

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Sanas.AI Inc. v. Krisp Technologies, Inc.

Sanas.AI · No. 25-cv-05666-RS · Decided December 1, 2025

OPINION

Sanas.AI Inc. v. Krisp Technologies, Inc.

PER CURIAM.

1 2 3 4 5 6

7 UNITED STATES DISTRICT COURT

8 NORTHERN DISTRICT OF CALIFORNIA

9

SANAS.AI INC.,

10 Case No. 25-cv-05666-RS Plaintiff, 11

v. ORDER DENYING KRISP’S MOTION

12 TO DISMISS SANAS’ CLAIMS AND

KRISP TECHNOLOGIES, INC., GRANTING IN PART AND DENYING

13 IN PART SANAS’ MOTION TO

Defendant. DISMISS KRISP’S COUNTERCLAIMS 14 15

I. INTRODUCTION

16 Defendant and Counterclaim Plaintiff Krisp Technologies (“Krisp”) and Plaintiff and 17
Counterclaim Defendant Sanas AI (“Sanas”), two technology competitors and almost- 18
collaborators, move to dismiss each other’s claims and counterclaims, respectively. Sanas has 19
adequately pled trade secret misappropriation, co-inventorship and co-ownership, and false 20
advertising claims against Krisp. Accordingly, Krisp’s motion to dismiss as to these claims is 21
denied as set forth below. 22 Sanas’ motion as to Krisp’s state-law counterclaims is denied in part
as well because Krisp 23 has adequately pled violations of Cal. Bus. & Prof. Code § 17043 and §§
17200 et. seq. However, 24 since allegations of violations of Cal. Bus. & Prof. Code § 17044
cannot survive when based on a 25 defendant freely giving away a product, Sanas’ motion to
dismiss is granted as to count three of 26 Krisp’s counterclaims as set forth below. 27

1 II. BACKGROUND1

2 Sanas and Krisp are competitors in the market for voice communication software. 3 Specifically,
their technology improves phone and video call conversations in real-time by 4 converting accents
and reducing background noise. It is most commonly deployed in call centers. 5 Krisp entered the
market first with background noise suppression software. Concurrent 6 with the release of its
noise suppression technology, Krisp filed a provisional patent application 7 that was awarded on

August 24, 2021. 8 Sanas AI was founded a few years later by Maxim Serebryakov, Shawn Zhang, and 9 Andrés Pérez Soderi, three former Stanford classmates, along with Sharath Narayana, an 10 entrepreneur. The Sanas co-founders were originally focused on accent conversion. Between 2020 11 and 2021, they built out a database of accented human speech, including identifying and recording 12 “ideal” target accents. They then developed software that translates accents between parties in 13 real-time, fast enough and at a high enough quality that normal conversation can be carried out, 14 leveraging unique student-teacher machine learning architecture and parallel data generation. 15 They launched their first product in 2021 and filed a provisional patent application titled 16 Real-Time Accent Conversion Model in May 2021. Other applications followed, including six 17 patents by September 2025. 18 A. Collaboration Discussions Between Sanas and Krisp 19 Krisp alleges that by at least July 2021, it also was developing accent conversion 20 technology using student-teacher machine learning architecture. That fall, Krisp reached out to 21 Sanas about collaborating. Between October 2021 and November 2022, the parties explored 22 collaboration, and Sanas provided, upon Krisp’s solicitation, technical details about Sanas’ accent conversion technology. That technical information included performance details in the case of 23 strong accents, different dialects, and background voices; intelligibility of various converted 24 audio; end to end latency metrics when used with different platforms; support for different 25 26 1 For the purposes of these motions, unless otherwise stated, this order accepts well-pled factual 27 allegations made in the complaint and counterclaims as true. 1 microphone types; CPU utilization; details about the technology stack and current and future 2 technical specifications; and decisions and plans to build versus buy certain algorithms and 3 features. 4 Upon Sanas’ request, the parties entered a non-disclosure agreement (NDA) on November 5 17, 2021. The NDA acknowledged that Sanas “ha[d] disclosed, and may further disclose certain 6 confidential technical and business information. . . that [Sanas] desires [Krisp] to treat as 7 confidential.” The NDA defined “Confidential Information” as (i) written information that is 8 “marked ‘Confidential,’ ‘Proprietary’ or in some other manner to indicate its confidential nature,” 9 or (ii) oral information that is “reduced to a written summary [] that is marked in a manner to 10 indicate its confidential nature and delivered to the Recipient within thirty (30) days after its initial 11 disclosure.” Dkt. 39-2, Ex. A, § 2.A. Pursuant to the NDA, Krisp promised not to use Sanas’ 12 confidential information “for any purpose except to evaluate and engage in discussions” relating to 13 the licensing opportunity Krisp had solicited. Id., § 3. The NDA further provided that “[n]othing 14 in this Agreement is intended to . . . grant [Krisp] any rights in or to the Confidential Information 15 of [Sanas] except as expressly set forth in this Agreement.” Id., § 8. 16 The parties continued to explore collaboration, creating a Slack channel for exchange of information directly between the companies’ technical teams. At various times, Sanas also sought 17 an exclusivity agreement to enhance protection of the information it was sharing. Krisp refused. 18 Sanas proceeded nonetheless, expressly indicating to Krisp that it understood the NDA to provide 19 sufficient protection for the technical discussions the two

companies were having. At the end of 20 October 2022, however, Krisp stopped responding to outreach from Sanas' senior management. 21 On November 4, 2022, Krisp emailed Sanas stating that Krisp did not want to proceed with the 22 partnership for various reasons, including that Krisp was not yet interested in pursuing accent 23 translation. 24 B. Krisp's Accent Conversion Technologies and Patent Filings 25 On April 27, 2023, sixteen months after Krisp first reached out to Sanas about licensing its 26 technology and five months after discussions terminated, Krisp publicly announced "early access" 27 1 to its own proprietary AI accent conversion technology. It posted an article on its company blog 2 announcing "Krisp AI Accent Conversion: Get Ready for a Communication Revolution." The 3 article explains that Krisp "ha[d] been working tirelessly to create a technology that utilizes real- 4 time inflection changes to help customers understand agents better by dynamically changing agents' accents into the customer's natively understood accent." It announced a range of dialects 5 for which the product already worked. 6 On July 21, 2023, Krisp filed two provisional U.S. patent applications, which issued as 7 U.S. Patent No. 12,205,609 ("the '609 Patent") and U.S. Patent No. 12,223,979 ("the '979 Patent" 8 and, together with the '609 Patent, the "Krisp Accent Conversion Patents"). The Krisp Patents cite 9 Sanas' accent conversion technology patents and patent applications. 10 Sanas alleges that the Krisp Accent Conversion Patents do not disclose or claim any novel 11 or non-obvious approaches to generating parallel data for speech conversion but rather claim, as 12 Krisp's own inventions, techniques and approaches discussed in Sanas' earlier patent applications 13 and issued patents. Sanas also alleges that the Krisp Patents rely and build upon information 14 provided by Sanas employees, including co-founder Serebryakov, such that they should have been 15 named as joint inventors. Specifically, they assert that information regarding the process of 16 training the student machine learning algorithm with the teacher algorithm, which Sanas 17 employees shared with Krisp, are reflected in the '609 and '979 Patents. 18 In March 2025, Krisp launched "Krisp AI Accent Conversion v3." Krisp also markets a 19 product called "Accent Localization" (together, the "Accused Products"). 20 C. Krisp's Public Statements about Sanas Accent Conversion Technology 21 On April 21, 2025, Krisp published a public blog post, "Krisp vs. Sanas: Accent 22 Conversion Comparison" (the "2025 Accent Conversion Blog Post"), comparing Krisp's accent 23 conversion technology to Sanas'. Sanas alleges Krisp knew, or had reason to know, many of the 24 statements regarding Sanas' accent conversion technology were false or misleading. Sanas also 25 alleges that Krisp has run and continues to run Google ads which read, "Better Sanas AI 26 alternative," and link to the 2025 Accent Conversion Blog Post. 27 On or about August 28, 2025, Sanas wrote a cease-and-desist letter to Krisp regarding the 1 false and misleading statements in the 2025 Accent Conversion Blog Post, identifying at least 15 2 different false and misleading statements. At the time of filing, September 22, 2025, Krisp 3 continued to publish various false and misleading statements in its blog post. 4 Krisp claims to have used 70 pairs of recordings to inform these statements about Sanas' 5 technology. Sanas, however, alleges those samples reflect an outdated version of their software 6 from December 2023 or earlier. On

or about September 9, 2025, Krisp, through its outside 7 counsel, responded to Sanas' cease and desist, insisting the fifteen statements were "accurate at the 8 time they were made based on publicly available information." 9 D. Sanas Noise Cancellation Technology and Krisp's Public Statements 10 In August 2024, Sanas announced that it was offering noise cancellation technology, 11 giving it away for free to users who do not have the Krisp app. Around the same time, in two 12 separate public blog posts, one dated August 30, 2024 and titled "Krisp vs. Sanas: Noise Cancellation Comparison" (the "2024 Noise Cancellation Post") and a second dated July 22, 2025 13 and titled "Krisp vs. Sanas – Inbound Noise Cancellation Comparison" (the "2025 Noise 14 Cancellation Post") (together, the "Noise Cancellation Blog Posts"), Krisp made a total of at least 15 eighteen statements regarding the features and value of Sanas' noise cancellation technology. 16 Sanas alleges public sources available at the time showed those statements to be false or 17 misleading. 18 In the 2024 Noise Cancellation Post, the statements included the following: that Sanas only 19 supports Windows platforms; customer-side noise cancellation technology is not available; there is 20 noise leakage and voice degradation in contact center environments; the sample rate supports 21 8kHz only; the app does not support older CPUs; users often have to restart their drivers to avoid 22 breakdown of mic and speaker audio streams; only 30,000 agents use Sanas; Sanas is a "new 23 entrant" with minimal deployments and testing for headset and application compatibility and 24 remote deployments; settings for admins, app version management, auto-update, and enterprise 25 grade support are all limited; and certain analytics are not available. The statements in the 2025 26 Noise Cancellation Post were similar to those in the 2024 Noise Cancellation Post. 27 Krisp represents in its blog posts that the evaluations are based on "objective" and 1 representative analysis of Sanas software while processing audio samples as well as crowdsourced 2 A/B testing that presented a "fair comparison." Sanas alleges that Krisp's evaluations were not 3 objective nor representative but rather reflect a biased set of samples. 4 E. Sanas' Claims and Krisp's Counterclaims In July 2025, Sanas filed suit against Krisp. The first amended complaint, filed in 5 September 2025, brought claims for infringement of six of Sanas' accent conversion technology 6 patents, including four instances of alleged willful infringement; misappropriation of trade secrets 7 in violation of the Defend Trade Secrets Act ("DTSA"), 18 U.S.C. § 1836, and California's 8 Uniform Trade Secrets Act ("CUTSA"), Cal. Civ. Code § 3426 et seq; false advertising in 9 violation of the Lanham Act, 15 U.S.C. § 1125, and California's False Advertising Law ("FAL"), 10 Cal. Bus. & Prof. Code § 17500 et seq.; and unfair competition in violation of California's Unfair 11 Competition Law ("UCL"), Cal. Bus. & Prof. Code § 17200 et seq.. 12 Krisp brought counterclaims against Sanas for patent infringement with regard to its noise 13 cancellation technology and violations of the California Unfair Practices Act ("UPA"), Cal. Bus. 14 & Prof. Code §§ 17043, 17044 et seq., and California's UCL, id. § 17200 et seq. for allegedly 15 giving away that technology for free as a loss leader in order to injure Krisp and competition 16 generally. 17 Both parties have filed cross-motions to dismiss. Krisp moves to dismiss Sanas' trade 18 secret, co-inventorship and co-

ownership claims, and false advertising claims. Sanas moves to 19 dismiss Krisp's state-law counterclaims for violations of the California's UPA and UCL.

20 III. LEGAL STANDARD

21 Rule 12(b)(6) governs motions to dismiss for failure to state a claim. A complaint must
22 contain a short and plain statement of the claim showing the pleader is entitled to relief, Fed. R.
23 Civ. P. 8(a), and "giv[ing] the defendant fair notice of what the... claim is and the grounds
upon 24 which it rests," *Bell Atlantic v. Twombly*, 550 U.S. 544, 570 (2007) (citing *Conley v. Gibson*, 355 U.S. 41, 47 (1957)). While "detailed factual allegations" are not required, a
complaint must have 26 sufficient factual allegations to "state a claim to relief that is plausible on
its face." *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atlantic v. Twombly*, 550
U.S. 544, 570 (2007)). 1 Dismissal under Rule 12(b)(6) may be based on either the "lack of a
cognizable legal theory" or 2 on "the absence of sufficient facts alleged" under a cognizable legal
theory. *UMG Recordings, Inc. v. Shelter Capital Partners LLC*, 718 F.3d 1006, 1014 (9th Cir.
2013) (internal quotation marks 4 and citation omitted). When evaluating such a motion, courts
"accept all factual allegations in the 5 complaint as true and construe the pleadings in the light
most favorable to the nonmoving 6 party." *Knievel v. ESPN*, 393 F.3d 1068, 1072 (9th Cir. 2005).
7 In dismissing a complaint, leave to amend must be granted unless it is clear the 8 complaint's
deficiencies cannot be cured by amendment. *Lucas v. Dep't of Corrections*, 66 F.3d 924, 248
(9th Cir.1995). When amendment would be futile, however, dismissal may be 10 ordered with
prejudice. *Dumas v. Kipp*, 90 F.3d 386, 393 (9th Cir.1996). When the "plaintiff has 11 previously
been granted leave to amend and has subsequently failed to add the requisite 12 particularity to its
claims, '[t]he district court's discretion to deny leave to amend is particularly 13 broad.'" *Zucco
Partners LLC v. Digimarc Corp.*, 552 F.3d 981, 1007 (9th Cir.2009) (quoting *In re Vantive
Corp. Sec. Litig.*, 283 F.3d 1079, 1097-98 (9th Cir.2002)).

15 IV. DISCUSSION

16 A. Krisp's Motion to Dismiss Sanas' Trade Secret Claims 17 To state a claim for trade secret
misappropriation under CUTSA, a plaintiff must allege 18 that: (1) the plaintiff owned a trade
secret; (2) the defendant misappropriated the trade secret; and 19 (3) the defendant's actions
damaged the plaintiff." *Autodesk, Inc. v. ZWCAD Software Co., Ltd.*,
20 No. 14-1409, 2015 WL 2265479, at *5 (N.D. Cal. May 13, 2015) (citation omitted). The
elements

of misappropriation under the DTSA are similar to those under CUTSA. Compare 18 U.S.C. § 21
1839(5) with Cal. Civ. Code § 3426.1(b). See *InteliClear, LLC v. ETC Global Holdings, Inc.*, 978
22 F.3d 653, 657-58 & n. 1 (9th Cir. 2020) (noting courts have analyzed claims together based on
23 similarity of elements). "A 'trade secret' is defined as information that: (1) derives independent
24 economic value from not being generally known to the public; and (2) is the subject of efforts
that 25 are reasonable under the circumstances to maintain its secrecy." *Gatan, Inc. v. Nion
Company*, No. 26 15-1862, 2017 WL 1196819, at * 6 (N.D. Cal. Mar. 31, 2017) (citing Cal. Civ.

Code § 3426.1). 27 1 See also *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 476 (1974) (“The subject of a trade 2 secret must be secret, and must not be of public knowledge or of a general knowledge in the trade 3 or business.”). 4 Krisp moves to dismiss Sanas’ trade secret claims, count six and seven for misappropriation of trade secrets under DTSA and under CUTSA, respectively. Krisp argues that 5 Sanas cannot plead reasonable secrecy measures, the alleged categories of information are not 6 trade secrets, and Sanas has not pled any independent economic value. 7 i. Secrecy 8 Krisp insists that Sanas’ allegations do not establish Sanas exercised reasonable care to 9 ensure the confidentiality of their alleged trade secrets because Sanas did mark the information it 10 shared as “Confidential” or “Proprietary.” Dkt. 39 at 15. Even assuming the NDA controls the 11 parties’ relationship regarding those disclosures, Krisp’s argument fails because the NDA allows 12 written Confidential Information to be designated as such by being “marked ‘Confidential, 13 ‘Proprietary’ or in some other manner to indicate its confidential nature.” Dkt. 39-2, Ex. A, § 2.A 14 (emphasis added). 15 Sanas has alleged that its CEO expressly sought, in an email to Krisp’s COO Schoenfield, 16 further protections for its confidential information before responding to Krisp’s requests in late 17 summer 2022 for additional technical information about Sanas’ technology. Dkt. 35 ¶ 59. Sanas 18 alleges that Schoenfield refused to agree to exclusivity at that time. So, in response, Sanas agreed 19 to continued exchange of information with express reference to the NDA as providing protection 20 over future technical discussions. *Id.* Sanas alleges that Krisp, in turn, responded, stating he was 21 “glad to get us started.” *Id.* at ¶ 61. Subsequently, information was exchanged through a Slack 22 channel set-up specifically for exchange of this information, among other communications. 23 There are no bright line rules as to what steps a party must take to preserve 24 its trade secrets, including how to “indicate its confidential nature” “in some... manner” as the 25 NDA requires. Dkt. 39-2, Ex. A, § 2.A. Admittedly, Sanas may be hard-pressed to persuade a trier 26 of fact that their preliminary email communications with Krisp regarding the need for information 27 protections and use of a specially designated Slack channel satisfied the requirements of the NDA. 1 Nevertheless, dismissal on these grounds is not warranted at this stage. See *Medtronic MiniMed, 2 Inc. v. Nova Biomed. Corp.*, 2009 WL 10671420, at *5 (C.D. Cal. May 22, 2009) (Whether a 3 party’s efforts were “reasonable measures to maintain secrecy are factual issues for the jury to 4 decide.”). See also *Vesta Corp. v. Amdocs Mgmt., Ltd.*, 2018 WL 4354301, at *16 (D. Or. Sept. 12, 2018) (“[W]hether plaintiff took reasonable efforts to maintain the secrecy of its [] 5 information is an issue best left for the trier of fact.”). 6 ii. Not Trade Secrets 7 Krisp argues that Sanas’ alleged categories of information are not protectable as trade 8 secrets as a matter of law. A plaintiff must “describe the subject matter of the trade secret with 9 sufficient particularity to separate it from matters of general knowledge in the trade or of special 10 persons who are skilled in the trade, and to permit the defendant to ascertain at least the 11 boundaries within which the secret lies.” *Pellerin v. Honeywell Int’l, Inc.*, 877 F. Supp. 2d 983, 12 988 (S.D. Cal. 2012) (quoting *Diodes, Inc. v. Franzen*, 260 Cal. App. 2d 244, 253 (1968)). That 13 said, a plaintiff need not “spell out the

details of the trade secret.” Autodesk, Inc. v. ZWCAD 14 Software Co., 2015 WL 2265479, at *5 (N.D. Cal. May 13, 2015). 15 In this case, Sanas’ allegations meet the pleading threshold. For example, Sanas alleges the 16 following are trade secrets: customer requirements, intensive market research, results of in-field 17 deployments, performance metrics related to CPU utilization for particular hardware 18 configurations, and latency with different call center platforms. Dkt. 35 ¶¶ 67, 70-71. This is 19 sufficient for notice. The appropriate mechanism for Krisp to obtain greater specificity as to 20 what trade secrets are claimed is to pursue the matter through disclosures, interrogatories, meet 21 and confer negotiations, or such other facets of the discovery process as may be warranted. 22 iii. Independent Economic Value 23 Sanas also must plausibly allege that its trade secrets have independent economic value 24 that derives from not being generally known. The allegations establish that both parties found 25 economic value in the trade secrets. Krisp made significant efforts to obtain the information, 26 following up with Sanas repeatedly, and indicated that the possibility of a business partnership 27 depended on the information. Sanas itself spent years conducting market research and developing 1 and testing its technology to develop the alleged trade secrets, which helped it raise a \$32 million 2 Series A financing. Sanas also took efforts to protect the information through the NDA and use of 3 secure communication channels. This establishes independent economic value. 4 B. Krisp’s Motion to Dismiss Sanas’ Co-Inventorship and Co-Ownership Claims 5 Krisp also moves to dismiss Sanas’ co-inventorship and co-ownership claims, arguing 6 Sanas makes threadbare and conclusory allegations regarding Sanas’ inventors and, as a matter of 7 law, the contributions are well-known concepts in the art insufficient for inventorship. To plead a 8 co-inventorship claim and associated claims of co-ownership properly, a plaintiff must overcome 9 the presumption that the patent’s named inventors are correct. A plaintiff does this by alleging 10 facts from which a court can infer (1) the plaintiff “made a more-than-insignificant contribution” 11 to the conception of at least one claim and (2) the plaintiff and named inventors engaged in some 12 “joint behavior, such as ‘collaboration or working under common direction.’ ” See Cellink Corp. 13 v. Manaflex LLC, No. 23-CV-04231-HSG, 2025 WL 1993517, at *5 (N.D. Cal. July 17, 2025) 14 (citation omitted). 15 Sanas has met this burden by alleging that Sanas co-founder Serebryakov described 16 specific features, e.g., teacher-student machine learning models and parallel data generation, to 17 Krisp, see Dkt. 35 ¶¶ 67, 127-131, 218-219, and these features are key to the claims of Krisp’s 18 ’609 and ’979 Patents, for which Sanas claims co-inventorship. Sanas co-founder Serebryakov 19 shared much of this information in response to Krisp’s solicitation, see id. ¶¶ 31-34, via meetings, 20 emails, and a Slack channel created by Krisp, id. ¶ 53, 65, 81, 227. This shows Sanas and Krisp 21 engaged in joint behavior and reflects evidence, such as soliciting emails, that corroborate 22 collaboration. 23 Krisp’s argument that these alleged contributions are invalid as obvious also fails to 24 persuade at this stage. These contributions, at least in combination with other claim terms, are core 25 to the patent claims Krisp successfully persuaded the U.S. PTO to issue, and, based on the 26 extensive solicitation and subsequent exchange of information alleged, it can be inferred

that 27 Sanas contributed to those presumably patentable combinations. Accordingly, assuming the 1 patents are valid, Sanas alleges facts sufficient to establish co-inventorship and co-ownership. 2 C. Krisp’s Motion to Dismiss Sanas’ False Advertising Claims 3 Krisp moves to dismiss Sanas’ false advertising claims, counts ten and eleven under 4 § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and California’s FAL, Cal. Bus. & Prof. Code § 5 17500 et seq., respectively. To state a claim under California’s FAL, “it is necessary only to show that members of the public are likely to be deceived” as judged by a “reasonable consumer.” In re 6 Tobacco II Cases, 46 Cal. 4th 298, 312 (2009) (internal quotation omitted); *Shaeffer v. Califia 7 Farms, LLC*, 44 Cal. App. 5th 1125, 1136 (2020); Cal. Bus. & Prof. Code, § 17500 et seq. A 8 plaintiff advancing a claim for false advertising under Section 43(a) of the Lanham Act must show 9

(1) a false statement of fact by the defendant in a commercial advertisement about its own or 10 another’s product; (2) the statement actually deceived or has the tendency to deceive a substantial 11 segment of its audience; (3) the deception is material, in that it is likely to influence the purchasing 12 decision; (4) the defendant caused its false statement to enter interstate commerce; and (5) the 13 plaintiff has been or is likely to be injured as a result of the false statement, either by direct 14 diversion of sales from itself to a defendant or by a lessening of the goodwill associated with its 15 products. *Skydive Arizona, Inc. v. Quattrocchi*, 673 F.3d 1105, 1110 (9th Cir. 2012) (citing 15 16 U.S.C. § 1125(a)(1)(B)). 17 With regard to the making of a false statement, “ ‘district courts in the Ninth Circuit have 18 held that the heightened pleading standard of Rule 9(b) applies...[and] requires the plaintiff to 19 plead the “time, place, and specific content of the false representations,” the identities of the 20 parties to the misrepresentation, and what about the statement is claimed to be misleading.’ ” 21 *Corsair Gaming, Inc. v. Choice Elecs. Inc.*, No. 5:25-CV-00045-BLF, 2025 WL 2822691, at *5 22 (N.D. Cal. Oct. 3, 2025) (citations omitted). If either party is guilty of “flippan[cy]” or failing to 23 “even attempt to explain,” as Krisp suggests, see Dkt. 39 at 26, it is Krisp not Sanas. Krisp writes 24 that “[s]tating that, ‘Krisp published and continues to publish at least the following false and 25 misleading statements’ does not cut it,” *id.*, as if Sanas’ allegations did not include substantial 26 additional detail. Sanas identifies over thirty specific statements in Krisp’s 2025 Accent 27 1 Conversion, 2024 Noise Cancellation, and 2025 Noise Cancellation Blog Posts² that it alleges are 2 false with regard to Sanas technology. See Dkt. 35 at ¶¶ 89, 91, 93, 104-107. Sanas also alleges 3 Krisp manipulated the methodology on which it based these comparisons, rendering the 4 performance statements themselves as well as Krisp’s statements about its “objective” methodology false and misleading, Dkt. 35 ¶¶ 95-98, 109-117. Further, Sanas alleges these 5 statements were false and misleading at the time they were made, as they informed Krisp through 6 cease-and-desist letters.³ 7 As for injury, courts “presume[] commercial injury when defendant and plaintiff are direct 8 competitors and defendant’s misrepresentation has a tendency to mislead consumers,” as Sanas 9 has alleged here. See *TrafficSchool.com*, 653 F.3d at 826. Further, Sanas also alleges that it has 10 suffered and will continue to suffer damage to its business reputation and goodwill and has lost 11 sales,

revenue, customers, and market share. Dkt. 35 ¶274-76. This is sufficient at this stage. 12 D. Sanas’ Motion to Dismiss Krisp’s Loss Leader, Giveaway, and UCL State-Law 13 Counterclaims 14 Sanas moves to dismiss Krisp’s state-law counterclaims, counts two and three for 15 violations of California’s UPA, Cal. Bus. & Prof. Code § 17043 and § 17044, respectively, and 16 count four for violation of California’s UCL, Cal. Bus. & Prof. Code § 17200 et. seq. Sanas argues 17 Krisp has not pled and cannot adequately plead the elements of these claims. 18 The elements of a violation of § 17044 are: (1) that the defendant sold a product below its 19 20 2 Sanas requests the court take judicial notice of these blog posts and its subsequent cease-and- desist letters. Sanas alleges in its complaint that it sent Krisp two cease-and-desist letters, each of 21 which included detailed charts that identified (i) each false statement made by Krisp; (ii) the truth corresponding to each false statement; and (iii) citations to publicly available sources supporting 22 Sanas’ position. Putting aside whether these items are properly the subject of judicial notice, as Sanas’ allegations are sufficient, that question need not be reached. 23 3 It is not necessary at this time to decide whether, for the purposes of California’s False 24 Advertising Law and the Lanham Act, Krisp is currently making or republishing these statements by running advertisements that link to the blog posts. Relatedly, Krisp’s argument that its Google 25 advertisements that call Krisp a “Better Sanas AI alternative” are nonactionable puffery is unavailing because Sanas does not allege these ads are false and misleading as standalone 26 statements. See Dkt. 35 ¶ 99 (“The statement that Krisp is a ‘Better Sanas AI alternative’ is also false and misleading, at least because it summarizes and republishes the false and misleading 27 information published in the 2025 ACC Blog Post.”) (emphasis added). 1 costs; (2) that in doing so, the purpose or effect was one of the bases listed in Cal. Bus. & Prof. 2 Code § 17030; (3) that the defendant made the sale with the purpose of injuring competitors or 3 destroying competition; (4) that the claimant was harmed; and (5) causation. Cal. Bus. & Prof. 4 Code §§ 17044, 17030; Cel-Tech Comm’ns, Inc. v. Los Angeles Cellular Tel. Co., 20 Cal.4th 163, 169 (1999) (adding purpose requirement). See also Judicial Counsel of Cal. Civil Jury Instructions 5 (“CACI”) 3302. Section 17044 does not apply to a defendant providing a service “free of charge” 6 because “no sale is involved.” Co-opportunities, Inc. v. Nat’l Broad. Co., 510 F. Supp. 43, 49 7 (N.D. Cal. 1981). By alleging that Sanas gave away its noise cancellation technology for free, 8 Sanas fails to state a claim under § 17044. Accordingly, Sanas’ motion to dismiss count three is 9 granted. 10 Section 17043, on the other hand, expressly contemplates giving products away for free for 11 anticompetitive reasons. The elements of a claim under § 17043 are: (1) that the defendant sold a 12 product below cost or gave away the product for free; (2) the defendant acted with the purpose of 13 injuring competitors or destroying competition; (3) that defendant was harmed; and (4) causation. 14 See Cal. Bus. & Prof. Code § 17043, CACI 3301. The first element is plainly satisfied by Krisp’s 15 allegations. 16 As to the second, Sanas argues that offering an item for free as a new market entrant is a 17 form of anti-monopolistic competition permissible under § 17043, explaining “ ‘the device of 18 below-cost sales can only be effectively used by the large monopolistic-tending seller

against a 19 small business which is unable to respond in kind.’ ” Dkt. 38 at 15 (quoting Fisherman's Wharf 20 Bay Cruise Corp. v. Superior Ct. of San Francisco, 114 Cal. App. 4th 309, 328 7 Cal. Rptr. 3d 628 21 (2003)). “When a smaller player is attempting to ‘improve its weak position’ against a market 22 leader, ‘predation [is] not a real possibility[.]’ ” Dkt. 38 at 15 (quoting Fisherman's Wharf Bay 23 Cruise Corp. v. Superior Ct. of San Francisco, 114 Cal. App. 4th at 328). 24 This argument is unavailing. Krisp alleges Sanas conditioned its “free forever” noise 25 cancellation giveaways on a customer not using any Krisp app and programmed technological 26 checks that will not allow Sanas’ noise cancelling app to install if the Krisp app was downloaded.

27 Dkt. 28 ¶ 44. Additionally, Krisp’s allegations establish Sanas had at least some lead in the accent

1 conversion space. See e.g., id. 28] 18, 26. Even accepting Sanas’ representation of the law that 2 || freemium models are only anticompetitive in the presence of market power, a jury could find on 3 these allegations that Sanas had certain market power in the sector for live call management 4 || technology and acted with the purposes of injuring Krisp or destroying competition. The scheme 5 Krisp alleges specifically seeks to turn customers away from Krisp, and Krisp has alleged it has 6 lost profits directly because of it. Dkt. 28, at §/f| 43-45, 67, 71. Accordingly, the elements of 4 § 17043 are satisfied, and Sanas’ motion to dismiss count two is denied. California’s UCL prohibits unfair competition, which means ‘any unlawful, unfair, or 9 fraudulent business act or practice and unfair, deceptive, untrue, or misleading advertising.’” A.B. 10 by & Through Turner v. Google LLC, 737 F. Supp. 3d 869, 880-81 (N.D. Cal. 2024. The properly alleged violation of § 17043 provides a predicate violation that would satisfy the unlawful prong 11 of the UCL. Accordingly, questions as to whether Sanas’ conduct was also unfair need not be 12 reached at this time. Sanas’ motion to dismiss count four is also denied. 13

V. CONCLUSION

For the reasons set forth above, Krisp’s motion to dismiss is denied and Sanas’ motion to 15 dismiss is granted in part, as to count three, and denied as to the rest. Q 16 = 17 Z 18 IT IS SO ORDERED. 19 20 Dated: December 1, 2025 21 :

22 RICHARD SEEBORG

74 Chief United States District Judge 24 25 26 27

28 ORDER RE MOTIONS TO DISMISS

CASE No. 25-cv-05666-RS