading Rumble on any device, much less that they were  
8 blocked from doing so because they had a free nonexclusive  
9 license to pre-install YouTube on their device.

10 And under those circumstances, there's no coercion,  
11 there's no exclusionary conduct, there's nothing  
12 anti-competitive about the license to begin with. And when  
13 there's nothing anti-competitive about the conduct, you can't  
14 use it either alone or in conjunction with other alleged  
15 conduct to make up a Section 2 claim.

16 It's just a zero on the score card of anti-competitive  
17 conduct and that's why that those allegations and that  
18 theory -- that a illegal tying theory arrangement that they've  
19 pled should be dismissed at the 12(b)(6) stage.

20 **THE COURT:** And just -- you know, one of the things  
21 that is always interesting on motions to dismiss is obviously  
22 there's a -- you know, you've laid out a lot of arguments, so  
23 you -- by my -- kind of compelling in terms of what sort of  
24 facts might emerge, but are you -- what is -- what's the  
25 authority for the idea that they have to -- they have to plead

1 the particular facts like the ones that you laid out? Like an  
2 exclusive license or, you know, other --

3 And I know it's -- it's a balance because they -- they  
4 have to plausibly plead facts under *Twombly*, and I'll look and  
5 make sure they've done that. But to the extent, you seem to  
6 be saying that to prevail, they would have to show particular  
7 facts like the ones you -- that you just listed, what's the  
8 authority for that?

9 **MR. SCHMIDTLEIN:** I think -- I think -- Your Honor, I  
10 think it is *Twombly* and -- and the cases that -- that follow.  
11 I mean, they -- they -- right now, they have basically just  
12 alleged a -- a conclusory statement that -- the idea that --  
13 that, you know, device manufacturers have no choice, that is a  
14 conclusory statement, not backed up by any specific factual  
15 allegation, and it actually doesn't actually plead coercion.

16 Whether -- whether -- if somebody offers a customer a  
17 bundle of products, and they -- and they want them, and they  
18 are happy to have them, and they are not forced -- they don't  
19 feel forced into buying them, they would -- they would prefer  
20 to buy them that way, there is no coercion, and there's no  
21 exclusionary conduct.

22 And under these circumstances in this particular factual  
23 setting, they -- they are duty bound to make those sorts of  
24 specific factual allegations to back up the generalized notion  
25 or the element of coercion and anti-competitive or

exclusionary conduct to state a claim.

**THE COURT:** All right.

**UNIDENTIFIED SPEAKER:** Your Honor --

**THE COURT:** So no rebuttal, 'cause this is the problem. We always -- everyone -- of course, you're good advocates; you want the last word, but we have to end. And now's the -- now is the end. It's their motion so I give them the last word because it's the equivalent of their reply.

I'll take the motions -- the motion under submission, and we'll aim to issue a ruling as soon as I can.

**UNIDENTIFIED SPEAKER:** Thank you, Your Honor.

**MR. SCHMIDLEIN:** Thank you, Your Honor.

**THE COURT:** You're welcome.

(Proceedings were concluded at 3:10 P.M.)

--○○○--

1

2

3 **CERTIFICATE OF REPORTER**

4

5 I certify that the foregoing is a correct transcript  
6 from the record of proceedings in the above-entitled matter.  
7 I further certify that I am neither counsel for, related to,  
8 nor employed by any of the parties to the action in which this  
9 hearing was taken, and further that I am not financially nor  
10 otherwise interested in the outcome of the action.

11

12 

13 Raynee H. Mercado, CSR, RMR, CRR, FCRR, CCRR

14 Friday, September 24, 2021

15

16

17

18

19

20

21

22

23

24

25

**RAYNEE H. MERCADO, CSR, RMR, CRR, FCRR, CCRR (510) 565-7228**