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**IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF UTAH, CENTRAL DIVISION**

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ISYS TECHNOLOGIES, INC., a Nevada  
Corporation,

Plaintiff,

v.

GOOGLE INC., a Delaware Corporation;  
SAMSUNG ELECTRONICS USA, INC., a  
Delaware Corporation; ACER AMERICA CORP.,  
a California Corporation; AMAZON.COM, INC.,  
a Delaware Corporation; and BEST BUY CO.,  
INC., a Minnesota Corporation,

Defendants.

**Case No. 2:11-CV-507 CW****DEFENDANT GOOGLE INC.'S  
OPPOSITION TO MOTION FOR  
TEMPORARY RESTRAINING ORDER  
AND PRELIMINARY INJUNCTION****JUDGE CLARK WADDOUPS**

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## TABLE OF CONTENTS

	Page
I. INTRODUCTION .....	vi
II. STATEMENT OF FACTS .....	viii
A. Google’s Development of CHROME and CHROMIUM Software Products.....	viii
B. The PTO Has Approved Google’s CHROMIUM Mark for Trademark Registration .....	x
C. Google’s Development of the CHROMEBOOK and CHROMEBOX Computers .....	xi
D. Plaintiff’s Alleged “Use” of CHROMIUMPC .....	xiii
E. Pre-Litigation Discussions Between the Parties .....	xiv
III. PLAINTIFF HAS NOT AND CANNOT MAKE THE “CLEAR AND UNEQUIVOCAL” SHOWING THAT IT IS ENTITLED TO THE “EXTRAORDINARY REMEDY” OF A TEMPORARY RESTRAINING ORDER .....	1
IV. PLAINTIFF IS NOT LIKELY TO SUCCEED ON THE MERITS OF ITS CLAIMS .....	4
A. Plaintiff Lacks Trademark Rights in “CHROMIUMPC” .....	4
1. Plaintiff’s Intent-to-Use Based Application for the CHROMIUMPC Mark Does Not Confer Any Trademark Rights .....	4
2. Plaintiff Has Not Used the CHROMIUMPC Mark in Commerce .....	5
3. Plaintiff’s Promotional Activities Are Not Sufficient to Establish Rights in the CHROMIUMPC Mark .....	6
B. Google Owns Prior Rights in the CHROME and CHROMIUM Marks .....	9
C. If Plaintiff Were to Use the CHROMIUMPC Mark In Commerce, Such Use Would Infringe Google’s Rights in its CHROMIUM Mark .....	12
D. Even if Plaintiff Owned Prior Rights in the CHROMIUMPC Mark, Plaintiff Has Failed to Establish Any Likelihood of Confusion Between the Mark and Google’s CHROMEBOOK and CHROMEBOX Marks.....	13
V. PLAINTIFF CANNOT SHOW IRREPARABLE HARM.....	15

**TABLE OF CONTENTS**  
**(continued)**

	<b>Page</b>
VI. A TRO ON THE EVE OF THE CHROMEBOOK LAUNCH WOULD DAMAGE DEFENDANTS FAR MORE THAN THE ABSENCE OF SUCH AN ORDER COULD POSSIBLY HARM PLAINTIFF .....	18
A. Plaintiff Has Not Shown It Will Be Harmed If A TRO Is Not Entered .....	18
B. A TRO Would Seriously Injure Defendants .....	19
VII. ENJOINING SALES AND MARKETING OF CHROMEBOOK COMPUTERS, AND UNDERMINING THE ABILITY OF OPEN SOURCE LICENSORS TO PROTECT THEIR MARKS, WOULD HARM THE PUBLIC INTEREST .....	21
VIII. PLAINTIFF’S UNCLEAN HANDS PREVENTS IT FROM OBTAINING THE EQUITABLE REMEDY IT SEEKS .....	22
IX. EVEN IF PLAINTIFF COULD MAKE ALL OTHER SHOWINGS REQUIRED FOR A TRO, IT HAS NOT SHOWN IT CAN POST A SUFFICIENT BOND .....	23
X. CONCLUSION.....	24

## TABLE OF AUTHORITIES

	<b>Page(s)</b>
<b>CASES</b>	
<i>Active Network, Inc. v. Elec. Arts, Inc.</i> , No. 10-CV-1158, 2010 U.S. Dist. LEXIS 90602, *15-16 (S.D. Cal. Aug. 30, 2010).....	26
<i>American Phytotherapy Research Lab, Inc. v. Impact Nutrition, Inc.</i> , 201 F. Supp. 2d 1145, 1151 (D. Utah 2002).....	27
<i>APG Enters. v. Money &amp; More, Inc.</i> , No. 2:08 CV 951, 2009 U.S. Dist. LEXIS 95852, at *12 (D. Utah Oct. 14, 2009).....	2, 3, 23
<i>Bauchman v. West High Sch.</i> , 900 F. Supp. 248, 250 (D. Utah 1995), <i>aff'd</i> 132 F.3d 542 (10th Cir. 1997) .....	1
<i>Chance v. Pac-Tel Teletrac Inc.</i> , 242 F.3d 1151 (9th Cir. 2001) .....	8, 9
<i>Collectable Promotional Prods., Inc. v. Disney Enters., Inc.</i> , 2009 U.S. Dist. LEXIS 46775, at *39 (W.D. Okla. June 2, 2009) .....	6
<i>Country Fare LLC v. Lucerne Farms</i> , No. 3:11cv722, 2011 U.S. Dist. LEXIS 61064, *13-15 (D. Conn. 2011) .....	26
<i>Deer Valley Resort Co., LP v. Christy Sports, LLC</i> , No. 2:07-CV-00904, 2007 U.S. Dist. LEXIS 94212, *6 (D. Utah Dec. 21, 2007) .....	19
<i>Design Furnishings, Inc. v. Zen Path, LLC</i> , 97 U.S.P.Q. 2d 1284, 2010 U.S. Dist. LEXIS 135819, *30 (E.D. Cal. Dec. 23, 2010) .....	30
<i>Dominion Video Satellite, Inc. v. Echostar Satellite Corp.</i> , 269 F.3d 1149, 1158 (10th Cir. 2001) .....	30
<i>Dominion Video Satellite, Inc. v. Echostar Satellite Corp.</i> , 356 F.3d 1256, 1260 (10th Cir. 2004) .....	22
<i>eBay Inc. v. MercExchange, L.L.C.</i> , 547 U.S. 388, 393-394 (2006) .....	4
<i>Estate of Lennon v. Screen Creations, Ltd.</i> , 939 F. Supp. 287, 294 (S.D.N.Y. 1996).....	29
<i>Fuddruckers, Inc. v. Doc's B.R. Others, Inc.</i> , 826 F.2d 837, 847 (9th Cir. 1987) .....	28

**TABLE OF AUTHORITIES**  
**(continued)**

	<b>Page</b>
<i>GMC v. Urban Gorilla, LLC</i> , 500 F.3d 1222, 1226 (10th Cir. 2007) .....	1, 4, 23
<i>Halverson v. Walker</i> , 38 Utah 264 (Utah 1910) .....	21
<i>Heideman v. S. Salt Lake City</i> , 348 F.3d 1182, 1189 (10th Cir. 2003) .....	20, 22
<i>Henry v. Pro 10 Originals, LLC</i> , 698 F. Supp. 1279, 1284 (D. Wyo. 2010).....	12
<i>Herbko Int’l, Inc. v. Kappa Books, Inc.</i> , 308 F.3d 1156, 1162 (Fed. Cir. 2002).....	8
<i>Int’l Jensen, Inc. v. Metrosound U.S.A., Inc.</i> , 4 F.3d 819, 827 (9th Cir. 1993) .....	28
<i>Jacobsen v. Katzer</i> , 535 F.3d 1373 (Fed. Cir. 2008).....	28
<i>LL&amp;L Innovations, LLC v. Jerry Leigh of Cal., Inc.</i> , No. 2:10-CV-829, 2010 U.S. Dist. LEXIS 108173, *13-14 (D. Utah Oct. 8, 2010).....	21
<i>Nature’s Life, Inc. v. Renew Life Formulas Inc.</i> , No. 2:05cv162, 2006 U.S. Dist. LEXIS 1458, 21-22 (D. Utah Jan. 9, 2006).....	26
<i>Newark Morning Ledger Co. v. United States</i> , 507 U.S. 546, 555 (1993).....	21
<i>PlayMakers LLC v. ESPN, Inc.</i> , 376 F.3d 894, 898 (9th Cir. 2004) .....	26
<i>RoDa Drilling Co. v. Siegal</i> , 552 F.3d 1203, 1210 (10th Cir. 2009) .....	4
<i>Sara Lee Corp. v. Sycamore Family Bakery Inc.</i> , 2009 U.S. Dist. LEXIS 100554, at *7 (D. Utah Oct. 17, 2009) .....	4
<i>Schrier v. Univ. of Colo.</i> , 427 F.3d 1253, 1258 (10th Cir. 2005) .....	1, 22

# **TABLE OF AUTHORITIES** **(continued)**

	<b>Page</b>
<i>Stanfield v. Osborne Industries, Inc.</i> , 52 F.3d 867, 871 (10 <sup>th</sup> Cir. 1995) .....	12
<i>Systemic Formulas, Inc. v. Daeyoon Kim</i> , No. 1:07 CV 159, 2009 U.S. Dist. LEXIS 116038, at *6 (D. Utah Dec. 14, 2009) .....	1, 2, 22
<i>United States Cellular Inv. Co. v. Airtouch Cellular</i> , 2000 U.S. Dist. LEXIS 4731, *37 n.5 (C.D. Cal. Mar. 27, 2000) .....	30
<i>Utah Lighthouse Ministry v. Found. for Apologetic Info. and Research</i> , 527 F.3d 1045, 1051 (10th Cir. 2008) .....	5, 15
<i>Value House v. Philips Mercantile Co.</i> , 523 F.2d 424, 430 (10 <sup>th</sup> Cir. 1975) .....	11
<i>Voile Mfg. Corp. v. Dandurand</i> , 551 F. Supp. 2d 1301, 1307 (D. Utah 2008) .....	21, 22
<i>Winter v. NRDC, Inc.</i> , 555 U.S. 7, 129 S. Ct. 365, 377 (2008) .....	27
<i>Worthington v. Anderson</i> , 386 F.3d 1314, 1320 (10th Cir. 2004) .....	29
<i>Zirco Corp. v. AT&amp;T Co.</i> , 21 U.S.P.Q.2d 1542 (TTAB 1991) .....	23

## **STATUTES**

15 U.S.C.	
§ 1051(c)-(d) .....	23
§ 1057(b) .....	5
§ 1057(c) .....	5
§ 1063 .....	24
§ 1127 .....	6

## **OTHER AUTHORITIES**

Fed. R. Civ. P. 65(c) .....	30
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## I. INTRODUCTION

On May 20, 2011, Plaintiff Isys Technologies, Inc. (“Plaintiff”) issued a press release boldly proclaiming through its subsidiary Xi3 Corporation (“Xi3”) that “Xi3 Corporation Announces its ChromiumPC Modular Computer – the World’s First Desktop Computer Running Google’s Chrome Operating System.” This statement was patently false. It was made despite Plaintiff’s lack of any license to market, use or distribute Defendant Google Inc.’s (“Google”) CHROME OS operating system software, and more importantly, with Plaintiff’s full knowledge that it needed, yet was unlikely to obtain, such a license. Plaintiff has never asked Google for a license to use the CHROME OS operating system and, as discussed in detail below, there was no reasonable expectation that Plaintiff could ever get a license from Google.

Incredibly, having engaged in this willful act of false advertising, and having already fostered actual confusion in the marketplace as to the relationship between Plaintiff and Google’s CHROME line of software products,<sup>1</sup> Plaintiff now asks this Court for the extraordinary equitable remedy of a temporary restraining order (“TRO”) to block Google’s long-anticipated, multi-million dollar launch of its CHROMEBOOK laptop product. Plaintiff bases this remarkable request solely on its apparent plans to use “CHROMIUMPC” -- a term in which Plaintiff has failed to establish any enforceable trademark rights -- as the name of a computer hardware product still under development. And Plaintiff fails to mention, even once, in its complaint or its memorandum in support of its motion that it repeatedly and falsely claimed in marketing materials that its product would run Google’s CHROME OS operating system.

To grant the extraordinary relief requested by Plaintiff, this Court would need to conclude, on a limited record comprised largely of Plaintiff’s conclusory assertions, either that (a) Google lacks trademark rights in the CHROME and CHROMIUM marks that Google has used in commerce for years, or that (b) Plaintiff’s anticipated use of CHROMIUMPC would not

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<sup>1</sup> Media publications picked up on Plaintiff’s false statement and erroneously reported that Plaintiff’s product would run Google’s proprietary CHROME OS software. (See Badolato Decl. ¶ 3(b)-(c), Exs. C-D. -- which includes articles from various publications, including ZDNet, PC World, and CNET.)

infringe Google's senior rights in CHROMIUM, while Google's use of CHROMEBOOK and/or CHROMEBOX *would* infringe Plaintiff's supposed rights in CHROMIUMPC. The facts, however, establish that Google has senior rights in the CHROMIUM mark and that Plaintiff's proposed use of CHROMIUMPC would infringe those rights. Plaintiff's request for a TRO is nothing more than an effort to disrupt the marketplace and put Google at risk to suffer millions of dollars in damages, all as a means of unjustifiably extracting a monetary settlement from Google. Plaintiff's motion is entirely without merit and should be rejected.

To pass the rigorous standard required to obtain a TRO in this case, Plaintiff would have to make a clear and unequivocal evidentiary showing that, among other things:

- Plaintiff owns protectable trademark rights in CHROMIUMPC, which it has never used as a trademark;
- Google abandoned its trademark rights in CHROMIUM, despite the fact that Google has used the mark for over two years in connection with its phenomenally successful open source software program and unquestionably owns rights in the mark;
- Plaintiff's CHROMIUMPC mark does not infringe Google's CHROMIUM mark, a proposition that is absurd on its face given the nearly identical nature of the marks;
- Google's anticipated use of CHROMEBOOK and CHROMEBOX on its new computer products, names which Google selected due to their close relationship to Google's CHROME trademark, would somehow infringe Plaintiff's nonexistent trademark rights in CHROMIUMPC (keeping in mind that Plaintiff's own misleading actions are the only reason that any confusion might exist in the market);
- Plaintiff would suffer irreparable harm without a TRO or preliminary injunction, despite the fact that Plaintiff has yet to use the term "CHROMIUMPC" in commerce as a trademark and therefore has not established any goodwill or consumer recognition of the term as an indication of source;
- The illusory harm resulting to Plaintiff absent a TRO or preliminary injunction would somehow outweigh the enormous and irreparable harm that Google and its



manufacturing and marketing partners would suffer as a result of a product launch being killed within twenty-four hours of the launch;

- Plaintiff's false advertising and trademark infringement do not constitute unclean hands;
- Granting Plaintiff the extreme remedy of a TRO would not adversely impact the public interest; and
- Plaintiff could post a bond sufficient to support a TRO or preliminary injunction.
- Plaintiff has demanded extraordinary relief yet has utterly failed to make the required evidentiary showings, and for good reason – it cannot. Plaintiff instead proceeds with its claims entirely on the basis of a pending trademark application (which confers no rights) and scant evidence of pre-sale marketing activity (which also confers no trademark rights). Moreover, Plaintiff is not entitled to equitable relief of any kind where it comes to this Court with unclean hands, having falsely advertised its product as running Google's CHROME OS operating system and thereby inducing confusion in the marketplace.

Plaintiff's motion should be denied.

## **II. STATEMENT OF FACTS**

### **A. Google's Development of CHROME and CHROMIUM Software Products.**

1. Google developed and brought to market what is today the world's leading search engine. In more recent years, Google has devoted its engineering resources and talent to the development of other highly innovative and technologically advanced products. In 2006, Google recognized the need for a user-friendly web browser offering enhanced functionality. In 2008, after two years of substantial effort and investment, Google launched its CHROME browser. At the same time, Google announced a parallel open-source software project under the name CHROMIUM. (Ex. 1, Declaration of Felix Lin ("Lin Decl.") ¶ 3.)

2. The CHROME and CHROMIUM browser software is derived from the same source code, with the primary differences between the two products being that (a) CHROME includes

certain additional features not found in CHROMIUM, such as “auto update” and a built-in flash player, and (b) unlike CHROME software, Google’s CHROMIUM software is made available for further development, use and distribution through an “open source” program. (*Id.* ¶ 4.)

3. “Open source” refers to a method of software distribution and development wherein code is made available to third party developers via license and those developers are invited to participate in further development of the code. The entity initiating the open source project retains ownership of the initial code and also to the name of the open source project. (*Id.* ¶ 5.) Over the last decades, many important software innovations have been accomplished via open source projects, which foster a collaborative environment in which programmers improve upon the code and share changes within the open source community. The concept relies on peer review to find and eliminate bugs in the program code and to allow the software to evolve by allowing programmers to read, redistribute and modify the source code. See V. Beal, *What is Open Source Software?*, [http://www.webopedia.com/DidYouKnow/Computer\\_Science/2005/open\\_source.asp](http://www.webopedia.com/DidYouKnow/Computer_Science/2005/open_source.asp).

4. Software developers wishing to participate in the CHROMIUM software project may only distribute or make use of the source code according to the terms of the relevant open source licenses. Google authorizes use of the source code in the CHROMIUM project through Berkeley Source Distribution (“BSD”) license agreements.<sup>2</sup> (Lin Decl. ¶ 6.) As the open-source program behind the CHROME software, the objective is to build a faster, safer and more stable way for users to experience the web. (*Id.*) Once licensed, developers have access to the CHROMIUM source code, which enables them to develop additional features in the browser software, participate in discussion groups, improve the software by finding and reporting bugs, and submit patches for known bugs. (*Id.*) As a result of this development approach, releases for the CHROMIUM source code have included versions of the browser that are compatible with the Windows, MAC OS X, and Linux platforms. (*Id.*)

5. In its effort to ensure the continuous improvement of its CHROMIUM software, Google

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<sup>2</sup> BSD licenses require preservation of copyrights and a disclaimer of liability.

established “Bug Life Cycle and Reporting Guidelines” for individuals and developers to report bugs as they work on the software in the open source environment. (*Id.* ¶ 7, Ex. A.)

6. Additionally, Google has implemented a program whereby certain dedicated developers in the open source community become “committers”, who are responsible for, among other tasks, the review of code, submission of high-quality code, and resolution of issues associated with the software. (*Id.* ¶ 8, Ex. A.)

7. Since their initial release in September 2008, a number of updated versions of both the CHROME and CHROMIUM web browser software products have been developed, improved, and made available to the public. (*Id.* ¶ 9.)

8. Google has also developed computer operating system software under the CHROMIUM and CHROME trademarks, branded CHROMIUM OS and CHROME OS, respectively. CHROME OS was announced in July 2009, and CHROMIUM OS was released in November 2009. (*Id.* ¶ 10.) The relationship between the operating systems is the same as that between the web browsers: CHROMIUM OS serves as the open source project behind CHROME OS. (*Id.*)

9. Since their introduction, the speed, simplicity and security of the CHROME and CHROMIUM web browser software have garnered widespread attention and use. Worldwide usage of the CHROME browser has more than doubled in the past year, increasing from 70 million users in 2010 to 160 million active users this year. (*Id.* ¶ 11.) The CHROME web browser now accounts for nearly 13% of worldwide web browser usage. (*Id.*)

10. Since its initial release, Google has continuously used the mark CHROMIUM in connection with its open source browser and operating system software. Google has used the “TM” symbol and listed CHROMIUM as a Google brand under its “Guidelines for Third Party Use of Google Brand Features.” (*Id.* ¶ 12.)

**B. The PTO Has Approved Google’s CHROMIUM Mark for Trademark Registration.**

11. On September 2, 2008, concurrent with the release of the CHROMIUM software product, Google filed Application Serial No. 77/980,388 to register the CHROMIUM trademark in connection with computer software and technical support services (the “CHROMIUM

Application”) with the U.S. Patent and Trademark Office (“PTO”). The PTO has examined the CHROMIUM application and, on June 9, 2011, approved it for registration.<sup>3</sup> (Badolato Decl. ¶ 2, Ex. A.)

**C. Google’s Development of the CHROMEBOOK and CHROMEBOX Computers.**

12. In 2009, Google began developing a new computer hardware product, a laptop computer that would run CHROME OS. Google now has more than two hundred employees to the development of CHROME OS and its investment in the product exceeds tens of millions of dollars. (Lin Decl. ¶ 13.)

13. Google ultimately chose CHROMEBOOK as the category name for laptops that are designed for and come pre-loaded with the CHROME web browser and the CHROME OS operating system. (*Id.* ¶ 14.)

14. On May 11, 2011, after two years of development and significant financial and personnel investment, Google announced the availability of CHROME OS on two versions of a CHROMEBOOK laptop to be manufactured by Acer and Samsung.<sup>4</sup> (*Id.* ¶ 15.) Both versions are scheduled to begin shipping on June 15, 2011. (*Id.*)

15. The June 15th launch date was specifically and strategically chosen and missing it will cause significant loss both financially and with respect to the sales and marketing momentum of the CHROMEBOOK computers. (*Id.* ¶ 16.) In addition, Google believes that consumer anticipation for CHROMEBOOK computers implementing Google’s CHROME operating system has been and remains at a very high level and Google’s failure to offer the product as promised will undoubtedly irreparably harm Google’s reputation and goodwill in the

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<sup>3</sup> Google anticipates that the PTO will issue a certificate of registration for its CHROMIUM mark within the next few weeks.

<sup>4</sup> The CHROME OS operating system may also eventually be made available on a CHROMEBOX desktop computer, which is currently in development by Samsung.

marketplace. (*Id.*) Because this is Google's first computer hardware product, the harm to Google would be substantial. (*Id.*)

16. Upon information and belief, Google's manufacturing partners for the CHROMEBOOK laptops, Defendants Samsung and Acer, have also invested heavily and incurred substantial costs in anticipation of the June 15<sup>th</sup> launch. (*Id.* ¶ 17.) On information and belief, (a) manufacturing facilities and line capacity have been reserved; (b) if the manufacturers are unable to ship on that date, they will incur significant costs as well as potentially lose line capacity; (c) raw manufacturing materials, much of which are perishable, will also be lost if the CHROMEBOOK laptops do not begin to ship on June 15<sup>th</sup>; (d) manufacturers facing uncertainty over the June 15<sup>th</sup> shipping date will have to choose between forgoing production of new units or risking the accumulation of product that they may never be able to sell; (e) each unit of the CHROMEBOOK computer starts to lose value the day it is manufactured, rendering the accumulation of product costly even if it is ultimately sold; and (f) each day of lost sales represents a lost opportunity to generate a return on product design and development costs. (*Id.*)

17. Google also invested significant time and resources to develop sales and distribution arrangements with Defendants Best Buy and Amazon, each of which will market and sell the new CHROMEBOOK laptops. (*Id.* ¶ 18.) Upon information and belief, each manufacturer has produced tooling and allocated production capacity of tens of thousands of devices per week bearing the CHROMEBOOK mark and thousands of units bearing the CHROMEBOOK mark have already been shipped to retailers to fulfill customer pre-orders in anticipation of first product availability. (*Id.*) Google is ordering tens of thousands of devices for sale by Google's direct sales organization to fulfill demand from schools, government agencies and enterprises which have been pilot testing prototype CHROMEBOOK devices. (*Id.*) Delaying the delivery of CHROMEBOOK orders to schools and government institutions during the summer will likely result in lost sales, or a minimum delay of nearly a year, due to the timing of annual budget and technology rollout schedules by these organizations. (*Id.*)

18. In short, the preparation and marketing for the launch of the CHROMEBOOK computers has been a large and well-coordinated effort amongst advertisers, distributors, retail stores, event

planners and a host of other parties in the distribution channel, all of which will grind to a halt and be irreparably damaged if the CHROMEBOOK laptops cannot be shipped on June 15<sup>th</sup>. (*Id.* ¶ 19.)

**D. Plaintiff's Alleged "Use" of CHROMIUMPC.**

19. Nearly two years after Google first used the CHROME and CHROMIUM marks in commerce, Plaintiff filed an "intent-to-use" application with the PTO on June 21, 2010 for the CHROMIUMPC mark in connection with various computer hardware. (Pl.'s Mem. Supp. TRO & Prelim. Inj. ("Pl.'s Mem."), Ex. 3.)

20. Neither Plaintiff's initial pleading nor any of the declarations Plaintiff has submitted state that Plaintiff has ever sold a product bearing the CHROMIUMPC mark, which would be required for Plaintiff to establish trademark rights in the term CHROMIUMPC. Instead, Plaintiff repeatedly states that it has "promoted" its computer product under the CHROMIUMPC mark, yet with the exception of one isolated and unsupported assertion in its motion, never claims to have made a single sale or shipment of a computer branded with the mark.<sup>5</sup> (*Id.* at vi ¶¶ 5-8, 2.)

21. Plaintiff's own press releases demonstrate that Plaintiff has not used the CHROMIUMPC mark in commerce by selling or shipping product bearing that name. For example, a press release dated November 24, 2009, proclaims an "anticipated release of the CHROMIUMPC product in late 2010." (*Id.*, Ex. 2 at 12.)

22. Another article, dated November 11, 2010 and cited by Plaintiff in its motion, speculates that the "masses will get their chance at buying [the Xi3 modular computer] in early 2011." (*Id.*, Ex. 4.)

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<sup>5</sup> Specifically, on page 2 of Plaintiff's memorandum in support of its Motion, Plaintiff indicates that "Since November 2009, Isys has utilized [www.chromiumpc.com](http://www.chromiumpc.com) to promote *and sell* its CHROMIUMPC hardware products." (emphasis added). Plaintiff fails to elaborate on any supposed sales of a CHROMIUMPC product, and has provided not a shred of documentary or testimonial evidence that would support this passing allegation. Indeed, Plaintiff's press releases clearly indicate that the allegation is false.

23. More recently, an article posted on Xi3's website on June 2, 2011, suggests that not only has Plaintiff not sold a single CHROMIUMPC computer, the computer is not even fully developed yet: "***While not yet final***, the Xi3 CHROMIUMPC might sport a 1.8GHz Intel Atom dual-core 64-bit 3400e CPU with 2GB of DDR2 RAM. ***Pricing and release date will be announced soon***. Keep visiting [kokeytechnology.com](http://kokeytechnology.com) for updates about CHROMIUMPC availability." (emphasis added) (Badolato Decl. ¶ 3(b), Ex. C.)

24. Upon information and belief, Plaintiff adopted the CHROMIUMPC mark with the intent to trade on the goodwill of Google's CHROME and CHROMIUM marks. Notably, Plaintiff publicly proclaimed that it was taking reservations for the "first Google CHROME Open Source OS based desktop PC currently under development." (Pl.'s Mem., Ex. 2.) Plaintiff's other public marketing efforts similarly made false representations that its product would run CHROME OS operating system software despite Plaintiff's lack of a license. (*Id.*) In fact, Plaintiff went so far as to publicly thank Google "for all their help and vision for the future of 'Stateless' Computing." (*Id.*)

#### **E. Pre-Litigation Discussions Between the Parties.**

25. In late 2010, the PTO published Plaintiff's CHROMIUMPC trademark application for opposition. In an effort to arrive at a compromise concerning Plaintiff's use of the CHROMIUMPC mark, Google requested and was granted an extension of time to oppose, instead of opposing the application outright. (Lin Decl. ¶ 20.)

26. The parties subsequently engaged in discussions and, in March 2011, Google requested and was granted a second extension until May 22, 2011 (to which Plaintiff expressly consented), in order to continue with efforts to resolve the matter with Plaintiff. (*Id.* ¶ 21.)

27. On May 18, 2011, representatives from Google and Plaintiff spoke via telephone, at which time Google made clear to Plaintiff that it could not run Google's CHROME OS software on its CHROMIUMPC product without a license from Google, and further indicated that Google was unlikely to grant such a license given the infringing nature of the CHROMIUMPC mark. (*Id.* ¶ 22.)

28. Two days later, despite being fully aware that it needed yet lacked a license to use Google's CHROME OS software, and just days before the extension period was set to expire, Plaintiff falsely announced on May 20, 2011, that it planned to offer "the World's First Desktop Computer Running Google's CHROME Operating System" on its CHROMIUMPC product. (Badolato Decl. ¶ 3(a), Ex. B.) Not only did Plaintiff have no license to install CHROME OS on its hardware, it also never sought one from Google and it would have been impossible for Plaintiff to have obtained the software from any other source. (Lin Decl. at ¶ 23.)

29. On May 27, 2011, Google sent a letter to Plaintiff explaining its rights in CHROMIUM and asking that Plaintiff reconsider its plan to use the mark CHROMIUMPC. As Google advised Plaintiff, use of the mark on Plaintiff's product, particularly against the background of Plaintiff's false advertising claims that its device would run CHROME OS, would inevitably cause consumer confusion. (Pl.'s Mem., Ex. 12.) In the letter, Google reiterated that Plaintiff's adoption of the CHROMIUMPC mark was improper, and again reminded Plaintiff that it did not possess the license required to offer the CHROME OS software on Plaintiff's product. (*Id.*) Google also stated that Plaintiff's announcement about its purported use of the Google CHROME OS software had already created customer confusion as to the source of its goods, and that Plaintiff had engaged in false advertising and was explicitly attempting to co-opt a piece of Google's valuable intellectual property rights. (*Id.*) Nonetheless, despite Plaintiff's blatant misuse of the CHROMIUM mark and false representations, Google expressed a desire to resolve the matter amicably. (*Id.*)

30. Shortly after Google's letter to Plaintiff, at the "11<sup>th</sup> hour" before Google's long-planned and anticipated launch of its CHROMEBOOK product, Plaintiff initiated this action and requested a TRO to prevent the June 15<sup>th</sup> launch. Upon information and belief, prior to filing this lawsuit, Plaintiff never made a claim that Google's planned use of its CHROMEBOOK mark would infringe on Plaintiff's alleged rights in the CHROMIUMPC mark. (Lin Decl. ¶ 24.)



### III. PLAINTIFF HAS NOT AND CANNOT MAKE THE “CLEAR AND UNEQUIVOCAL” SHOWING THAT IT IS ENTITLED TO THE “EXTRAORDINARY REMEDY” OF A TEMPORARY RESTRAINING ORDER.

Informed that it lacked rights in the CHROMIUMPC mark, and that Plaintiff could not – as it had falsely claimed in marketing materials – implement Google’s CHROME OS on its computers, Plaintiff incredibly moved last week for a TRO to block this Wednesday’s long-planned launch of the CHROMEBOOK computers that will actually be running Google’s CHROME OS. Far from making the requisite “clear and unequivocal” showing that Plaintiff is entitled to a TRO, Plaintiff’s claims are fundamentally flawed and Plaintiff is entitled to no relief whatsoever. *Schrier v. Univ. of Colo.*, 427 F.3d 1253, 1258 (10th Cir. 2005) (“As a preliminary injunction is an extraordinary remedy, the right to relief must be clear and unequivocal.”).

To obtain a TRO or preliminary injunction, “the movant ***must*** show” ***all*** of the following: “(1) a substantial likelihood of success on the merits; (2) irreparable harm to [plaintiff] if the injunction is denied; (3) the threatened injury outweighs the harm that the preliminary injunction may cause the opposing party; and (4) the injunction, if issued, will not adversely affect the public interest.” *GMC v. Urban Gorilla, LLC*, 500 F.3d 1222, 1226 (10th Cir. 2007) (affirming denial of preliminary injunction in Lanham Act trade dress case) (emphasis added).<sup>6</sup>

“Moreover, when a preliminary injunction would alter the status quo, . . . the movant bears a heightened burden and ‘must make a strong showing both with regard to the likelihood of success on the merits and with regard to the balance of harms.’” *Id.* (quoting *O Centro Espirita Beneficente Uniao Do Vegetal v. Ashcroft*, 389 F.3d 973, 976 (10th Cir. 2004) (*en banc, per curiam, aff’d*, 546 U.S. 418 (2006))); *Systemic Formulas, Inc. v. Daeyoon Kim*, No. 1:07 CV 159, 2009 U.S. Dist. LEXIS 116038, at \*6 (D. Utah Dec. 14, 2009) (“Courts have identified several types of injunctions that are disfavored and subject to even more intense scrutiny ‘to assure that the exigencies of the case support the granting of a remedy that is extraordinary even in the

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<sup>6</sup> The standard for a TRO is the same as for a preliminary injunction. *Bauchman v. West High Sch.*, 900 F. Supp. 248, 250 (D. Utah 1995), *aff’d* 132 F.3d 542 (10th Cir. 1997).

normal course.”) (quoting *Attorney Gen. v. Tyson Foods, Inc.*, 565 F.3d 769, 789 (10th Cir. 2009)).

Plaintiff seeks exactly this type of disfavored preliminary relief – and based on a record devoid of any supporting evidence. See *Systemic Formulas*, 2009 U.S. Dist. LEXIS 116038, at \*\*6-7. The order Plaintiff seeks would change the status quo, “the last peaceable uncontested status existing between the parties before the dispute developed.” *APG Enters. v. Money & More, Inc.*, No. 2:08 CV 951, 2009 U.S. Dist. LEXIS 95852, at \*12 (D. Utah Oct. 14, 2009) (quoting *Schrier*, 427 F.3d at 1260). Plaintiff argues that the status quo to be protected is “the ability of Isys to complete registration of its CHROMIUMPC mark and thereby maximize its trademark rights ... without the ... interference of Google and without having Isys’ mark recognition in the market destroyed by Google’s ... market penetration.”<sup>7</sup> (Pl.’s Mem. at 7-8.) Plaintiff’s argument is fallacious; it is not entitled to a registration for the mark CHROMIUMPC because that mark infringes Google’s prior rights in the CHROMIUM mark. Moreover, even if it were entitled to proceed to registration, an interruption in that process has no bearing whatsoever on Plaintiff’s ability to use the mark in commerce. Thus, the last peaceable uncontested status quo was Google’s use of its CHROME and CHROMIUM marks – use which began long before Plaintiff claims to have adopted the CHROMIUMPC mark. As a result of years of development work and investment, Google is poised to bring to market its CHROMEBOOK computers and to fill demand for tens of thousands of them. (Lin Decl. ¶ 18.) Plaintiff’s requested TRO would “freeze all of the [sales] and other [related activities] of the ... Defendants and a variety of other[s].” *APG Enters.*, 2009 U.S. Dist. LEXIS 95852, at \*12. “Considering its expansive breadth, such an injunction would unquestionably alter the parties’ relationship and the relative status within that relationship.” *Id.*

“Even if the court were to conclude that the injunction Plaintiff[] seek[s] is not a type that is disfavored, the court [should still] conclude[] that the Plaintiff [has] still not made an adequate

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<sup>7</sup> Google’s marketing and sales of CHROMEBOOK computers is utterly unrelated to the registration of plaintiff’s CHROMIUMPC mark. The defect in plaintiff’s trademark rights is its lack of actual use of the mark, not the pending trademark opposition.

showing. ... Plaintiff [has] not demonstrated under even the less onerous standard that [it is] likely to succeed on the merits of their claims or that they are likely to suffer irreparable harm,” *id.* at \*12 n.2, or that the balance of equities or public interest favor an injunction.

Plaintiff cannot establish a substantial likelihood of success on the merits for a host of reasons, including that it owns no protectable rights in the mark CHROMIUMPC, any use by Plaintiff of that mark would infringe Google’s prior rights in CHROMIUM mark, and it has not shown a likelihood of confusion between CHROMIUMPC and CHROMEBOOK. Nor can Plaintiff establish irreparable harm given that (i) it adopted its CHROMIUMPC mark in an apparent effort to trade off the goodwill associated with Google’s CHROME and CHROMIUM marks,<sup>8</sup> and (ii) Plaintiff has not used its mark and, having developed no goodwill in the mark, has none to lose.<sup>9</sup> Plaintiff similarly fails to establish that the threatened injury to Plaintiff (which is non-existent) outweighs the enormous financial harm that would be suffered by Google and its manufacturing partners as a result of a TRO.

Quite simply, this is not one of the “extraordinary” cases warranting a TRO. *GMC*, 500 F.3d at 1226 (“preliminary injunction is an extraordinary remedy; it is the exception rather than the rule”) (quotation omitted).

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<sup>8</sup> A party “who ‘openly’ and ‘intentionally’ appropriates a[nother party’s] marks ‘can hardly claim to be harmed, since it brought any and all difficulties ... upon itself.’” *GMC*, 500 F.3d at 1229 (quoting *Opticians Ass’n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187, 197 (3d Cir. 1990) (“the IOA openly, intentionally, and illegally appropriated the Guild marks, despite being warned not to”) (further quotation omitted). Here, Plaintiff engaged in blatantly false and misleading marketing efforts designed to create the misimpression that the CHROMIUMPC product would run, or was somehow associated with, Google’s CHROME OS and CHROMIUM software.

<sup>9</sup> While irreparable harm has sometimes been presumed where a trademark infringement plaintiff shows a likelihood of success on the merits, that approach has been disapproved by the Supreme Court. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 393-394 (2006) (rejecting presumption of irreparable harm based solely on proof of infringement of a valid patent); *see also, e.g., RoDa Drilling Co. v. Siegal*, 552 F.3d 1203, 1210 (10th Cir. 2009) (“We note that the Supreme Court has rejected the application of categorical rules in injunction cases.”).

#### **IV. PLAINTIFF IS NOT LIKELY TO SUCCEED ON THE MERITS OF ITS CLAIMS**

In order to establish a substantial likelihood of success on the merits of Plaintiff's federal trademark infringement claims, Plaintiff must demonstrate: (1) ownership of a valid trademark and (2) a likelihood of confusion between its alleged CHROMIUMPC mark and Google's CHROMEBOOK and CHROMEBOX marks. *Sara Lee Corp. v. Sycamore Family Bakery Inc.*, 2009 U.S. Dist. LEXIS 100554, at \*7 (D. Utah Oct. 17, 2009); *see Utah Lighthouse Ministry v. Found. for Apologetic Info. and Research*, 527 F.3d 1045, 1051 (10th Cir. 2008). Plaintiff has failed to satisfy either element.<sup>10</sup>

##### **A. Plaintiff Lacks Trademark Rights in "CHROMIUMPC".**

##### **1. Plaintiff's Intent-to-Use Based Application for the CHROMIUMPC Mark Does Not Confer Any Trademark Rights.**

Despite Plaintiff's suggestions to the contrary, the fact that Plaintiff filed an intent-to-use ("ITU") application for the CHROMIUMPC mark does not give Plaintiff any enforceable rights to the mark. 15 U.S.C. § 1057(b); 3 J. Thomas McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION ("McCarthy") § 19:26 (4th ed. 2011). Under established law, a pending ITU application is nothing more than a contingent claim of rights that may not be relied upon to support a trademark infringement claim. Any right, including the presumptions of validity, ownership, and exclusivity in an applied-for mark, are entirely contingent on the successful registration of the mark. 15 U.S.C. § 1057(b). It is undisputed that Plaintiff does not own a registration for CHROMIUMPC, nor has its application yet been approved for registration.

Likewise, the filing date of Plaintiff's ITU application for CHROMIUMPC is not considered to be a nationwide constructive first use date for purposes of establishing priority unless and until the application matures to a registration. 15 U.S.C. § 1057(c). "Until then, [Plaintiff's] priority over later users or applicants is merely incomplete and inchoate." McCarthy § 19:26. As Professor McCarthy instructs, "[i]f party Alpha files an ITU application to register

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<sup>10</sup> Plaintiff does not even attempt to base its motion for a TRO on any of its state statutory or common law causes of action. (Pl.'s Mem. at 1.)

and has not yet used the designation as a mark and thus not yet obtained its registration, then Alpha has as yet no trademark rights to assert in court against party Gamma, who began use of a similar mark after the date of Alpha's application.” McCarthy § 16:2. In short, Plaintiff cannot base its current complaint or motion on its pending ITU application.

**2. Plaintiff Has Not Used the CHROMIUMPC Mark in Commerce.**

To pursue a claim for trademark infringement, Plaintiff must prove use of its alleged CHROMIUMPC mark in commerce. *Collectable Promotional Prods., Inc. v. Disney Enters., Inc.*, 2009 U.S. Dist. LEXIS 46775, at \*39 (W.D. Okla. June 2, 2009). Plaintiff entirely misunderstands what constitutes “use” of a trademark sufficient to obtain rights. A mark is deemed to have been “used in commerce” on goods when (a) the mark “is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto...” and (b) “the goods are ***sold or transported in commerce***.” 15 U.S.C. § 1127 (emphasis added).

Plaintiff’s own press release makes it abundantly clear that Plaintiff has not in fact launched its CHROMIUMPC computers on the market. On May 20, 2011, Plaintiff stated in a press release that it does not expect to sell any CHROMIUMPC products until “the second half of 2011.” (Badolato Decl. ¶ 3(a), Ex. B.) According to the release, Plaintiff has not even disclosed pricing for its unreleased CHROMIUMPC product yet and will only do so “later this year.” (*Id.*) In addition, an article posted on Xi3’s website on June 2, 2011 suggests that Plaintiff has not even completed its development of the product. (*Id.* ¶ 3(b), Ex. C.) (“While not yet final, the Xi3 ChromiumPC might sport a 1.8GHz Intel Atom dual-core 64-bit 3400e CPU with 2GB of DDR2 RAM.”).

Not surprisingly, Plaintiff’s Motion fails to offer any evidence of the sale or transportation of its CHROMIUMPC computers in commerce. The declarations of Plaintiff’s President, Chief Operating Officer, and Chief Marketing Officer allege only promotional activities involving the CHROMIUMPC mark, not actual sales or transportation in commerce of

any products bearing the mark. Further, Plaintiff failed to make any allegation of use in its Complaint, a fatal flaw which alone mandates dismissal of the case.

While one sentence in Plaintiff's memorandum in support of its Motion includes a passing reference to Plaintiff actually selling its CHROMIUMPC product (Pl.'s Mem. at 2), Plaintiff's press release, the lack of any documentary evidence reflecting a sale, and Plaintiff's failure to support that reference in any of the three declarations it relies upon, strongly suggest that the statement is false. Indeed, Plaintiff's papers, its own press releases, and other press articles reflect that Plaintiff has yet to sell or ship any CHROMIUMPC products.

Plaintiff has therefore failed to carry its burden of proving that it owns any rights in the CHROMIUMPC mark.

**3. Plaintiff's Promotional Activities Are Not Sufficient to Establish Rights in the CHROMIUMPC Mark.**

Failing to prove use of the mark, Plaintiff attempts to rely on its use of the mark in limited pre-launch promotional statements. Plaintiff, however, cites no case law holding that such pre-sales promotional activities constitute a basis for establishing proprietary rights. While courts have sometimes recognized that pre-sale promotional activities may support a claim of priority over a later actual use of the mark in commerce by another, courts have done so only in limited circumstances and only where the presale activity was sufficiently substantial to be deemed analogous to actual trademark use. *Herbko Int'l, Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 1162 (Fed. Cir. 2002); *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151 (9th Cir. 2001). A plaintiff relying on analogous use must conclusively demonstrate that its activities have been so substantial that an appreciable portion of the relevant consumer market has come to associate the term with the plaintiff and its product. *Herbko Int'l, Inc.*, 308 F.3d at 1162 ("Before a prior use becomes an analogous use sufficient to create proprietary rights, the petitioner must show prior use sufficient to create an association in the minds of the purchasing public between the mark and the petitioner's goods.).

In *Chance v. Pac-Tel Teletrac Inc.*, the Ninth Circuit set forth its “totality of the circumstances” analysis, which includes consideration of the following factors in determining whether pre-sales activities are sufficient to establish trademark priority rights:

- “the genuineness and commercial character of the pre-sales activity
- whether the pre-sales activity used the designation in a sufficiently public manner to identify and distinguish the goods or services to the appropriate segment of the public
- the scope of the pre-sale activity as compared to a commercially reasonable attempt to market the goods or services
- the degree of continued use of the designation as a mark in actual sales flowing from the pre-sales activity
- the amount of business transacted following the pre-sales activity.”

McCarthy § 16:13; *see Chance*, 242 F.3d at 1159.

Applying this test, the Ninth Circuit found that plaintiff T.A.B. Systems’s mailing of 35,000 promotional post cards, “which generated 128 responses to its 800 number and no sales, cannot be considered a first use” primarily because T.A.B. failed to provide sufficient evidence of business transacted following the pre-sales activities. *Chance*, 242 F.3d at 1160.

Here, Plaintiff has offered absolutely no evidence that its promotional activities relating to the CHROMIUMPC mark resulted in sales of its product or the public associating the mark with Plaintiff. For example, missing from this record are, among other things, any:

- Consumer surveys indicating that anyone, let alone a significant portion of the purchasing public, associates the CHROMIUMPC mark with Plaintiff;
- Financial figures or invoices demonstrating sales of Plaintiff’s CHROMIUMPC computer;
- Inventory records identifying CHROMIUMPC computers that have been shipped to Plaintiff’s customers;

- Advertising expenditure figures demonstrating widespread marketing by Plaintiff of the CHROMIUMPC computers;
- Marketing or trade show presentations to potential customers relating to Plaintiff's CHROMIUMPC computers;
- Television, radio, or Internet ads for Plaintiff's CHROMIUMPC computers;
- Direct mailings marketing the CHROMIUMPC computers to Plaintiff's potential customers; or
- Evidence that Plaintiff's computers have been sold or transported with the CHROMIUMPC mark affixed to the computers or packaging.

Recognizing that its promotional activities relating to CHROMIUMPC mark have been limited at best, Plaintiff cobbles together various documents as exhibits in support of its Motion in order to create the illusion that Plaintiff has somehow established enforceable trademark rights in CHROMIUMPC, despite never having moved any such products in commerce. Plaintiff's showing is misleading because some of its proffered promotional evidence does not even reflect use of the CHROMIUMPC mark, and in any event the materials submitted are a wholly inadequate basis upon which to find that Plaintiff has already marketed its anticipated CHROMIUMPC product to such an extent that an appreciable portion of relevant potential consumers (*i.e.*, individuals or businesses interested in purchasing modular computers) actually associate the term "CHROMIUMPC" with Plaintiff.

For example, Plaintiff emphasizes that its modular computer won the CES 2011 Innovations Award in the computer hardware category and submitted three exhibits – Plaintiff's Exhibits 4, 5, and 6 – containing documents relating to Plaintiff's receipt of the award. Not one of these exhibits, however, mentions the CHROMIUMPC mark.

Similarly, the November 11, 2010 ZDNet news article about the award makes absolutely no mention of the CHROMIUMPC mark and includes two images of a computer that does not bear the mark. (Pl.'s Mem., Ex. 4.) Also, the advertisement congratulating Xi3 for winning the CES award - purchased by Plaintiff's counsel in this litigation – is entirely devoid of any use of the CHROMIUMPC mark. (*Id.*, Ex. 5.) Nor does the January 14, 2011 BusinessWire article entitled "Xi3 Corporation Rocks CES 2011," quoting Plaintiff's CEO and COO extensively,



contain even a single reference to the CHROMIUMPC mark. (*Id.*, Ex. 6.) Not only are these materials inadequate to support Plaintiff's claim of trademark rights, the fact that Plaintiff has submitted them to the Court as "evidence" of use of the mark is highly misleading.

Lacking any real evidence, Plaintiff turns to the vague declarations by its President, Chief Operating Officer, and Chief Marketing Officer as support for its claims. The declarations, which contain virtually identical content, assert that Plaintiff "began promoting" its computer under the CHROMIUMPC mark in the fall of 2009 and has "continuously promoted" the product to customers, online, and at trade shows. (*Id.*, Exs. 13, 14.) The declarants, however, provide no support for their statements and offer no specificity about the timing, amount, and effect of such alleged promotional activities. The declarations thus fail to establish that an appreciable portion of relevant consumers associate the CHROMIUMPC mark with Plaintiff.

The pre-sales promotional activities cited by Plaintiff fall far short of establishing substantial use of the CHROMIUMPC mark sufficient to have acquired any rights in the mark.

**B. Google Owns Prior Rights in the CHROME and CHROMIUM Marks.**

The "first use" principle affords Google priority over Plaintiff to use, and authorize others to use, the CHROME and CHROMIUM marks. See *Value House v. Philips Mercantile Co.*, 523 F.2d 424, 430 (10<sup>th</sup> Cir. 1975) ("The general common rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question").

Google began using both marks in commerce in September 2008 (Lin Decl. ¶ 3.), well before November 2009, when Plaintiff contends it first began even promoting a product under the CHROMIUMPC mark (Pl.'s Mem. at v.), and long before Plaintiff filed its intent-to-use application in June 2010 (for which Plaintiff has yet to file evidence of use required to support a registration) (Pl.'s Mem. at vii ¶ 10). In a desperate effort to overcome Google's prior use of the mark CHROMIUM, Plaintiff argues that Google has abandoned its rights in the CHROMIUM trademark by using the mark in connection with its open-source software development project and allegedly failing to control the quality of the software developed in that project.

Plaintiff's argument rests on a misunderstanding of Google's CHROMIUM open source project and trademark law. While a trademark owner is required to exercise a degree of control over the quality of products offered under a mark, a trademark is not abandoned for lack of quality control where there is a reasonable inspection of the goods or services and they do not fall below essential quality standards established by the mark holder. McCarthy § 18:59. *Stanfield v. Osborne Industries, Inc.*, 52 F.3d 867, 871 (10<sup>th</sup> Cir. 1995) (“[L]icensors must ‘take some reasonable steps to prevent misuses of his trademark in the hands of others’”) (citation omitted). As McCarthy notes, “It is difficult, if not impossible to define in the abstract exactly how much control and inspection is needed to satisfy the requirement of quality control over trademark licensees.” McCarthy § 18:55. “The standard of quality control and the degree of necessary inspection and policing by the licensor will vary with the wide range of licensing situations in use in the modern marketplace.” *Id.*; see also *Stanfield*, 52 F.3d at 871 (“The critical question . . . is whether the plaintiff sufficiently policed and inspected its licensee[‘s] operations to guarantee the quality of the products [the licensee] sold.”); *Henry v. Pro 10 Originals, LLC*, 698 F. Supp. 1279, 1284 (D. Wyo. 2010) (“Because a finding of naked licensing may be harsh -- the loss of a trademark -- the amount of quality control necessary to find that naked licensing has not occurred is minimal”) (citing *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 387 (5th Cir. 1977)).

In its CHROMIUM open source project, Google exercises sufficient quality control. Google has firmly established a process whereby CHROMIUM software constantly evolves and improves with minimal intrusion but more than reasonable oversight from Google. Not only is there a self-policing element to the open source community as innovations are introduced and bugs are fixed by a number of highly competent contributors, but Google reviews the results of that community effort to monitor the CHROMIUM product. Indeed, Google is closely involved with the development process as innovations occurring in the CHROMIUM code may be adopted by Google and used in its CHROME web browser and CHROME OS operating system. (Lin Decl. ¶¶ 6-8.) Google's actions in this regard represent the essence of quality control.

In order to participate in the CHROMIUM open-source software program, Google requires developers to execute a BSD license agreement, which requires preservation of copyrights and a disclaimer of warranties and liability. (*Id.* ¶ 6, Ex. B.) For third party implementations of the CHROMIUM software, Google provides guidelines regarding the proper usage of Google branding and attribution. (*Id.* ¶ 12, Ex. C.) It has also created a significant (and prestigious in the software development community) gatekeeper function through its “committers” program, in which certain highly qualified software developers are nominated and then approved to conduct a number of quality-related tasks such as the review of new code and the fixing of bugs or other issues. (*Id.* ¶ 8, Ex. A.) Practically speaking, this means that the CHROMIUM open source software does not change unless Google, through these software developers, first approves changes.

Google also encourages contributors in the CHROMIUM open source community to be alert to and bring to Google’s attention any bugs or other fixes that may be required to the CHROMIUM software. (*Id.* ¶ 7, Ex. A.) Far from a lack of control, these measures demonstrate a substantial commitment by Google to the ongoing quality and improvement of the CHROMIUM open source software. Plaintiff has submitted no evidence to the contrary.

Plaintiff’s contention that Google both filed its application to register the CHROMIUM mark with the PTO and opposed Plaintiff’s CHROMIUMPC application in bad faith is equally preposterous and devoid of any legal or factual basis. The “factual” premise again appears to be that Google abandoned its rights to the CHROMIUM mark through its use of the mark in connection with an open source software program. As explained above, however, Google’s use of licensing agreements and other quality control measures thoroughly rebuts Plaintiff’s abandonment theory. In fact, Google’s trademark application and opposition to Plaintiff’s infringing mark are actually testament to Google’s good faith and diligence in protecting its valuable trademark rights.

Google has actively sought to protect its exclusive right to the CHROMIUM mark in order to prevent customer confusion as to the source of the product and to allow for the proper use of and communication about the open source program, as evidenced by Google’s successful

efforts to pursue a federal trademark registration of the mark. And as Google's May 27, 2011 demand letter to Plaintiff demonstrates, Google is quick to enforce its rights in the CHROMIUM mark. (Pl.'s Mem., Ex. 12.)

Thus, the mere fact that Google uses its CHROMIUM mark in connection with an open source software program cannot demonstrate a lack of control and consequent abandonment of the mark by Google. Moreover, even if there were a question as to abandonment under these circumstances, the issue of adequate quality control requires a highly fact-specific inquiry, and the record Plaintiff has submitted comes nowhere close to establishing any such abandonment. If anything, the record establishes the opposite. Plaintiff has not shown that it is likely to succeed in establishing that Google abandoned its rights in its CHROMIUM mark.

**C. If Plaintiff Were to Use the CHROMIUMPC Mark In Commerce, Such Use Would Infringe Google's Rights in its CHROMIUM Mark.**

If this Court finds that Plaintiff has used the CHROMIUMPC mark in commerce, then Plaintiff's use of the mark has infringed Google's prior rights in its CHROMIUM mark. In determining whether a likelihood of confusion exists, courts consider a variety of factors, including: (1) the degree of similarity between the marks; (2) the intent of the alleged infringer in using the mark; (3) evidence of actual confusion; (4) similarity in the products and their marketing; (5) the degree of care likely to be exercised by purchasers of the respective products; and (6) the strength or weakness of the trademark. *Utah Lighthouse Ministry*, 527 F.3d at 1055.

Because Plaintiff has never used the CHROMIUMPC mark in commerce, application of the confusion factors entails a hypothetical analysis that results in a finding of a likelihood of confusion in Google's favor. First, the marks at issue are virtually identical. Plaintiff's addition of the generic abbreviation "PC" at the end of the mark does nothing to distinguish it from Google's CHROMIUM mark. And based on Plaintiff's marketing strategy, it is clear that CHROMIUMPC is derived from Google's CHROME and CHROMIUM marks.

Second, Plaintiff's bad faith intent to trade off the goodwill of Google's marks is made clear by its false public touting of CHROMIUMPC as "the first Google CHROME Open Source OS based desktop PC currently under development." (Pl.'s Mem., Ex. 2 at 7.)

Third, Plaintiff's CHROMIUM hardware product is related to Google's CHROME and CHROMIUM software products. In an attempt to shield itself from liability arising from its adoption of a product name clearly derived from Google's CHROME and CHROMIUM marks, Plaintiff erroneously contends that computer hardware and computer software are entirely unrelated in any and all circumstances. (*Id.* at v.). This overly simplistic conclusion ignores reality – the issue of whether any given computer software product and a particular computer hardware product are “related” so as to support a finding of confusion depends on the *specific nature of the products at issue*. In other words, “computer hardware” and “computer software” are neither *per se* related or unrelated for purposes of a likelihood of confusion analysis. McCarthy § 24:44 (“Many courts have found that the use of a very similar trademark used on software will infringe a trademark used on computer hardware, and vice-versa”; however, there is “no per se rule that confusion will always be found as between any and all items of computer hardware and software.”). In this case, however, Plaintiff has made clear that its yet-to-be-released CHROMIUMPC product is related to at least one Google software product by falsely representing that its product would run Google's CHROME OS software, despite Plaintiff lacking any license from Google to use CHROME OS. (Pl's Mem., Ex. 2.)

Finally, as noted in *Utah Lighthouse*, “[t]he stronger the mark, the greater the likelihood that encroachment on the mark will cause confusion.” *Id.* at 1056 (*quoting Sally Beauty Co.*, 304 F.3d at 975). Google's CHROMIUM trademark is highly distinctive and widely recognized in the marketplace. (*See* Badolato Decl. ¶ 4, Ex. E.)

In light of the fact that Plaintiff's CHROMIUMPC mark infringes Google's prior rights in the CHROMIUM mark, Plaintiff cannot use any purported rights in the CHROMIUMPC mark to prevent Google from using the CHROMEBOOK and CHROMEBOX marks.

**D. Even if Plaintiff Owned Prior Rights in the CHROMIUMPC Mark, Plaintiff Has Failed to Establish Any Likelihood of Confusion Between the Mark and Google's CHROMEBOOK and CHROMEBOX Marks.**

In a distortion of both law and fact, Plaintiff asserts that this is a “classic” case of reverse confusion where Google as the purported junior user of the CHROMEBOOK and

CHROMEBOX marks will saturate the market with trademarks similar to Plaintiff's senior CHROMIUMPC mark and thereby "obliterate" an association of the mark with Plaintiff. (Pl's Mem. at 4-5). What makes this theory so incredible is that virtually all of Plaintiff's own marketing materials allegedly establishing Plaintiff's rights in CHROMIUMPC falsely and intentionally create an association with Google's CHROMIUM and CHROME OS marks. (*See id.*, Ex. 2; Badolato Decl. ¶ 3(a), Ex. B.)

Plaintiff relies heavily on the *Big O Tire Dealers, Inc. v. The Goodyear Tire & Rubber Co.* decision. 561 F.2d 1365 (10<sup>th</sup> Cir. 1977). Plaintiff neglects to mention that central to the Tenth Circuit's holding was the testimony of more than a dozen witnesses regarding actual confusion between the two marks at issue and testimony from two executives of the infringer that confusion was likely or even inevitable. *Id.* at 1372. Here, Plaintiff offers no evidence of actual confusion, nor any consumer survey evidence demonstrating a likelihood of confusion. Plaintiff bases its theory of reverse confusion solely on its own assessment of two factors – similarity of the marks and relatedness of the goods.

While the hardware goods are admittedly related, application of the remaining likelihood of confusion factors leads to the conclusion that there is no likelihood of confusion between Plaintiff's CHROMIUMPC mark and Google's CHROMEBOOK and CHROMEBOX marks. First, the marks are not confusingly similar in sight, sound, or meaning. The use of different prefixes ("chromium" vs. "chrome") and suffixes ("pc" vs. "book" and "box") results in significantly distinguishable commercial impressions.

Second, Google's CHROMEBOOK and CHROMEBOX marks incorporate Google's CHROME mark, which Google has been using in connection with its web browser since September 2008 and its CHROME OS operating system since July 2009. To the extent consumers associate the CHROME mark with Google, consumers will recognize that the CHROMEBOOK and CHROMEBOX marks are simply an extension of the family of CHROME marks owned by Google.

Third, when Google adopted the CHROMEBOOK mark, it could not have had any intent to derive benefit from the reputation or goodwill of the CHROMIUMPC product, if for no other

reason than the CHROMIUMPC product has yet to even be released on the market. (Lin Decl. ¶ 14.) As such, there is simply no goodwill or reputation for the mark from which Google could benefit even had that been its intent.

Fourth, given the nature of the products and their relatively high cost (Google's CHROMEBOOK product will cost approximately \$400 on average) (*Id.* ¶ 15.), consumers are likely to exercise great care when purchasing either the CHROMEBOOK, CHROMEBOX or CHROMIUMPC computers. Consumers will pay close attention to product features and be discerning as to the source of those features.

Indeed, any possible confusion related to CHROMIUMPC would be the result of Plaintiff's purporting to adopt a mark derived from Google's CHROME and CHROMIUM marks in connection with "the world's first desktop computer running Google's Chrome operating system" – an assertion Plaintiff knew to be false, having been informed by Google that it could not implement CHROME OS without a license from Google (which Plaintiff had not requested and which Google informed Plaintiff was unlikely to be granted). (*See* Badolato Decl. ¶ 3, Exs. B-D. -- which includes articles from various publications, including ZDNet, PC World, and CNET.) Having deliberately sown confusion as to the relationship between Plaintiff's product and Google's CHROME and CHROMIUM operating systems, Plaintiff cannot now legitimately argue that Google's CHROMEBOOK mark – obviously based on Google's long-established CHROME mark – would somehow create the confusion with the CHROMIUMPC mark (which, again, Plaintiff has never used and could not use without infringing Google's marks).

#### **V. PLAINTIFF CANNOT SHOW IRREPARABLE HARM.**

Plaintiff has not shown irreparable harm and therefore is not entitled to a TRO. "Demonstrating irreparable harm is not a facile task." *Deer Valley Resort Co., LP v. Christy Sports, LLC*, No. 2:07-CV-00904, 2007 U.S. Dist. LEXIS 94212, \*6 (D. Utah Dec. 21, 2007). "To constitute irreparable harm, an injury must be certain, great, actual 'and not theoretical.'"

*Heideman v. S. Salt Lake City*, 348 F.3d 1182, 1189 (10th Cir. 2003) (citation omitted). “Irreparable harm is not harm that is ‘merely serious or substantial.’” *Id.* (citation omitted).

Plaintiff’s only explicit allegation of irreparable harm is its assertion that “[p]ermitting the June 15, 2011 sales to go forward will irreparably and irretrievably extinguish Isys [sic] ability to survey the market status quo before CHROMEBOOK PC products flood the market.” (Pl.’s Mem. at 8.) But release of CHROMEBOOK computers would not interfere with Plaintiff’s ability to survey for likelihood of confusion – likelihood-of-confusion surveys are typically conducted when both of the marks at issue have actually been used in the marketplace. To the extent Plaintiff hopes such a survey would show reverse confusion between CHROMIUMPC and CHROMEBOOK, any market success of the CHROMEBOOK would seem to be a requirement and not a barrier to those results. In short, Plaintiff’s ability-to-survey assertion does not represent any kind of harm, let alone the kind of irreparable harm that could support the extraordinary relief Plaintiff seeks.

If anything, use by Plaintiff of the CHROMIUMPC mark would infringe Google’s clearly established senior rights in its CHROMIUM mark. The purported threat to Plaintiff’s “ability to maintain its brand recognition in the market,” (*Id.* at 8.) – is utterly baseless because ***Plaintiff has no brand recognition to maintain.*** It has submitted no evidence of sales, has detailed no promotional efforts, and Plaintiff’s marketing materials in this record contain false statements wrongfully implying an affiliation between Plaintiff and Google’s CHROME OS, which simply does not exist. “Courts require more than unsupported factual conclusions to support such a finding.” *Voile Mfg. Corp. v. Dandurand*, 551 F. Supp. 2d 1301, 1307 (D. Utah 2008) (plaintiff’s “conclusory affidavit” insufficient to support finding of irreparable harm); *see also, e.g., LL&L Innovations, LLC v. Jerry Leigh of Cal., Inc.*, No. 2:10-CV-829, 2010 U.S. Dist. LEXIS 108173, \*13-14 (D. Utah Oct. 8, 2010) (plaintiff’s “unsupported factual conclusions regarding possible irreparable harm they may suffer ... insufficient as a matter of law” and “fatal” to request for preliminary injunction). Plaintiff’s claim to have “invested its effort and money in promoting the CHROMIUMPC brand and developing goodwill among PC product consumers” is critically undermined by Plaintiff’s failure to allege with any particularity – let



alone prove – what those efforts consisted of, not to mention the impact those efforts have had on the consuming public. (Pl.’s Mem. at 9-10.)

Definitions of goodwill vary widely, but the salient element is always reputation and public familiarity. *See, e.g., Newark Morning Ledger Co. v. United States*, 507 U.S. 546, 555 (1993) (noting definition of goodwill as “that element of value which inheres in the fixed and favorable consideration of customers, arising from an established and well-known and well-conducted business”) (citation omitted); *Halverson v. Walker*, 38 Utah 264 (Utah 1910) (“The good will of a business is the probability that old customers will resort to the old place.”). Plaintiff has no goodwill in the CHROMIUMPC mark and thus nothing to lose.

Any conceivable harm to Plaintiff would be in the vein of choosing a new mark. Putting aside the fact that any such “harm” was caused by Plaintiff’s intentional adoption of a mark derived from and confusingly similar to Google’s CHROMIUM mark, this is the kind of economic harm easily compensable by damages. Incurring costs for, *e.g.*, filing a new trademark application could never be considered irreparable because “[t]he essence of showing irreparable harm is demonstrating an injury that money damages cannot sufficiently remedy.” *Voile Mfg.*, 551 F. Supp. 2d at 1307; *accord, e.g., Heideman*, 348 F.3d at 1189 (“It is ... well settled that simple economic loss usually does not, in and of itself, constitute irreparable harm; such losses are compensable by monetary damages.”); *Dominion Video Satellite, Inc. v. Echostar Satellite Corp.*, 356 F.3d 1256, 1260 (10th Cir. 2004) (court erred in finding irreparable harm based on loss of exclusivity where movant did not show damage to goodwill or loss of customers and “potential marketplace losses could be quantified in damages”).<sup>11</sup>

“The ‘showing of probable irreparable harm is the single most important prerequisite for the issuance of a preliminary injunction.’” *Schrier*, 427 F.3d at 1268. Plaintiff’s inability to establish it precludes the extraordinary relief it seeks.

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<sup>11</sup> Plaintiff evidently agrees that the injuries it claims to fear from the infringement it alleges are compensable by money damages, as it seeks such damages in its complaint. (Compl. ¶¶ 21-22.)

**VI. A TRO ON THE EVE OF THE CHROMEBOOK LAUNCH WOULD DAMAGE DEFENDANTS FAR MORE THAN THE ABSENCE OF SUCH AN ORDER COULD POSSIBLY HARM PLAINTIFF.**

In addition to likelihood of success on the merits and irreparable harm, Plaintiff “must also make a strong showing regarding the balance of the equities.” *Systemic Formulas*, 2009 U.S. Dist. LEXIS 116038, at \*16. “Even if [Plaintiff] had demonstrated a compelling threat of irreparable injury” – and, as shown above, it has not – Plaintiff “has failed to make a sufficient showing that such injury would outweigh the harm that Defendants would suffer if the court were to grant” Plaintiff’s motion. *APG Enters.*, 2009 U.S. Dist. LEXIS 95852 at \*18.

Because the TRO it seeks would alter the status quo, Plaintiff “bears a heightened burden” with regard to the balance of harms. *GMC*, 500 F.3d at 1226. Under any standard, however, Plaintiff – which has not used the CHROMIUMPC mark, has no legal rights in the mark and has demonstrated no goodwill in the mark – has not proven that the CHROMEBOOK launch would harm Plaintiff in any legally cognizable way. It is indisputable, on the other hand, that blocking the launch would cause significant and definite injury to Defendants, who have invested tens of millions of dollars developing and promoting the CHROMEBOOK products and preparing to sell them on June 15. (Lin Decl. ¶¶ 13, 16.)

**A. Plaintiff Has Not Shown It Will Be Harmed If A TRO Is Not Entered.**

Plaintiff has no reputation or goodwill to protect and would not be harmed by the CHROMEBOOK launch. Plaintiff’s attempt to cloud the issues by casting Google’s opposition to the CHROMIUMPC application as being in bad faith is frivolous. Plaintiff’s suggestion that a trademark registration would have issued by now but for Google’s opposition to the application is simply false because no registration can issue until the applicant has used its mark in commerce, 15 U.S.C. § 1051(c)-(d), and it is clear that Plaintiff has not used the CHROMIUMPC mark in a way that would support its attempted registration.<sup>12</sup> Additionally,

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<sup>12</sup> Plaintiff cites *Zirco Corp. v. AT&T Co.*, 21 U.S.P.Q.2d 1542 (TTAB 1991), in support of its assertions of harm. But the Trademark Trial and Appeal Board in that case said only that a third party who had begun using a mark *after* the filing date of a third-party’s intent-to-use application could not use common law rights to prevent registration of the third-party application. It does

Plaintiff's allegations that the extensions of time to oppose were somehow improper are entirely disingenuous because plaintiff could have brought on the opposition proceeding after the first extension lapsed but instead consented to the second extension of time. (Pl.'s Mem., Ex. 9 at 5 ("60 Day Request for Extension of Time to Oppose *Upon Consent*") (emphasis added).)<sup>13</sup>

Plaintiff's credibility in establishing harm is entirely undermined by Plaintiff's decision to adopt a mark that is obviously derived from Google's own CHROME and CHROMIUM marks, followed by Plaintiff's blatantly false representations to the public that Plaintiff's computers would "run[] Google's Chrome Operating System." (See Pl.'s Mem., Ex. 2; Badolato Decl. ¶ 3(a), Ex. B.) In addition to justifying denial of the TRO on the basis of unclean hands, as discussed below, this conduct tips Plaintiff's assertions of harm from unsupported and implausible to absurd.

#### **B. A TRO Would Seriously Injure Defendants.**

Plaintiff suggests that forcing Defendants to call off the CHROMEBOOK release would not harm them because "[t]hey have thus far successfully conducted business using other brand names and should simply be required to do so in this case." (Pl.'s Mem. at 10.) The millions of dollars in wasted resources that would result from forcing Defendants to put the brakes on the CHROMEBOOK launch cannot be dismissed so glibly.

Google has spent more than two years and tens of millions of dollars developing the CHROMEBOOK computer, which will finally become available to the public in two days. (Lin

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not follow that one who has filed an intent-to-use application (but has not used the mark) can rely on that pending application to prevent the use of an allegedly similar mark by a third party.

<sup>13</sup> Plaintiff argues that the "market degradation" that followed from Google's announcement of the CHROMEBOOK launch was "caused" by Google's opposition to the CHROMIUMPC mark." (Pl.'s Mem. at 9.) But public recognition of Google's CHROMEBOOK launch has no connection whatsoever with the CHROMIUMPC trademark opposition. Even a successful trademark opposition could not keep plaintiff from entering the marketplace. 15 U.S.C. § 1063. And the public – which has long anticipated the availability of computers running the CHROME operating system (Lin Decl. ¶ 16.) – would have been excited about the CHROMEBOOK launch regardless of whether Google had opposed the CHROMIUMPC mark.

Decl. ¶ 13.) Defendants have coordinated a worldwide manufacturing, marketing, and sales campaign for the CHROMEBOOK products. (Id. ¶ 18.) Halting such a process would have severe consequences, including Google's loss of much of the value of the millions of dollars it has invested in promoting and developing the CHROMEBOOK computers. (Id. ¶ 16.) The defendant manufacturers may lose the value of the production facilities or materials already allocated to CHROMEBOOK manufacturing, and would also have to choose between foregoing production of new units or risking the accumulation of product that they may never be able to sell. (Id. ¶ 17.)

Even more damaging would be the loss of the marketing momentum carefully developed by Defendants around the June 15th launch date. (Id. ¶ 19.); see also, e.g., *Active Network, Inc. v. Elec. Arts, Inc.*, No. 10-CV-1158, 2010 U.S. Dist. LEXIS 90602, \*15-16 (S.D. Cal. Aug. 30, 2010) (“[B]alance of equities” favored defendant where “[a]n injunction would ... prevent [it] from meeting its November 2010 release date, which is intended to take advantage of the holiday shopping season.”). Particularly in light of the intense anticipation for computers implementing Google's CHROME operating system, the effect that customer disappointment will have on Defendants is unquantifiable and irreparable. See, e.g., *Country Fare LLC v. Lucerne Farms*, No. 3:11cv722, 2011 U.S. Dist. LEXIS 61064, \*13-15 (D. Conn. 2011) (“It is well recognized that the inability of a party to supply its products to customers as a result of a dispute will often result in a loss of goodwill sufficient to establish irreparable harm.”).

The substantial injury a TRO would inflict on Defendants dwarfs any theoretical harm to Plaintiff. See, e.g., *PlayMakers LLC v. ESPN, Inc.*, 376 F.3d 894, 898 (9th Cir. 2004) (affirming denial of preliminary injunction where “[t]he evidence before the district court demonstrated [defendant's] significant financial investment in [the property] and the advertising revenue that would be lost if an injunction were to issue” and “[t]he district court appropriately contrasted this evidence against the lack of proof quantifying the harm that [plaintiff] would suffer absent preliminary relief”); *Nature's Life, Inc. v. Renew Life Formulas Inc.*, No. 2:05cv162, 2006 U.S. Dist. LEXIS 1458, 21-22 (D. Utah Jan. 9, 2006) (refusing to grant preliminary injunction for trademark infringement where the injunction would cause defendant “to suffer significant

disruption and expense” because its products were in the process of being packaged with the purportedly infringing design); *American Phytotherapy Research Lab, Inc. v. Impact Nutrition, Inc.*, 201 F. Supp. 2d 1145, 1151 (D. Utah 2002) (“balance of harms weighs in favor of Defendants” where “if an injunction were to issue, Defendants would have to halt [their] entire production, marketing, and sales of [alleged infringing product]”).

**VII. ENJOINING SALES AND MARKETING OF CHROMEBOOK COMPUTERS, AND UNDERMINING THE ABILITY OF OPEN SOURCE LICENSORS TO PROTECT THEIR MARKS, WOULD HARM THE PUBLIC INTEREST.**

As the Supreme Court recently reiterated, “‘courts of equity should pay particular regard for the public consequences in employing the extraordinary remedy of injunction.’” *Winter v. NRDC, Inc.*, 555 U.S. 7, 129 S. Ct. 365, 377 (2008) (vacating injunction because lower courts “significantly understated the burden the preliminary injunction would impose on the [defendant] ... and the injunction’s consequent adverse impact on the public interest”) (citation omitted). Plaintiff therefore should be denied the injunctive relief it seeks because a TRO or preliminary injunction would adversely impact the public interest in at least two different ways.

First, an injunction would disturb marketplace competition and interfere with consumer choice. This case does not present a countervailing interest in enforcing intellectual property rights because there is no public interest in “protecting” a mark that has not actually been used, especially when the “owner” of the mark has engaged in bad faith by adopting a mark derived from the well-known marks of an industry leader and exacerbating confusion by falsely representing that its products would incorporate the industry leader’s technology. Enjoining sales of CHROMEBOOK computers will not advance trademark rights; it will only deprive consumers of CHROMEBOOK computers. See *Int’l Jensen, Inc. v. Metrosound U.S.A., Inc.*, 4 F.3d 819, 827 (9th Cir. 1993) (affirming denial of injunction where, “[f]inding that there was no likelihood of confusion among consumers, the court felt there was no public interest in granting the injunction. To the contrary, the court viewed an injunction as depriving consumers of a choice of products.”).

Second, to the extent issuance of a TRO implicates a determination that trademarks used with open source software initiatives are by their very nature vulnerable to attack on abandonment grounds, it would be detrimental to all open source projects, potentially impairing the tremendous value in this revolutionary method of collaboration. *See, e.g., Jacobsen v. Katzer*, 535 F.3d 1373 (Fed. Cir. 2008) (“Open source licensing has become a widely used method of creative collaboration that serves to advance the arts and sciences in a manner and at a pace that few could have imagined just a few decades ago.”).

#### **VIII. PLAINTIFF’S UNCLEAN HANDS PREVENTS IT FROM OBTAINING THE EQUITABLE REMEDY IT SEEKS.**

“Equity requires that those seeking its protection shall have acted fairly and without fraud or deceit as to the controversy in issue.” *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 847 (9th Cir. 1987) (citation omitted). Plaintiff’s own inequitable conduct with respect to the CHROMIUMPC mark, as discussed at length throughout this brief, bars the equitable relief it seeks.

In short, the record demonstrates that Plaintiff chose the mark CHROMIUMPC to trade on the goodwill in Google’s CHROMIUM and CHROME marks; never sought, let alone obtained, a license from Google to use the CHROME OS operating system; and made false representations claiming that its CHROMIUMPC product would run Google’s CHROME OS software. And Plaintiff *continues to make this false representation*, not only featuring its own press release on its web site, but also featuring several on-line news articles that reported the false information Plaintiff had disseminated. (Badolato Decl. ¶ 3(c), Ex. D.)

This is precisely the kind of conduct that supports application of the unclean hands doctrine in a trademark case – that is, “inequitable conduct toward the public, such as deception in or misuse of the trademark itself, resulting in harm to the public such that it would be wrong for a court of equity to reward the plaintiff’s conduct by granting relief.” *Worthington v. Anderson*, 386 F.3d 1314, 1320 (10th Cir. 2004). This Court should “find that the record sufficiently supports [defendant’s] unclean hands defense. Therefore, as a court of equity, [it]

must deny plaintiff[’s] motion for a preliminary injunction.” *Estate of Lennon v. Screen Creations, Ltd.*, 939 F. Supp. 287, 294 (S.D.N.Y. 1996).

**IX. EVEN IF PLAINTIFF COULD MAKE ALL OTHER SHOWINGS REQUIRED FOR A TRO, IT HAS NOT SHOWN IT CAN POST A SUFFICIENT BOND.**

Even if the Court could find that Plaintiff was able to thread not one but the many needles necessary to qualify for extraordinary injunctive relief, the Court could not grant a TRO without ordering Plaintiff to post a substantial bond to compensate defendants for “such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined.” *Dominion Video Satellite, Inc. v. Echostar Satellite Corp.*, 269 F.3d 1149, 1158 (10th Cir. 2001) (quoting Fed. R. Civ. P. 65(c)). While the Court has discretion in setting the bond, it must make factual findings as to the appropriate amount “before setting the bond.” *Id.* (vacating \$10,000 bond for TRO and remanding because “[w]ithout factual findings, this court cannot determine whether the district court abused its discretion in setting the bond amount”).

Plaintiff’s motion did not discuss this requirement, no doubt because the factual findings will show Plaintiff cannot post a sufficient bond. “In the unlikely event that [plaintiff] ... prevailed on the TRO and/or preliminary injunction, the amount of the bond required for security pursuant to F.R.C.P. 65(c) would ... be[] prohibitive.” *United States Cellular Inv. Co. v. Airtouch Cellular*, 2000 U.S. Dist. LEXIS 4731, \*37 n.5 (C.D. Cal. Mar. 27, 2000).

“Generally, the bond amount should be sufficient ‘to protect [the] adversary from loss in the event that future proceedings prove that the injunction issued wrongfully.’” *Design Furnishings, Inc. v. Zen Path, LLC*, 97 U.S.P.Q. 2d 1284, 2010 U.S. Dist. LEXIS 135819, \*30 (E.D. Cal. Dec. 23, 2010) (quoting *Edgar v. MITE Corp.*, 457 U.S. 624, 649 (1982)) (further quotation omitted). The costs and damages to Google’s federally registered trademarks for CHROMIUM, its trademarks in CHROMEBOOK and the goodwill associated therewith is incalculable. The costs to Google, Acer, Samsung, Amazon and Best Buy for lost sales, holding excess inventory, interest, and so forth is exceptionally high, as set forth in the Declaration of Felix Lin. (Lin Decl. ¶¶ 13, 16-19.)

**X. CONCLUSION**

For the foregoing reasons, Google respectfully requests that this Court deny Plaintiff's Motion for a Temporary Restraining Order and Preliminary Injunction in its entirety.

Respectfully submitted this 13th day of June, 2011.

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