

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

(Alexandria Division)

ROSETTA STONE LTD.

Plaintiff,

v.

GOOGLE INC.

Defendant.

.....

CIVIL ACTION NO. 1:09cv736
(GBL / TCB)

**GOOGLE INC.'S OPPOSITION TO ROSETTA STONE'S MOTION FOR
PARTIAL SUMMARY JUDGMENT**

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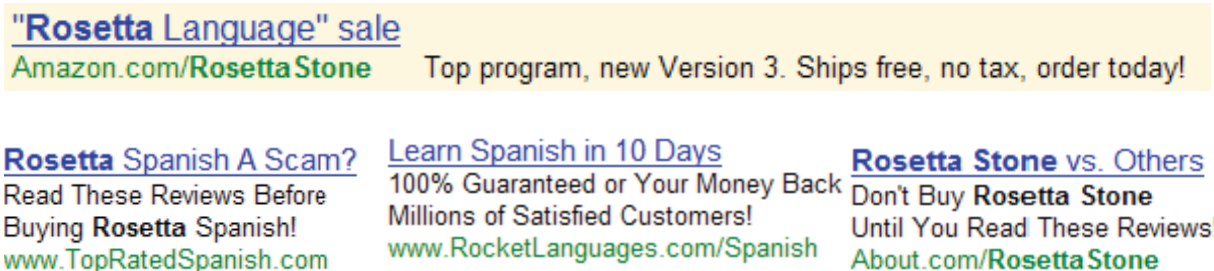
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PRELIMINARY STATEMENT

Rosetta Stone argues that Google is liable for trademark infringement because: (1) AdWords advertisers bid on Rosetta Stone’s trademarks as keywords to trigger their ads, and (2) some third parties display those marks in their ads. However, absolutely no evidence in the record supports a finding of liability against Google. Mere use of a trademark as a keyword, without more, does not constitute infringement. And there is no evidence of likely confusion regarding any ads placed by resellers of Rosetta Stone products, or review sites discussing Rosetta Stone products, or Rosetta Stone’s competitors. The lack of evidence is not surprising considering the actual ads at issue, which include ads such as the following:



The image shows three advertisements for Rosetta Stone products. The first is a yellow banner for a "Rosetta Language" sale on Amazon.com, advertising Version 3 with free shipping. The second is a blue link for "Rosetta Spanish A Scam?" with a warning to read reviews before buying. The third is a blue link for "Learn Spanish in 10 Days" with a 100% money-back guarantee and a link to RocketLanguages.com. The fourth is a blue link for "Rosetta Stone vs. Others" with a warning not to buy until reading reviews, with a link to About.com.

It appears that the only “evidence” of confusion regarding Rosetta Stone marks concerns consumers who allegedly bought counterfeit Rosetta Stone software. But even this so-called “evidence” is wholly insufficient to support a finding of liability against Google. It cannot be the case that by simply offering advertising space on Google.com, Google somehow induced counterfeiters in places like China to create and sell counterfeit versions of Rosetta Stone software. Nor is there any record evidence demonstrating that Google either knowingly permitted any ads for alleged counterfeits to be shown, or that Google acted in concert with or as an agent for such counterfeiters. To the contrary, the record is clear: Google has never condoned advertising for counterfeit products. Indeed, Google expeditiously removes ads by counterfeiters once Google learns of their existence, it expends significant resources to work with trademark

owners to prevent ads for counterfeit products from appearing on Google.com, and it regularly works closely with law enforcement agencies and trademark owners, including Rosetta Stone specifically, to track down counterfeiters and disrupt their operations, domestic and international. In other words, Rosetta Stone's trademark infringement claims, direct and secondary, all fail.

Nor is Google liable for dilution. Google has never branded any of its products or services with Rosetta Stone's trademarks, those trademarks were not famous in 2004, and Rosetta Stone cannot prove that it will be likely harmed by any "use" Google makes of them. Google can also not be held liable for unjust enrichment. Even if revenue earned by Google for ads involving Rosetta Stone's marks were "unjust," there is no evidence that Google received that money with an understanding that it was owed to Rosetta Stone, as is required to prevail on the claim. Rosetta Stone's summary judgment motion should be denied in its entirety.

Google's Objections to Rosetta Stone's Statement of Undisputed Facts ("OSF")¹

1. Google disputes UF 8 because the referenced study was conducted only last year and refers only to the ROSETTA STONE mark. [REDACTED]

[REDACTED] Rosetta Stone has no evidence relating to the strength or equity of the other alleged marks. According to Rosetta Stone's documents,

[REDACTED] Declaration of Margret Caruso ("Caruso Decl."), Exs. 31-33, 60 at 131:6-132:6, 69 at 111:6-17, 112:1-7, 69 at 120:21-122:8, Declaration of Henry Lien ("Lien Decl."), Ex. 1; Declaration of Jennifer Spaziano ("Spaziano Decl."), Tab A, at Dubow 45:1-46:2, Jeffries

¹ The Caruso, Lloyd, and Louie declarations were submitted with Google's Motion for Summary Judgment, the Calhoun and Spaziano declarations were submitted with Rosetta Stone's Motion for Partial Summary Judgment, and the Le, Lien, and Brewer declaration are submitted herewith.

40:11-41:20, Doyle 25:10-22, Porter 41:14-24, Thomas 29:19-30:17.

2. Google disputes UF 11 because keywords do not automatically “trigger the display of the advertisers ad.” They are one piece of information that Google’s systems use to determine which ads to show in response to a search query. Caruso Decl., Ex. 64 at 19:13-21:18, Ex. 52 at 18:17-20:19, 65:13-66:8, 100:16-101:1; Lien Decl., Ex. 23 at 106:15-109:20.

3. Google disputes UF 16 because the characterization that Google sells trademarked terms is incorrect and unsupported. Google sells advertising space and allows advertisers to bid on trademarked terms as triggers for ads. Further, Google adopted the 2004 policy in an effort to correct the imbalance of the prior policy that overly favored trademark owners at the cost of users and advertisers. It considered revenue impact, just as it considers it when adopting any policy that may affect revenue. Lien Decl., Ex. 30 at 40:11-41:23.

█ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5. Google disputes UF 20 because the cited studies do not support the broad descriptions used. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Declaration of Kris Brewer, Ex. 1; Lien Decl., Ex. 34 at 143:1-144:19; Spaziano Decl. Exs. 13-15.

6. Google disputes UF 21 because to be accurate it should read “the unrestricted use of trademarks in ad text” Google continued to prohibit the use of trademarked terms in ad text from 2004-2009 when there was not a technologically feasible way to automatically permit certain uses reasonably believed to be legitimate. Google also disputes the implication of UF 21 and 22 that use of trademarks by resellers and others similarly affiliated with a trademark owner could cause confusion as to whether such advertisers are “somehow affiliated with the trademark owner or offer[] those products.” Lien Decl., Ex. 30 at 79:16-81:12; Lloyd Decl., Ex. 4 at GOOG-RS-0272840.

7. Google disputes UF 23 because Dr. Edward Blair did not testify that consumer confusion would increase if “Rosetta Stone” were inserted in ad text. Rather, Dr. Blair agreed that use of those words in connection with other language signifying a commercial transaction appeared to increase confusion as defined by Rosetta Stone’s expert in his poorly designed study. Lien Decl., Ex. 24 at 116:11-117:11, Errata Sheet; Blair Decl. ¶¶13-19.

8. Google disputes UF 26 because Google had no evidence by June 2009 (or currently) that allowing only resellers, information sites and sites selling compatible parts to use trademarked terms in their ads would confuse users. In addition, Google developed a technological tool by which the websites linking to ads shown on Google could be automatically checked to assess the website's status as a reseller or informational site before an ad containing a monitored trademark term would be displayed. Lien Decl., Ex. 30 at 80:18-81:5, 88:16-90:22; Lloyd Decl., Ex. 5.

9. Google disputes the implication of UF 27 and 28 that "standard investigative practice" to pursue a law enforcement action against a counterfeiter is how Google investigates trademark infringement complaints. Google further disputes UF 28 because Google conducts due diligence to determine whether advertisers may be selling counterfeit goods. Its AdWords policy and Terms of Use prohibit the sale or promotion of counterfeit goods. Google also uses an automated tool to check the landing pages of ads to assess their compliance with its trademark policy. In addition, Google employs teams to enforce its trademark policy, respond to complaints about ads that violate its anti-counterfeit policy, and work to address problems with fraud and counterfeiting. Caruso Decl., Exs. 3, 53 at 36:5-37:16, 67 at 7:24-8:19, 108:2-109:16, 68 at 50:4-51:10; Lloyd Decl., ¶ 9, Exs. 3, 4, 7; Louie Decl. ¶¶3-5; Lien Decl. Exs. 29 at 15:6-17:11, 18:4-25, 19:25-20:12, 21:1-22:11, 26:11-27:1, 30 at 87:13-96:18).

10. Google disputes UF 31 because the implication that Google suggested that any particular advertiser bid on any particular trademarked keyword, or that it encouraged all advertisers to bid on trademarked terms is unsupported. Spaziano Decl. Ex. 19.

11. Google disputes UF 32 because [REDACTED]

[REDACTED]

advertisers nor work as implied by UF 32. Google filters out trademark terms for which Google has received a legitimate complaint before the lists of keyword ideas are provided to advertisers and informs them that they “are responsible for keywords you select and for ensuring that your use of the keywords does not violate any applicable laws.” [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Caruso Decl. Ex. 54 at 19:8-16, 21:25-22:11, 23:22-24:18); Lien Decl., Ex. 29 at 40:25-42:11, 58:1-25, 59:8-18, 30 at 124:10-17, 125:11-20; Lloyd Decl., Ex. 5, 12; Spaziano Decl. Ex. 18 at GOOG-RS-0309888 to GOOG-RS-0309893.

12. Google disputes UF 35’s use of the word “routinely.” [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Of all the clicks on those ads, less than 2% were on ads that Rosetta Stone contends were for counterfeit products. Caruso Decl., Ex. 50; Le Decl. ¶____.

13. Google disputes UF 36 because no evidence supports that “paid advertisements for counterfeit Rosetta Stone software increased markedly on Google’s search results pages” or that Google’s policies have anything to do with Rosetta Stone’s alleged counterfeiting problem.

[REDACTED]

[REDACTED] Lien Decl. Ex. 27 at 263:18-264:12.

14. Google disputes the implication of UF 37 that it does not take down the ads that it says that it does. Rosetta Stone has no evidence to support that. Google also disputes the

argument that its response is “not sufficient.” Google does not have the same level of knowledge that Rosetta Stone has about counterfeit Rosetta Stone products and is thus less able than Rosetta Stone to monitor sponsored links that may be advertising such products. [REDACTED]

[REDACTED] Each witness who testified that they purchased counterfeit Rosetta Stone product did not know it was counterfeit until after they installed the software and used it, some even took days to suspect that the product was counterfeit product. In addition, counterfeiters frequently attempt to circumvent the anti-counterfeiting measures Google has in place. Google is incentivized to fight counterfeiting and fraud because they cost it money. [REDACTED]

[REDACTED] Caruso Decl., Exs. 21; 23-29; 53 at 36:5-37:16, 61:13-63:11, 124:2-125:7; 65 at 130:25-138:25, 202:21-205:16; 67 at 108:2-109:16; 68 at 127:3-128:20; Lien Decl., Exs. 35 at 157:3-9; 33 at 131:7-132:19; Spaziano Decl., Tab A, Jeffries at 32:21-34:14; Doyle at 20:9-22:8; DuBow at 32:20-33:3, 38:18-40:7, 43:1-10; Thomas at 22:11-23:6, 24:14-25:4, 26:7-27:10; Porter at 28:6-23, 32:2-22; Louie Decl. ¶¶ 3-6; Lloyd Dec. ¶¶ 9-11; Calhoun Decl. ¶¶ 7, 11 & Exs. B-C.

15. Google disputes that UF 38 and 39 are relevant because none of the referenced complaints or actions deals with any confusion relating to the use of Rosetta Stone’s trademarks.

16. Google disputes UF 40 and 41 because review of the data referenced shows that none of the complaints in the specified date ranges definitively reference Google as the source of purchasing counterfeit products. [REDACTED]

[REDACTED]

[REDACTED] Le Dec. at ¶¶ 3-6, passim.

17. Google disputes UF 42 because one of Rosetta Stone’s five “confusion” witnesses actually appears to have purchased through an organic link and another disposed of the software before anyone could determine whether it was counterfeit. Several of these witnesses testified that they visited Rosetta Stone’s website and deliberately chose to visit other websites and continue shopping because Rosetta Stone’s prices were too high. None of the witnesses believed they were buying directly from Rosetta Stone. Only three of the allegedly counterfeit products were produced or made available for inspection in this action. Caruso Decl., Exs., 56 at 13:4-14:2, 50:3-14; 57 at 17:11-18:2, 18:9-16, 101:1-8; 71 at 12:24-13:23, 57:8-59:4; 74 at 71:22-73:21, 74:12-75:6; Spaziano Decl., Tab A, Stanley Thomas at 13:1-7, 16:21-17:5; 24:7-13, 39:15-42:20, 47:12-18; Porter at 12:24-13:22, 30:10-12; 83:18-84:8; DuBow at 105:6-108:19; 79:11-81:11; Jeffries at 25:1-26:19; Calhoun Decl., ¶11.

18. Google disputes UF 43 because as a matter of law Terri Chen’s and Rose Hagan’s testimony is inadequate to provide evidence of actionable “actual confusion.” Lien Decl. Exs. 25 at 189:23-190:19, 194:1-195:15; 30 at 159:21-163:11.

Google’s Counter-Statement of Undisputed Facts (“GSF”)

■ [REDACTED]

[REDACTED]

[REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Caruso Decl., Exs. 40-43, 58 at 96:12-98:10, 66 at 166:14-24, 176:2-14; Lien Decl., Exs. 10, 28 at 206:2-207:19, 216:21-222:18, 223:17-227:12, 260:7-261:24.

21. [REDACTED]

[REDACTED]

Lien Decl., Exs. 2-9.

ARGUMENT

I. ROSETTA STONE CANNOT PROVE DIRECT INFRINGEMENT

To prevail on its motion for directly liability, Rosetta Stone must prove that Google uses the Rosetta Stone marks in a manner likely to confuse consumers. *Lamparello v. Falwell*, 420 F.3d 309, 312 (4th Cir. 2005). As a matter of law, Google does not. Even if the law permitted a finding of liability for referential and functional uses of a mark (it does not), and even if the Fourth Circuit recognized initial interest confusion in the internet context (it has not), the record yields no evidence sufficient to support a finding of actionable confusion.

A. Rosetta Stone's Theories Of Confusion Are Wrong.

Rosetta Stone asserts two alternate theories of direct liability against Google: (1) initial interest confusion and (2) presumed confusion. The first fails as a matter of law. The second is inapplicable because Google is not attempting to pass off its offerings as those of Rosetta Stone.

1. Initial Interest Confusion Is Not Actionable In This Circuit.

Rosetta Stone's theory of direct liability against Google is premised on initial interest confusion—i.e., “the distraction or diversion of a potential customer from the Web site he was initially seeking to another site.” Rosetta Stone's Motion for Partial Summary Judgment, Dkt. 103, at 17 (“RS Mot.”) (citations omitted). It conveniently neglects to mention that just two

weeks after the decision it cites was issued, the Fourth Circuit expressly declined to adopt initial interest confusion as a basis for infringement liability. *Compare GEICO v. Google Inc*, No. 1:04cv507, 2005 U.S. Dist. LEXIS 18642 (E.D. Va. Aug. 8, 2005) with *Lamparello*, 420 F.3d at 316. The Fourth Circuit rejected the plaintiff’s argument that initial interest confusion resulting from the defendant’s registration of the domain name *www.fallwell.com* was actionable, holding that “we have never adopted the initial interest confusion theory,” but rather have “followed a very different mode of analysis, requiring courts to determine whether a likelihood of confusion exists by examining the allegedly infringing use *in the context in which it is seen by the ordinary consumer.*” *Lamparello*, 420 F.3d at 316 (internal quotation omitted). Such an analysis requires looking not only to the allegedly infringing use giving rise to the purported initial interest confusion, such as a domain name or ad, “but also to the underlying [content] of the website.” *Id.* at 318.

Post-*Lamparello*, no court in the Eastern District of Virginia has used initial interest confusion as a basis for liability. *See, e.g., Carl v. bernardjcarl.com*, 662 F.Supp. 2d 487, 496 (E.D. Va. 2009) (“[C]ontrary to plaintiff’s written assertion that the Fourth Circuit has never rejected the so-called ‘initial interest confusion’ theory, the court in *Lamparello* expressly declined to do so.”)² As a matter of policy, it makes sense that initial interest confusion has not been embraced, particularly on the internet where the costs of correcting a mistaken click are as minimal as hitting the back button.

² However, two courts in the Western District of North Carolina have. One ignored *Lamparello* entirely. *Rauch Industries, Inc. v. Radko*, No. 3:07-cv-197-C, 2007 WL 3124647, *7 (W.D.N.C. Oct., 25, 2007). The other misconstrued it to understand that “initial interest confusion liability is applicable where domain name and site content together give rise to confusion and opportunity to profit financially from confusion.” *Asia Apparel Co. v. Cunneen*, No. 3:02-cv-469, 2008 WL 2949244, *3 (W.D.N.C. July 30, 2008).

Although the Ninth Circuit recognizes liability for initial interest confusion on the internet, others have viewed its rationale as premised on “a material mischaracterization of the operation of internet search engines.” *J.G. Wentworth, S.S.C. L.P. v. Settlement Funding, LLC*, No. 06-0597, 2007 U.S. Dist. Lexis 288, *22 (E.D. Pa. Jan. 4, 2007). As one court explained:

At no point are potential consumers “taken by a search engine” to defendant’s website due to defendant’s use of plaintiff’s marks in meta tags. Rather, . . . a link to defendant’s website appears on the search results page as one of many choices for the potential consumer to investigate. As stated above, the links to defendant’s website always appear as independent and distinct links on the search result pages regardless of whether they are generated through Google’s AdWords program or search of the keyword meta tags of defendant’s website.

Id. at *22-23. “There is a big difference between hijacking a customer to another website by making the customer think he or she is visiting the trademark holder’s website (even if only briefly) . . . and just distracting a potential customer with another *choice*, when it is clear that it is a choice.” *Playboy Enters., Inc. v. Netscape Commc’ns Corp.*, 354 F.3d 1020, 1035 (9th Cir. 2004) (Berzon, J., concurring). Even though a user might choose to visit a website other than the plaintiff’s, “such choices do not constitute trademark infringement off the internet.” *Id.* There is no reason they should on the internet. *See id.*

Even if this Circuit recognized an initial interest confusion theory, it would not be an actionable theory of direct liability against Google because Google “does not compete with the markholder for sales,” as required by *Lamparello*, 420 F.3d at 317. Thus, the most initial interest confusion could theoretically support here is secondary liability. And on this record, it cannot support that either. “[A] court cannot simply assume a likelihood of initial interest confusion, even if it suspects it. The proponent of such a theory must prove it.” *Vail Assocs. v. Vend-Tel-Co., Ltd.*, 516 F.3d 853, 872 (10th Cir. 2008). In other words, the plaintiff must prove not just the “bait,” but also the “switch.” *See Lamparello*, 420 F.3d at 317.

Simply no evidence in the record shows that any consumers were diverted from—i.e., set

out to find and did not reach—Rosetta Stone’s website. To the contrary, the “confusion witnesses” all visited Rosetta Stone’s website and deliberately chose to visit other websites and continue shopping. OSF ¶ 17. [REDACTED]

[REDACTED] GSF ¶ 21.

Here, where Rosetta Stone lacks any actionable evidence of confusion beyond the “initial interest” stage, and initial interest confusion is not actionable in the Circuit, or on this record, Rosetta Stone’s summary judgment motion on trademark infringement must be denied.

2. Confusion Cannot Be Presumed Here.

This Circuit’s likelihood of confusion presumption only applies where the defendant intentionally copies the plaintiff’s mark for its use on its own competitive products with the intent to confuse or deceive the public. *See Shakespeare Co. v. Silstar Corp. of Am.*, 110 F.3d 234, 241 (4th Cir. 1997) (presumption inappropriate where mark described “a functional aspect of the product”); *Anheuser-Busch, Inc. v. L&L Wings, Inc.*, 962 F.2d 316, 321-22 (4th Cir. 1992) (presumption inappropriate where mark was used for the purpose of parody). Further, the presumption does not arise simply because the defendant used the mark with an intent to benefit from the mark’s reputation. *Anheuser Busch*, 962 F.2d at 321-22.

The cases relied upon by Rosetta Stone in support of its presumption of confusion theory are all inapplicable because they involve either competitors or counterfeiters intentionally using a mark to pass off their goods or services as those of the markholder. It is undisputed that Google does not provide competing or counterfeit goods, and Google is certainly not trying to pass off Google.com as Rosetta Stone’s website. Consequently, confusion cannot be presumed.

B. Use Of Rosetta Stone Marks As Keywords Is Not Actionable.

This Court has previously held that mere use of trademarks as keywords is insufficient to

establish liability. *GEICO*, 2005 U.S. Dist. LEXIS 18642 at *25-26 (dismissing claim because no resulting confusion was shown). Because confusion can only be shown based on the text of the keyword triggered ads in context, and there is no evidence of confusion regarding those ads, Rosetta Stone’s infringement claim based on use of its marks as keywords necessarily fails.

Additionally, use of trademarks as keywords is functional and therefore not actionable because the Lanham Act “does not protect essentially functional or utilitarian product features” *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1531 (9th Cir. 1992); *see also* Google’s Motion For Summary Judgment at 13-15. Just as words in a book’s index identify relevant passages within the book, keywords in an internet search engine’s index are the “keys” that enable it to readily identify relevant information, whether they be organic search results (i.e., unpaid listings) or Sponsored Links (i.e., paid ads), responsive to searches conducted by users. Without the keywords, Google’s ability to locate information related to Rosetta Stone’s products would be greatly impaired, robbing consumers of the ability easily to find reviews or the best price and thwarting the “information-facilitating” goals of trademark law. *See Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-64 (1995).

Use of Rosetta Stone’s marks in post-domain URL addresses serves a similarly functional purpose—identifying a unique location on the internet. *See Interactive Prods. Corp. v. a2z Mobile Office Solutions, Inc.*, 326 F.3d 687, 696-98 (6th Cir. 2003) (use of a trademark in the post-domain URL did not signify source of a product and thus was not actionable); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 627-28 (6th Cir. 1998) (Merritt, J., concurring) (“When a domain name is used only to indicate an address on the internet and not to identify the source of specific goods and services, the name is not functioning as a trademark.”). Although the URL displayed may be shortened for readability, it is simply used to identify the

web location to which the ad will direct users. Spaziano Decl., Tab A at Hagan Dep. 53:17-56:15. Because is not serving a source-identifying purpose of goods, it is not actionable.

C. Ads For Genuine Goods Do Not Infringe.

The likelihood-of-confusion factors applied in classic trademark infringement actions are premised on a defendant using a mark to promote its own sales and therefore inappropriate where a mark is used to describe the plaintiff's products. *E.g.*, *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 224 (3d Cir. 2005) (recognizing that “certain of the [traditional] factors applied mechanically would inevitably point towards likelihood of confusion where no likelihood of confusion may actually exist”); *see also GEICO*, 2005 U.S. Dist. LEXIS 18642 at *14. Accordingly, the discussion below focuses on focuses on intent of actual confusion, intent, and consumer sophistication, which are the most meaningful traditional factors to consider when a trademark is used to refer to the markowner or its goods.

Rosetta Stone cannot credibly argue that because its marks appear on ads on Google.com, consumers are likely to confuse Google.com with Rosetta Stone. Thus, any assessment of likelihood of confusion must focus on the specific ads Rosetta Stone claims to be infringing. *CareFirst of Md., Inc. v. First Care, P.C.*, 434 F.3d 263, 271 (4th Cir. 2006) (“[B]ecause the likelihood-of-confusion analysis looks to the actual use of competing marks, a comparison of the texts of the two marks alone is insufficient if the marks have different appearances in the marketplace.”); *Johnson & Johnson Vision Care, Inc. v. 1-800 Contacts, Inc.*, 299 F.3d 1242, 1248 (11th Cir. 2002) (reversing lower court for failing to conduct ad-by-ad analysis in false advertising case). Yet Rosetta Stone fails to analyze any specific ad.

Although ad-by-ad analysis is necessary to assess liability, even a small sample of ads reveals that Rosetta Stone cannot prove that *Google's acts* have caused a likelihood of confusion—as opposed to being a mere link in the chain of enabling someone else's potentially

infringing acts. For purposes of illustration, the ads at issue can be separated into categories: (i) ads by resellers and affiliates; (ii) ads by competitors; (iii) ads for informational sites; (iv) ads for products unrelated to language education; and (v) ads for alleged counterfeit products.

1. Rosetta Stone's Trademarks Can Lawfully Be Used To Refer To Rosetta Stone and Its Products

A century of precedent teaches that the Lanham Act does not bar the use of a mark to refer to a product originating from the trademark owner.³ Such use furthers trademark law's purpose by helping consumers gather information and quickly identify products. *E.g.*, *Qualitex Co.*, 514 U.S. at 163-64.

i. Resellers And Affiliates Can Lawfully Refer to Rosetta Stone.

Use of Rosetta Stone marks by resellers and affiliates to advertise actual Rosetta Stone products or discounts on Rosetta Stone products is clearly lawful. *E.g.*, *Tiffany (NJ) Inc. v. eBay, Inc.*, No. 08-3947-cv, 2010 WL 1236315, *7 (2d Cir. Apr. 1, 2010) ("eBay's use of Tiffany's mark on its website and in sponsored links was lawful. eBay used the mark to describe accurately the genuine Tiffany goods offered for sale on its website."). Examples include:

["Rosetta Language" sale](#)
[Amazon.com/RosettaStone](#) Top program, new Version 3. Ships free, no tax, order today!

[12% Rosetta Stone Rebate](#)
[CouponCactus.com/RosettaStone](#) Free 2-Day Shipping + 12% Cash Back on Rosetta Stone Language Software.

Use of Rosetta Stone's marks by resellers who sell genuine Rosetta Stone products is also protected by the first sale doctrine. *E.g.*, *Shell Oil Co. v. Commercial Petroleum, Inc.*, 928 F.2d 104, 107 (4th Cir. 1991); *see also Tiffany*, 2010 WL 1236315 at *7-8; *Sebastian Int'l v. Longs*

³ *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125, 129-30 (1947); *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924); *Saxlehner v. Wagner*, 216 U.S. 375, 380-81 (1910); *Polymer Tech. Corp., v. Mimran*, 975 F.2d 58, 62 (2d Cir. 1992); *Shell Oil Co. v. Commercial Petroleum, Inc.*, 928 F.2d 104, 107 (4th Cir. 1991); *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969); *Smith v. Chanel, Inc.*, 402 F.2d 562, 563 (9th Cir. 1968); *National Federation For the Blind, Inc. v. Loompanics Enters., Inc.*, 936 F. Supp. 1232, 1241-42 (D. Md. 1996); *Universal City Studios, Inc. v. Ideal Publ'g Corp.*, 195 U.S.P.Q. 761 (S.D.N.Y. 1977); *Forstmann Woolen Co. v. Murray Sices Corp.*, 144 F. Supp. 283, 290 (S.D.N.Y. 1956).

Drug Stores Corp., 53 F.3d 1073, 1074-75 (9th Cir. 1995). [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] (GSF ¶ 20). As such, no actionable confusion could be possible for the ads of these advertisers.

ii. Competitors Can Lawfully Refer to Rosetta Stone.

Trademark law permits the use of trademarks to refer to the trademark owner or its products not just by resellers, but also by competitors. Indeed, the Federal Trade Commission endorses the use of trademarked terms in competitive advertising to provide more information to consumers. *See, e.g.*, 16 C.F.R. 14.15; *see also Lorillard Tobacco Co. v. S&M Brands, Inc.*, 616 F. Supp. 2d 581, 589-90 (E.D. Va. 2009) (refusing to enjoin advertising campaign where mark was clearly being used as comparative advertising); *U-Haul Int'l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723, 728 (E.D. Va. 2003) (“[C]omparative advertising does not violate trademark law, even when the advertising makes use of a competitor’s trademark.”). The text of competitor ads sometimes further ensure that consumers will not be confused because they “do not convey, but, on the contrary, exclude the notion that they are selling the plaintiff’s goods.” *Saxlehner*, 216 U.S. at 380.⁴ For example, it is highly unlikely that anyone would think that the following competitor ads originate from Rosetta Stone:

⁴ *See also Lamparello*, 420 F.3d at 315 (“No one would believe that Reverend Falwell sponsored a site criticizing himself, his positions, and his interpretations of the Bible.”); *Saxony Prods., Inc. v. Guerlain, Inc.*, 513 F.2d 716, 722 (9th Cir. 1975) (use of a trademark in comparative advertising does not violate Lanham act unless the ad was false or causes consumer to be confused about source of the trademarked good).

[Beware the Stone. \\$548?](#)
Don't Get Ripped Off By The Stone.
Learn Spanish w/ Awesome 6 DVD Set
easy.BuenoEntonces.com/Spanish

[The Stone Program Sucks](#)
BabelYak Is Easier & Cheaper.
You'll Speak Like a Real Russian.
www.BabelYak.com

iii. Informational Sites Can Lawfully Refer to Rosetta Stone.

An entity need not be a reseller or competitor to lawfully refer to a product by its trademarked name. For example, in *WCVB-TV v. Boston Athletic Association*, the Second Circuit held that the use of the plaintiff's mark, "Boston Marathon," in a news broadcast to "describe the event that Channel 5 will broadcast" did not constitute trademark infringement because "the law usually permits [the use of words for their descriptive purposes] even if the words themselves also constitute a trademark." 926 F.2d 42, 46 (1st Cir. 1991); *see also New Kids on the Block v. News Am. Publ'g Inc.*, 971 F.2d 302 (9th Cir. 1992) (use of trademark to refer to musical group in a survey was not actionable trademark infringement); *Pirone v. MacMillan, Inc.*, 894 F.2d 579, 584 (2d Cir. 1990) (no trademark infringement where Babe Ruth's name and image were used "in the primary sense--to identify a great baseball player"). Thus, uses of the "Rosetta Stone" mark such as the following are entirely lawful:

[Rosetta Stone vs. Others](#)
Don't Buy Rosetta Stone
Until You Read These Reviews!
About.com/RosettaStone

[Reviews for Rosetta Stone](#)
Read expert software reviews
only at BrightHub.com
www.brighthub.com

iv. Entities Unrelated To Rosetta Stone Can Lawfully Use The Words "Rosetta" And "Stone" In Their Plain Meanings.

Trademark law also permits the use of a trademark in its plain-English meaning. 15 U.S.C. 1115(b)(4). As the Supreme Court recognizes, "[t]he use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product." *KP Permanent Make-Up, Inc., v. Lasting Impression I, Inc.*, 543 U.S. 111, 119 (2004) (citation omitted). Thus, Rosetta Stone has no right to block, for example, ads for "a wall plaque reproduction of the

actual Rosetta Stone” or actual stone from China or Mexico. Lien Decl., Exs. 12, 19, 37; Caruso Decl. Exs. 13, 50. In other words, ads such as the following are entirely lawful:

Mexican Stone

Dependable Nationwide Service
Quality Materials & Craftsmanship
www.estrellastone.com

All Chinese stone product

slabs, tiles, countertops, carvings
Medallions, limestone and slates.
www.chinamarble.com/index.htm

2. Rosetta Stone Has No Evidence Of Likelihood of Confusion Concerning Ads For The Sale of Genuine Goods.

The parties agree that actual confusion is “of paramount importance” and “the best evidence” of likelihood of confusion. RS Mot. at 20. Indeed, “the absence of actual confusion in the marketplace provides the most compelling evidence of no likelihood of confusion.” *Ciphertrust, Inc. v. Trusecure Corp.*, No. 1:04cv1232, 2005 U.S. Dist. LEXIS 46322, at *46 (E.D. Va. Nov. 28, 2005) (alteration omitted). On this vital point, Rosetta Stone’s proof fails.

Unsurprisingly, Rosetta Stone cannot cite to any evidence of actionable confusion arising from ads promoting or referencing genuine goods. *See* RS Mot. at 20-21. Instead, it relies on general, dated statements made by Google employees about the 2004 trademark policy and

[REDACTED]

[REDACTED]

This so-called “evidence,” which contains no reference to a single ad that used a Rosetta Stone mark, is irrelevant here.⁵ It amounts to nothing more remarkable than the statement of Ms. Rose Hagan, Google’s then-senior trademark lawyer, that “we just don’t believe users are likely to be confused unless there is something in the ad text

[REDACTED]

that is causing that confusion,” RS Mot. at 8, 21, which is entirely consistent with the law. Rosetta Stone’s reliance on this statement only highlights that—for the *six years* since Google adopted the 2004 keyword policy (and the ten months since it adopted the 2009 policy)—Rosetta Stone still lacks proof that anyone has actually been confused by even a single ad that used its mark in connection with advertising genuine goods.

Nor is there any evidence in the record that Google intended to confuse potential purchasers of Rosetta Stone’s products. The only “evidence” Rosetta Stone points to as proof of Google’s supposedly bad intent is [REDACTED]

[REDACTED] RS Mot. At 23. How these two facts satisfy Rosetta Stone’s burden of proving that Google used Rosetta Stone marks with the intent to confuse the buying public is a mystery. *Cf. Anheuser-Busch*, 926 F.2d at 322 (holding that intent to benefit does not equate to intent to confuse). It should not be surprising to anyone that users searching on Google.com for “Rosetta Stone software” are more likely to click on an ad informing them that the advertiser sells “Rosetta Stone” software than on an ad that does not. The undisputed record shows that Google’s success as a company is dependent on providing users a positive experience. Caruso Decl., Ex. 76, 175:22-177:16. Google cannot do so by intentionally confusing Google users seeking information relevant to their queries.⁶

Google’s operation under the 2004 trademark policy for five years does not prove anything nefarious about its motive in adopting the 2009 policy. It would have been entirely lawful at any time for Amazon.com to use “Rosetta Stone” in its ads on Google.com to inform

⁶ If Google solely wanted to enhance click-through rates for a short-term revenue bump, it could allow anyone to use trademark terms in the text of ads and respond purely reactively—or not at all. Google is financially motivated, however, not to take such a myopic approach, and instead focuses on trying to display ads that consumers find relevant and useful with an understanding that doing so increases the likelihood that those ads will be clicked.

users that Rosetta Stone products were available for sale on Amazon. See Section I.C. However, it was only after Google developed the technological ability [REDACTED] [REDACTED] [REDACTED] that Google modified its trademark policy to allow advertisers to identify what they are offering. OSF ¶¶ 6, 8. Google permitting such referential and indexing uses of trademarks in no way evidences intentional consumer deception. See *Saxlehner*, 216 U.S. at 380-81 (rejecting unfair competition claim where mark was used referentially to describe a type of water similar to plaintiff's because the use was "not trying to get the good will of the name, but the good will of the goods").

The sophistication of the market also renders confusion unlikely. Rosetta Stone is incorrect that the relevant market here is the public at large. RS Mot. at 24. Presumably, Rosetta Stone equates Google's market for search engine users with the public at large, but the pool of Google users at issues encompasses only those who might potentially be confused—i.e., those who would type in a search query consisting of a Rosetta Stone trademark. Those users, who necessarily have unaided recall of the Rosetta Stone trademark, are certainly fewer than the "public at large." Caruso Decl., Ex. 33 [REDACTED]

Here, potential purchasers of Rosetta Stone products are [REDACTED] [REDACTED] GSF ¶ 19. Given the high price of Rosetta Stone's products, which retail for around \$579 for a three-level bundle (*id.*), and the time commitment of learning a language, Rosetta Stone's potential customers are also more likely to spend time researching and learning about the software. Lien Decl., Ex. 36 at 96:14-97:11, 99:3-101:22. These facts diminish the likelihood of confusion. See *Star Indus., Inc. v. Bacardi & Co.*, 412 F.3d 373, 390 (2d Cir. 2005) (affirming that liquor store customers considering \$12 to \$24

purchases are sophisticated); *Barbecue Marx, Inc. v. 551 Ogden, Inc.*, 235 F.3d 1041, 1045 (7th Cir. 2000) (clear error not to consider consumers choosing a \$20 restaurant meal sophisticated).

D. Google Is Not Directly Liable For Ads For Allegedly Counterfeit Products.

To the extent Rosetta Stone's marks were used to advertise counterfeits, that fact, if proven, is relevant only to whether Google is *secondarily* liable for infringement, and is wholly irrelevant to *direct* infringement liability. *Tiffany*, 2010 WL 1236315 at *7-8 (affirming judgment of no direct infringement). In Tiffany's trademark infringement action against eBay for allegedly offering and advertising counterfeit Tiffany products on its website, the district court found that, while perhaps not as high as 73%, "a significant portion of the 'Tiffany' sterling silver jewelry listed on the eBay website . . . was counterfeit." *Id.* at *2. In addition, Tiffany had submitted thousands of notices of counterfeit listings to eBay. *Id.* at *10. Yet the Second Circuit concluded that eBay could not be held directly liable for infringement based on the counterfeits: "eBay's knowledge *vel non* that counterfeit Tiffany wares were offered through its website is relevant [only] to the issue of whether eBay contributed to the direct infringement of Tiffany's mark by the counterfeiting vendors themselves." *Id.* at *7.

Likewise, direct liability cannot be imposed on Google, which is even further removed from any sale of counterfeit goods. Unlike eBay, Google does not offer the venue at which products are sold, but merely displays advertising for those venues, and, unlike the "significant" number of counterfeit listings there, less than 2% of the clicks on ads that used a Rosetta Stone trademark were on ads for allegedly counterfeit products. OSF ¶ 16. Holding Google directly liable for such ads would not only inhibit the lawful resale of genuine Rosetta Stone products, but would also inhibit the lawful exchange of information about Rosetta Stone, about language learning products generally, and about things having no commercial relationship whatsoever to Rosetta Stone, such as the historic artifact. *Tiffany*, 2010 WL 1236315 at *7 ("To impose

liability because eBay cannot guarantee the genuineness of all purported Tiffany products offered on its website would unduly inhibit the lawful resale of genuine Tiffany goods.”).

There is also no actionable evidence of confusion regarding ads for allegedly counterfeit goods. Rosetta Stone must prove that each ad it contends offered counterfeit goods actually did so—as opposed to, for example, genuine product acquired through individual retail sale, surplus acquisition, or international purchase. Rosetta Stone has no such proof because [REDACTED]

[REDACTED] OSF ¶ 14. Only three allegedly counterfeit products have been produced or made available for inspection. OSF ¶ 17. Assuming that Rosetta Stone satisfies its burden of proof as to the counterfeit nature those three items, the record evidence is still insufficient find liability; it is *de minimis*.

“[E]vidence of the number of instances of actual confusion must be placed against the background of the number of opportunities for confusion before one can make an informed decision as to the weight to be given the evidence.” *George & Co., LLC v. Imagination Entm’t Ltd.*, 575 F.3d 383, 398 (4th Cir. 2009) (citation omitted). For example, this Circuit has held that four instances of actual confusion among 500,000 units sold is *de minimis* evidence of confusion. *Id.* at 399. Here, more than 100,000,000 Rosetta Stone ad impressions were served since 2004, yet Rosetta Stone has identified only five individuals who purport to be confused by use of the “ROSETTA STONE” mark.⁷ Caruso Decl., Ex. 50. This is *de minimis* as a matter of law.

Cases cited by Rosetta Stone do not dictate otherwise. In *Sara Lee v. Kayser-Roth Corp.*, the court found a likelihood of confusion where the “record [was] replete with anecdotal

⁷ Five is a generous count because, of the five, one apparently purchased the allegedly counterfeit goods after clicking on an organic listing and is thus irrelevant to the confusion resulting from sponsored links, and another disposed of her software before it could be confirmed as counterfeit, and another’s was not available during discovery. OSF ¶ 17.

evidence of consumers throughout the nation confusing the L'eggs(R) and Leg Looks(R) marks.” 81 F.3d 455, 466 (4th Cir. 1996). The plaintiff produced evidence of not only six women who were confused, but also “nearly overwhelming” anecdotal evidence that included testimony from service merchandisers who told of confusion among consumers and “massive confusion” among store personnel, as well as survey evidence showing approximately 30-40% confusion among the consuming public. *Id.* at 466-67. Similarly, in *X-It Prods., LLC v. Walter Kidde Portable Equip., Inc.*, 155 F. Supp. 2d 577, 623-24 (E.D. Va. 2001), the court denied summary judgment in favor of defendant where the defendant failed to rebut the presumption that it copied the plaintiff’s mark with an intent to confuse the public and the plaintiff produced evidence of a consumer survey showing 40% confusion in addition to actual instances of confusion.

Unlike the “nearly overwhelming” anecdotal evidence of “massive confusion” in *Sara Lee*, and the 40% confusion rate shown by the *X-It* survey, the *totality* of Rosetta Stone’s evidence of confusion consists of five witnesses who claim to have purchased counterfeit products. Rosetta Stone has produced no documents, call reports, email complaints, or other records to show “rampant confusion” among consumers relating to Google.⁸

The record does establish, however, that these alleged “confusion” witnesses were not confused by Sponsored Links on Google into mistakenly believing that they were clicking on ad that would link them to Rosetta Stone’s website. They all knew how to find Rosetta Stone’s

⁸ Though Rosetta Stone produced records from its customer care center regarding complaints of counterfeit software, [REDACTED]

[REDACTED] SF ¶ 16; Lien Decl., Ex. 22.

website through Google and none believed that he or she was buying from Rosetta Stone directly. OSF ¶ 17. Indeed, several testified that they did not purchase from Rosetta Stone directly in the first instance because the software was more expensive there. OSF ¶ 17.⁹

II. ROSETTA STONE CANNOT PROVE SECONDARY LIABILITY

A finding of secondary liability requires a finding of primary liability. *E.g., Perfect 10, Inc. v. Visa Int’l Service, Association*, 494 F.3d 788, 807 (9th Cir. 2007). As set forth in Section I, Rosetta Stone cannot on this record meet its burden of proving direct liability by anyone. *See also* RS Mot. 24-26. Even if direct infringement could be established, Rosetta Stone has no evidence to support holding Google secondarily liable for any such infringement.

A. Google Is Not Liable for Contributory Infringement.

To establish that Google is contributorily liable, no genuine issue of disputed fact may exist as to whether Google “intentionally induces another to infringe” or “continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement.” *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982); *Size, Inc. v. Network Solutions, Inc.*, 255 F. Supp. 2d 568, 572 (E.D. Va. 2003). Rosetta Stone cannot meet this burden.

Inducement necessarily requires that the defendant *intend for a third party to infringe*

9

OSF ¶ 5.

See, e.g., Packman v. Chicago Tribune Co., 267 F.3d 628, 645 (7th Cir. 2001); *Decorations for Generations, Inc. v. Home Depot USA, Inc.*, 128 Fed. Appx. 133, 139 (Fed. Cir. 2005) (unpublished). Far from supporting Rosetta Stone’s case, this testimony belies its position that Google should have been able to identify ads for counterfeit products by just looking at them, something Rosetta Stone’s witness admitted is not possible. OSF ¶ 14.

the mark. *Ives*, 456 U.S. at 860 (White, J., concurring).¹⁰ This high level of intent is rarely found.¹¹ And it cannot be here. There is no evidence that Google intended for any counterfeiters (or any other advertiser) to infringe Rosetta Stone’s marks. Rosetta Stone’s inducement theory is based almost entirely on [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] *Id.*;

see also Section I.C. Nothing in the record is to the contrary, nor does any evidence support a finding that any counterfeiter actually used one of Google’s tools to infringe Rosetta Stone’s trademarks. Indeed, it is rather absurd for Rosetta Stone to argue that counterfeiters, having already decided to stamp their counterfeit products with Rosetta Stone’s marks as part of the very core of their counterfeiting enterprise, decide to use Rosetta Stone marks for ads on Google.com as a result of Google’s keyword tools. Even if they did, that would fall far short of proving that Google intended for them to infringe Rosetta Stone’s marks as required under *Ives*.

¹⁰ *Cf. Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 936-937 (2005) (inducement of copyright infringement requires that the defendant “distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement”); *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, n.19 (1984) (recognizing contributory trademark infringement is much narrower than under copyright law).

¹¹ We could locate only one decision since *Ives* where a party was found to have induced trademark infringement: *Sealy, Inc. v. Easy Living, Inc.*, 743 F.2d 1378, 1381-1382 (9th Cir. 1984) (holding seller and manufacturer of bedding products contributorily liable where they “foresaw and intended that Pacifica [mattress] foundations would be passed off as Sealy products” and advertised the Pacifica product as a “matching foundation” for the Sealy mattress).

Google affirmatively seeks to prevent counterfeiters from advertising on Google.com. Among other things, Google expressly prohibits ads for counterfeit goods; it takes down counterfeit ads when it learns of their existence; it has a team dedicated to fighting ads for counterfeit goods; it even works closely law enforcement and brand owners, including Rosetta Stone specifically, to combat and disrupt counterfeiting in the U.S. and elsewhere. OSF ¶ 14.

Google is financially incentivized to keep counterfeit ads off of its website. Such ads not only cost Google money, but they also create a bad user experience—the worst possible outcome from Google’s perspective, since its business depends on users returning to its site to click on ads. *Id.*; Lien Dec. Ex. 34 at 70:4-22. *Accord Tiffany*, 2010 WL 1236315 at *13 (“[P]rivate market forces give eBay and those operating similar businesses a strong incentive to minimize the counterfeit goods sold on their websites.”). Common sense dictates that Google users who click on a counterfeit ads are less likely to click on ads in the future, which is bad for business.

Nor has Google continued to provide its services to advertisers it knows or has reason to know are advertising counterfeit products. Plaintiffs “bear a high burden in establishing ‘knowledge’ of contributory infringement, and [] courts have been reluctant to extend contributory trademark liability to defendants where there is some uncertainty as to the extent or the nature of the infringement.” *Tiffany*, 2010 WL 1236315 at 10-11. For example, eBay received thousands of notices from Tiffany complaining of counterfeiting and received more than 100 complaints from customers who had purchased counterfeit Tiffany products on eBay’s website. *Id.* at *2, 10. Nevertheless, the court rejected Tiffany’s argument that its notices to eBay imposed an affirmative duty on eBay’s to stop counterfeiters from advertising, holding that “contemporary knowledge of which particular listings are infringing or will infringe in the future

is necessary” to find sufficient knowledge to impose liability. *Id.* at *11.¹²

Here, there is no evidence that Google had knowledge of ads for counterfeit products apart from the notices it received from Rosetta Stone because counterfeit Rosetta Stone software cannot be identified except by physically inspecting it. OSF ¶14. Rosetta Stone’s own evidence shows that Google removed ads for allegedly counterfeit sites that it notified Google of. *Id.* Although it may be true that some unidentified counterfeiters will try to circumvent Google’s policies and place ads on Google.com anyway, this general knowledge is insufficient as a matter of law to hold Google liable for contributory infringement. *Tiffany*, 2010 WL 1236315 at *11 (“general knowledge or reason to know that its service is being used to sell counterfeit goods” is not sufficient to impose liability).¹³

B. Google Is Not Liable for Vicarious Infringement.

Vicarious trademark infringement requires that Google and the direct infringers “have an apparent or actual partnership, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.” *Perfect 10, Inc.*, 494 F.3d at 807 (quoting *Hard Rock Café*, 955 F.2d at 1150). In this case, the relationship between

¹² Rosetta Stone’s cases are inapposite. In *Bauer Lamp Co., Inc., v. Shaffer*, the Eleventh Circuit did not apply the *Inwood* standard but examined contributory liability based on whether the defendant “knowingly participate[d] in furthering the trade dress infringement.” 941 F.2d 1165 at 1171 (11th Cir. 1991). The *Transdermal Prods., Inc. v. Performance Contract Packaging, Inc.*, 943 F. Supp. 551, 552 (E.D. Pa. 1996), court considered whether a third party could be joined under Rule 14, and determined that it could because the third party “could be liable” on a theory of contributory infringement. *Id.* at 554.

¹³ To impose an affirmative duty on Google to monitor and enforce the rights of third party trademark holders, as Rosetta Stone is seeking, would run directly counter to settled case law and sound trademark policy, which place that duty squarely on the shoulders of brand owners themselves. See *Tiffany (NJ) Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 515 (S.D.N.Y. 2008), *aff’d Tiffany*, 2010 WL 1236315; see also, *Hard Rock Cafe Licensing Corp. v. Concession Services, Inc.*, 955 F.2d 1143, 1149 (7th Cir. 1992). Indeed, it would render operation of Google’s website impossible.

Google and advertisers fails to satisfy this incredibly high standard.¹⁴

Rosetta Stone can point to no evidence establishing that Google has this type of partnership arrangement with any alleged counterfeiters—nor is such an arrangement even alleged in its operative Complaint, Dkt. 86, ¶¶ 90-99.¹⁵ That Google and any alleged direct infringer may have a financial relationship is insufficient to establish joint ownership and control for purposes of vicarious trademark liability. *See Perfect 10*, 494 F.3d at 807-08; *Fare Deals, LTD. v. World Choice Travel.com, Inc.*, 180 F. Supp. 2d 678, 685-86 (D. Md. 2001) (affiliate agreement not enough to show agency relationship). Vicarious liability cannot be imposed on this record.

III. ROSETTA STONE CANNOT PROVE DILUTION

It is undisputed that Google does not use Rosetta Stone’s marks to identify Google’s own goods and services. As such, Google cannot be held liable for the uses of Rosetta Stone’s trademark claimed to be dilutive. *See Tiffany*, 2010 WL 1236315 at *15 (holding that there is no dilution when there is “no second mark or product at issue” to blur or tarnish the senior mark). Although counterfeiting may dilute Rosetta Stone’s marks, as long as Google does not “itself sell

¹⁴ *Cf. Microsoft Corp. v. Black Cat Computer Wholesale, Inc.*, 269 F. Supp. 2d 118, 122-123 (W.D.N.Y. 2002) (holding wife vicariously liable where she and her husband owned a company that sold counterfeit Microsoft products and she drew a salary from the company, shared responsibility of the day-to-day operation and management of the business, was personally responsible for all of the finances of the company, and was personally aware of the infringement because she received and signed for the first cease and desist letter).

¹⁵ Instead, Rosetta Stone argues that vicarious trademark infringement can be found when the defendant has a “legal right and practical ability to stop or limit” infringement standard. RS MSJ pg. 26 (citing *Perfect 10, Inc. v. Amazon.com Inc.*, 508 F.3d 1146, 1173 (9th Cir. 2007)). The standard articulated in *Perfect 10 v. Amazon.com* is for vicarious *copyright* infringement, i.e., it is the wrong standard. *Id.*; *cf. Perfect 10 v. Visa Int’l Serv. Assoc.*, 494 F.3d at 807 (applying trademark standard). The one trademark infringement decision Rosetta Stone cite that recites that standard addressed a motion to dismiss—a much lower burden of proof. *GEICO v. Google Inc.*, 330 F. Supp. 2d 700, 702 (E.D. Va. 2004).

the goods at issue, it [does] not itself engage in dilution.” *Id.*¹⁶

Even if third party use of Rosetta Stone’s marks could give rise to Google’s liability for dilution, Rosetta Stone cannot show that its marks were famous by May of 2004, which it concedes was when Google’s allegedly dilutive acts began. RS Mot. at 28; 15 U.S.C. §1125(c)(2)(A) (requiring fame at the time defendant’s use of the mark began); OSF ¶ 1.

Rosetta Stone also cannot show harm by dilution or tarnishment. Similarity in the marks used by the counterfeiters and Rosetta Stone’s marks, *see* RS Mot. at 28, is not sufficient.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] *Id.* Even the third parties who purchased allegedly counterfeit goods made it clear that they did not have a reduced opinion of Rosetta Stone. *Id.* For each of these reasons independently, Rosetta Stone’s motion regarding dilution claim must fail.

IV. ROSETTA STONE CANNOT PROVE UNJUST ENRICHMENT

To prevail on its unjust enrichment claim, Rosetta Stone must show that (1) it conferred a benefit on Google; (2) Google knew of the benefit and should have reasonably expected to repay Rosetta Stone for it; and (3) Google accepted or retained the benefit without paying for its value. *Schmidt v. Household Fin. Corp., II*, 276 Va. 108, 116 (Va. 2008). It cannot.

First, Google has not “taken” any benefit from Rosetta Stone. A trademark owner has no property right in its mark beyond the right to prevent consumer confusion as to source of its

¹⁶ None of the authority cited by Rosetta Stone is to the contrary; it all involves instances of a defendant branding its product with the plaintiff’s trademark or a variation of it.

goods.¹⁷ Unless Google's actions violate Rosetta Stone's trademark rights, Rosetta Stone has no proof that Google took any benefit that rightfully belonged to Rosetta Stone. Rosetta Stone cites no contrary cases. *Cf. In re Bay Vista of Va., Inc.*, 2009 WL 2900040 (E.D. Va. June 2, 2009) (denying motion to dismiss claim based on allegedly improper accounting in a bankruptcy proceeding). Second, there is also no evidence that Google promised, or should have reasonably expected, to pay Rosetta Stone for its non-infringing uses of Rosetta Stone's mark. Under Virginia law, "[o]ne may not recover under a theory of implied contract simply by showing a benefit to the defendant, without adducing other facts to raise an implication that the defendant promised to pay the plaintiff for such benefit." *Nedrich v. Jones*, 245 Va. 465, 476 (1993) (affirming dismissal of a breach of implied contract). Because no such facts exist here, Rosetta Stone's motion must be denied.

CONCLUSION

For the foregoing reasons and upon all papers submitted in connection with its Opposition, Google respectfully requests that Rosetta Stone's Motion For Partial Summary Judgment be denied in its entirety.

Respectfully Submitted,

GOOGLE INC.
By counsel

¹⁷ *E.g., Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924) ("A trade-mark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his."); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97, (1918) (trademark law's "function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his; and it is not the subject of property except in connection with an existing business.").

/s/

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