

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 REPLY MEMORANDUM IN FURTHER SUPPORT OF ITS
MOTION FOR SUMMARY JUDGMENT**

PORTIONS UNDER SEAL

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PRELIMINARY STATEMENT

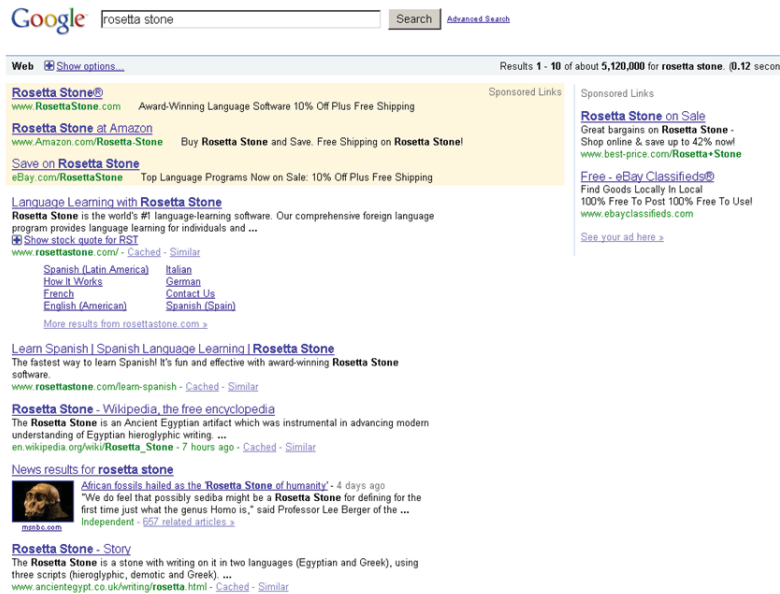
Rosetta Stone criticizes Google for “cloak[ing] itself in decades of case law,” (Dkt. 147, “RS Opp.” at 2), but Google believes that it is proper to ask this Court to apply well-established principles of trademark law in resolving the question presented for summary judgment: whether on the present record Rosetta Stone can prove that Google has infringed.

Rosetta Stone argues that Google’s advertising program must infringe because it involves the “sale” of Rosetta Stone’s trademarks and their use within ad text. Under its theory, Rosetta Stone need not prove anything else, i.e., it need not demonstrate that any given advertisement or search results page is likely to confuse consumers. Rosetta Stone’s infringement case against Google focuses on Google’s business model as a whole, and is premised on the belief that liability can be imposed without assessing any actual ads displayed by Google. Indeed, the only actual ads Rosetta Stone discusses anywhere are for allegedly counterfeit products, which indisputably make up a tiny fraction of the total number of ads at issue in this case.

Google’s position, on the other hand, is that infringement cannot be found absent a finding that the ads actually displayed on Google.com are likely to confuse consumers as to the source of the offered goods. And Google does not believe that Rosetta Stone can satisfy its evidentiary burden on the issue of confusion and Google’s alleged liability.

For example, Google believes that ads such as the ones displayed below (from a search results page captured April 12, 2010) that appear in response to search queries for “Rosetta Stone” clearly do not confuse consumers. Other search queries that include (but do not consist solely of) Rosetta Stone’s marks, such as “Rosetta Stone reviews,” “Rosetta Stone at Amazon,” or “language software like Rosetta Stone,” generate search pages that are also unlikely to confuse Google.com users. Not only is there no record evidence to the contrary, but any

argument to the contrary is disingenuous.



If, however, certain search results pages have included infringing ads, the question then becomes under what factual circumstances can Google be held secondarily liable for that third-party content causing confusion, and whether Rosetta Stone is able to satisfy its evidentiary burden of demonstrating that those factual circumstances exist on this record. In other words, the ultimate issue before the Court is whether Google's advertising program as a whole can infringe Rosetta Stone's marks (Rosetta Stone's position), or whether a more fact-specific analysis is required (Google's position). Google respectfully submits that as a matter of law, the record lacks evidence sufficient to support finding of trademark infringement against it.

RESPONSE TO DISPUTED FACTS

3 and 11.



See Spaziano Exs. 1 at GOOG-RS-

0251017, 2 at GOOG-RS0251048-49. Exhibit 3 does not even mention trademarks at all.

4. As explained in Google's Objections to Rosetta Stone's Statement of Undisputed

Facts (“OSF”), ¶ 4, [REDACTED]

5, 8, and 11. As explained in OSF ¶ 11, there is no evidence that Google suggested that any particular advertiser bid on any particular trademarked keyword, or that it encouraged all advertisers to bid on trademarked terms. [REDACTED]

13. Rosetta Stone is in the best position to identify counterfeiters. OSF ¶ 12, 14. [REDACTED]

[REDACTED]. See Declaration of Henry Lien in Support of Google’s Reply Memorandum (“Lien Reply Decl.”) ¶ 3. This is not accurately characterized as “regular.”

14. and 16. [REDACTED]

[REDACTED] Lien Decl. Ex. 27 at 263:18-264:12; Declaration of Thai Le in Support of Google’s Reply Memorandum at ¶ 3; Spaziano Decl. Ex. 47; see also OSF ¶¶ 9, 13, 14, 16.

15 and 17. See OSF ¶ 14.

19. There is no evidence that Google did not take down ads Rosetta Stone identified as selling counterfeit goods and using their marks. See OSF ¶ 14; Spaziano Exs. 45-46,

4-8. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

I. GOOGLE IS ENTITLED TO SUMMARY JUDGMENT THAT IT IS NOT LIABLE FOR TRADEMARK INFRINGEMENT

A. Google Cannot Be Held Liable For Referential Uses To Genuine Goods.

Rosetta Stone concedes that it has no monopoly in the words Rosetta Stone, yet it seeks to prevent Google from allowing third parties to use the words Rosetta Stone for *any* purpose in connection with advertising on Google. RS Opp. at 1-2, 14. This anti-competitive ambition runs contrary to the central consumer protection goals and fundamental principles of trademark law.

Rosetta Stone argues that Google cannot invoke the first sale doctrine, or any other well-established fair use principle of trademark law, simply because of how Google advertising and search services are designed, i.e., relevant advertisements are selected and displayed adjacent to relevant organic search results based on what a user searches, even when the search is for a trademarked term. *Id.* It is unclear whether Rosetta Stone's position is that third-party advertisers are not free to identify genuine Rosetta Stone goods as such—in defiance of a century of trademark precedent—or that Google is not permitted to display otherwise legitimate advertising according to an algorithmic determination. But it does not matter. Both theories are wrong and insufficient to defeat Google's motion.

Trademark law does not grant a monopoly against all uses of a mark, but only a narrow set of uses that are likely to cause confusion. *E.g., Anheuser-Busch, Inc. v. L. & L. Wings, Inc.*, 962 F.2d 316, 320 (4th Cir. 1992) (quoting: “trademarks are designed to protect consumers from

being misled,’ not to ‘further or perpetuate product monopolies’”) (citation omitted). As discussed in Google’s other briefs, both referential and plain language uses of a trademark are lawful. *See* Google Mem. Sec. II.A. and II.C.2.i; Google Opp. Sec. I.B. Rosetta Stone’s authorized resellers can lawfully advertise that they sell Rosetta Stone products;¹ Rosetta Stone’s affiliates can lawfully advertise discounts they offer; competitors can lawfully advertise comparisons of their products to Rosetta Stone’s (even in a way that Rosetta Stone does not like); informational sites can lawfully refer to reviews of Rosetta Stone’s products, and sites having nothing to do with language learning can advertise products and services relating to the actual Rosetta Stone artifact, stone and marble from foreign countries, and any other ads using the plain language meaning of those words. *Id.* Rosetta Stone cannot use its status as a trademark owner to prevent such lawful uses.²

Rosetta Stone could have chosen, of course, to not have authorized any resellers or affiliates, to differently mark the products available to them, or to contractually restrict their advertising. Rosetta Stone cannot use trademark law to achieve what it did not through contract law. *See Sebastian Int’l, Inc. v. Longs Drug Stores Corp.*, 53 F.3d 1073, 1077, n.9 (9th Cir. 1995) (“A trademark is misused if it serves to limit competition in the manufacture and sales of a product” and “[b]ecause [plaintiff] itself placed the collective mark on its products, it is primarily responsible for any confusion that resulted from the mark’s assertion of affiliation.”).

¹

² *E.g.*, S. Rep. No. 1333, 79th Cong., 2d Sess. (1946) (“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.”); Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 Iowa L. Rev. 1669 (2007).

Regarding the first sale doctrine, Rosetta Stone argues that the doctrine does not apply because “Google offers the Rosetta Stone Marks at auction to any third party, whether or not a reseller of genuine Rosetta Stone product. These third parties bid on the Rosetta Stone Marks and use the Marks in their Sponsored Link text.” RS Opp. at 15. This argument (i) wholly ignores that resellers can lawfully make referential use of a mark; (ii) incorrectly assumes that Google’s policies allow anyone to bid or use a mark in a way that violates another’s intellectual property rights, when in fact they don’t; and (iii) misleadingly suggests that “any third party” can use Rosetta Stone’s marks in the text of an ad on Google.com, when in fact they cannot.

In other words, Rosetta Stone is simply wrong on the law and the facts. *See* Google Mem. 8-12, 20-21, Google Opp. at 14-18. Google’s policies prohibit keyword use that would result in trademark infringement, prohibit use of marks in ad text by anyone other than categories of advertisers legally entitled to use the marks, such as resellers, non-competitor review sites, and repairers or sellers of compatible parts, and prohibit ads for counterfeit goods. Lloyd Decl. Exs. 4-5, 12; Caruso Decl., Exs. 3-4. Whether intentionally or not, Rosetta Stone is arguing that Google should be held liable for all ads, including the display of indisputably lawful ads. This is contrary to the law. Without evidence regarding any specific ad that affirmatively implies a false affiliation, Google is entitled to summary judgment for all ad for genuine goods.

B. Google Cannot Be Held Liable For Functional Uses of Marks.

Google is also entitled to summary judgment on the use of Rosetta Stone’s marks as keywords because they are functional.

Rosetta Stone argues that the functionality doctrine applies only where a product feature is a functional element of the mark holder’s product, citing cases between competitors, where the product feature was necessarily present in both parties’ products. *See, e.g., Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 161 (1995); *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532

U.S. 23, 26 (2001).³ In those cases, the courts sought to prevent a mark holder from gaining a monopoly over functional uses of a mark that “would put competitors at a significant non-reputation-related disadvantage.” *Qualitex*, 514 U.S. at 165. Permitting a monopoly on such functional uses would “inhibit[] legitimate competition” in contravention to trademark law’s purpose of “promot[ing] competition by protecting a firm’s reputation.” *Id.* at 164.

The same principles apply here. Google uses Rosetta Stone’s marks in a purely functional way—to identify relevant information to users searching on those words.⁴ The fact that ads on Google’s website are paid for does not affect the functionality of Google’s method of ranking their relevance and does not eliminate the functionality of any words, including marks, as keywords. Just as Google uses search queries (which may be for trademarked terms or generic ones such as “language learning software”) to trigger organic search results relevant to a user’s search, it uses those same queries to trigger relevant ads. Rosetta Stone cannot draw a legally meaningful distinction between the indexing function of its marks in organic search results and Sponsored Links. Trademark law does not prohibit this functional use of words.

³ Unlike in *Playboy Enters., Inc. v. Netscape Commc’ns Corp.*, where Netscape displayed “competitors’ unlabeled banner advertisements, with no label or overt comparison to [plaintiff], after Internet users type in [plaintiff’s] trademarks,” 354 F.3d 1020, 1030 (9th Cir. 2004), Google clearly labels the ads triggered by Rosetta Stone’s marks as “Sponsored Links,” identifies linked sites by including the visible URL in the ad, and many competitors’ ads put a reference to Rosetta Stone in context.

⁴ Courts have recognized the important information-providing role search engines like Google provide to the public. As one court explained, “it would seem more remarkable still, and a pity, if the law, in its over-exuberant giddiness as it thrashes about with mark-type conflicts in cyberspace, should kill such a resource [i.e., readily available Internet directories and search engines].” *Designer Skin, LLC v. S & L Vitamins, Inc.*, 560 F. Supp. 2d 811, 819 n.7 (D. Ariz. 2008) (citation omitted); see also *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 803-04 (9th Cir. 2002) (“Searchers would have a much more difficult time locating relevant websites if they could do so only by correctly guessing the long phrases necessary to substitute for trademarks.”); Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 Emory L. J. 507 (2005).

C. There Is Insufficient Evidence of Confusion To Defeat Google’s Motion.

Without proof of likelihood of confusion, Rosetta Stone cannot prevail on its infringement claims. “The likelihood of confusion is the lynchpin of infringement.” *E.g., Cosmetic Dermatology & Vein Centers of Downriver, P.C. v. New Faces Skin Care Centers, Ltd.*, 91 F.Supp.2d 1045, 1049 (E.D. Mich. 2000). There is no such evidence here.

1. Confusion Cannot Be Presumed.

Rosetta Stone argues that “confusion is presumed in cases, such as this one, involving counterfeit marks.” RS Opp. at 9. While Rosetta Stone’s desire to presume away its burden of proof is not surprising considering the utter lack of confusion evidence in this record, no authority supports doing so here. The presumption cases Rosetta Stone cites addresses only the actual counterfeiters’ or competitors’ use of the plaintiff’s mark on their products. None presumed confusion caused by the publisher of an advertisement. Where, as here, the overwhelming majority of the ads at issue are for genuine goods, confusion cannot be presumed. *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*, 962 F.2d at 321-22 (presumption inappropriate where mark was used for the purpose of parody).

2. Rosetta Stone’s “Evidence” Of Confusion Is Illusory.

i Ads For Genuine Goods Are Not Confusing.

There is also no evidence in the record showing that any of the millions of ads that used Rosetta Stone’s marks to advertise genuine Rosetta Stone products was confusing. Lacking such evidence, as part of its generalized attack on Google’s business model, Rosetta Stone points to

[REDACTED]

[REDACTED] (b) a survey conducted by Dr. Van Liere. RS Opp. at 9-13. Neither provides meaningful evidence of confusion as to the source of goods offered or the ads themselves.

As a preliminary matter, both studies are capable of showing nothing more than the first step of initial interest confusion—i.e., what a user thinks about an ad that *may* lead to clicking on the ad. *See, e.g.*, RS Van Liere Opp. at 19 (“Dr. Van Liere’s survey was properly designed to test ‘initial interest confusion’ caused by Google’s Sponsored Links.”); Brewer Decl., Ex. 1; Spaziano Decl., Exs. 13-15. Neither provides any evidence that a user encountering even the specific ads tested would actually click on those ads erroneously believing them to be Rosetta Stone’s website. Indeed, Dr. Van Liere’s survey showed that respondents shown the Sponsored Links were *less* confused about which links were official company websites than were those who saw only organic listings.⁵ *See* Blair Decl., Ex. A, at 5-6. [REDACTED]

[REDACTED] Thus, neither provides evidence that initial interest confusion actually occurred. *See, e.g., Vail Assocs., Inc. v. Vend-Tel-Co., Ltd.*, 516 F.3d 853, 872 (10th Cir. 2008) (“[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.”).

Whether or not Rosetta Stone can prove initial interest confusion is irrelevant, however, because this Circuit does not recognize initial interest confusion as a basis for imposing trademark liability in the internet context. *Lamparello v. Falwell*, 420 F.3d 309, 315-16 (4th Cir.

⁵ As discussed in Google’s briefing on its motion to exclude Dr. Van Liere, his survey is deeply flawed in a number of ways, including his misguided approach to testing and measuring “endorsement.” *Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302, 1323 (N.D. Ga. 2008) (“Even with regard to the tested concepts, the Court finds that the survey was so flawed that it does not create a genuine issue of material fact”). Among other errors, Dr. Van Liere counted as confused respondents who identified as “endorsed by Rosetta Stone” ads by Amazon.com and Coupon Cactus, [REDACTED] Caruso Decl., Exs. 19, 42-43, 66 at 166:14-24, 176:2-14; Blair Decl. ¶¶ 15-19, Ex. A at 9. If Dr. Van Liere’s survey results were otherwise left intact and these two categories of respondents were properly classified as not confused, the “net confusion” of the survey would be -3%—i.e., fewer people who saw the Sponsored Links were “confused” than those who did not. Blair Decl. ¶ 18.

2005). As the Fourth Circuit explained: “[W]e have never adopted the initial interest confusion theory; rather, we 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, emphasis in original). Such 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; *see also Carl v. bernardjcarl.com*, 662 F.Supp. 2d 487, 496 (E.D. Va. 2009) (rejecting the initial interest confusion theory as not accepted by the Fourth Circuit). Even if initial interest confusion were cognizable in this Circuit and on these facts (neither of which is true), such would not be an actionable theory of direct liability against *Google* because *Google* “does not compete with the markholder for sales.” *Lamparello*, 420 F.3d at 317; *see also id.* at 317 n.6 (noting adverse First Amendment consequences to unwarranted expansion of initial interest confusion).

ii *Rosetta Stone’s “Evidence” Concerning Ads For Allegedly Counterfeit Goods Is Insufficient to Defeat Google’s Motion.*

Lacking any confusion evidence concerning ads for genuine goods, Rosetta Stone latches on to the fact that some ads on Google.com were allegedly for counterfeit goods with the hope that the existence of those ads will lead the Court to shut down all advertising using Rosetta Stone’s marks, however legitimate. The gulf between the number of ads Rosetta Stone alleges to be counterfeit and the scope of the liability it seeks to impose is stunning. [REDACTED]

[REDACTED] RS Opp. at 20, referencing Calhoun Decl. Ex. C. [REDACTED]

[REDACTED] Lien Decl. ¶ 3 If Rosetta Stone could prove each of these ads offered counterfeit products *and* resulted in actionable confusion, that would still be

insufficient to hold Google directly liable. Indeed, in *Tiffany (NJ) Inc. v. eBay Inc.*, where the plaintiff asserted that up to 75% of the listings using its trademark were for counterfeit products, the Second Circuit affirmed that such listings were wholly irrelevant to the question of eBay’s direct infringement. No. 08-3947-cv, 2010 WL 1236315, *2, *7 (2d Cir. Apr. 1, 2010).

Even if otherwise relevant, Rosetta Stone’s “evidence” falls short of establishing confusion. First, Rosetta Stone must prove that each ad it contends offered counterfeit goods actually did so—as opposed to, for example, genuine products acquired through individual retail sale, surplus acquisition, or international purchase.⁶ Giving Rosetta Stone the benefit of every possible inference in its favor, the most Rosetta Stone can possibly prove is that five individuals purchased actual counterfeit products after visiting Google.com. *See* RS Opp. at 10-11, n.5. This is *de minimus* as a matter of law. *George & Co., LLC v. Imagination Entm’t Ltd.*, 575 F.3d 383, 398-99 (4th Cir. 2009) (affirming that four instances of actual confusion among 500,000 units sold was *de minimis* evidence of confusion).

[REDACTED]

⁶ *E.g.*, *Microsoft v. MBC Enters.*, 120 Fed. Appx. 234, 237-38 (10th Cir. 2004) (reversing summary judgment premised on erroneous finding of counterfeits) (unpublished); *Microsoft Corp. v. Ram Distrib., LLC*, 625 F. Supp. 2d 674, 682 (E.D. Wis. 2008) (denying summary judgment to plaintiff that failed to provide sufficient evidence that products at issue were counterfeit).

Thus, Rosetta Stone’s remaining “evidence” amounts to mere speculation and conjecture, which is insufficient to defeat Google’s motion.

Rosetta Stone’s efforts to manufacture evidence of confusion through depositions of Google’s lawyers is likewise inadequate. [REDACTED]

[REDACTED] *Amstar Corp. v. Domino’s Pizza, Inc.*, 615 F.2d 252, 264 (5th Cir. 1980). [REDACTED]

[REDACTED] *See* Google Opp. OSF 18. Being uncertain about the source of a product referenced in an ad does not evidence confusion; it reflects awareness that more information is necessary. *E.g., Nora Beverages, Inc. v. Perrier Group of Am., Inc.*, 269 F.3d 114, 124 (2d Cir. 2001) (“Inquiries about the relationship between an owner of a mark and an alleged infringer do not amount to actual confusion. Indeed, such inquiries are arguably premised upon a *lack* of confusion between the products such as to inspire the inquiry itself.”). Thus, even this additional so-called confusion evidence cannot defeat Google’s motion.

3. Relevant Likelihood of Confusion Factors Disprove Confusion.

As discussed above, use of Rosetta Stone’s marks in connection with the sale of genuine goods is lawful to refer to Rosetta Stone. Traditional likelihood-of-confusion factors are not designed to address such uses because they do not involve passing off. *E.g., Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 224-25 (3d Cir. 2005).

However, if the Court deems it appropriate to consider factors other than Rosetta Stone’s lack of evidence of actual confusion, which both parties agree is the most important consideration (*see* RS Mem. at 20), Google respectfully submits that two other factors may bear

on the likelihood of confusion analysis here: Google’s intent and the sophistication of the relevant market. Both favor Google and support summary judgment in its favor.

There is no dispute about the facts relating to Google’s intent—just how the law should apply to them. As the record makes clear, Google’s policies have always prohibited ads for counterfeit goods; Google has always prohibited ads that violate the intellectual property rights of others; Google has always responded to Rosetta Stone’s complaints of uses of its marks that were not in compliance with Google’s policies; [REDACTED]

[REDACTED] and Google is motivated to have users pleased with the ads displayed on Google.com and therefore works to make those ads a positive experience—which ads for counterfeit products undermine. Google Opp. OSF 9. Further, Google’s trademark policies have always been comfortably within the bounds permitted by law, as confirmed by briefing in this action— [REDACTED]

[REDACTED] Caruso Decl., Ex. 77 at 195:3-196:1; Ex. 51 at 218:15-219:25; Exs. 36-39.

Rosetta Stone responds to these facts with one sentence in a footnote that “Google knowingly and willfully used the Rosetta Stone Marks in a manner that would drive internet traffic away from Rosetta Stone and to the sites of its other customers.” RS Opp. at 13 n.7. The actual evidence Rosetta Stone relies on, however, tells a different story. [REDACTED]

[REDACTED]

[REDACTED] Spaziano Exs. 38-40. Rosetta Stone cannot use unfounded and indirect inferences of intent to defeat Google’s summary judgment motion. *See, e.g., Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986) (requiring only “justifiable

inferences” be drawn in the non-movant’s favor).

In its Opposition, Rosetta Stone does not contest that “sophistication and expertise of the usual purchasers can preclude any likelihood of confusion among them stemming from the similarity of trade names.” *Perini Corp. v. Perini Constr. Inc.*, 915 F.2d 121, 127 (4th Cir. 1990). Nor does it attempt to distinguish the cases Google cited in its opening brief (Goog. Mem. at 18) for the proposition that consumers making purchases in the \$20 range were sophisticated. Instead, Rosetta Stone asserts, without any support whatsoever, that “the relevant market is ‘the public at large.’” RS Opp. at 13 n.7. That is contradicted by the undisputed record. [REDACTED]

[REDACTED]

[REDACTED] In addition, even to encounter the situation that Rosetta Stone posits is confusing (i.e. a search results page for a query containing a Rosetta Stone mark), a user must have unaided recall of the Rosetta Stone mark. Caruso Decl., Exs. 34-35, 60 at 119:5-20, 69 at 86:20-88:1. In other words, Rosetta Stone’s claim that the relevant market is “the public at large” is factually and legally implausible on this record and this factor strongly favors Google.

II. ROSETTA STONE OFFERS NO JUSTIFICATION FOR HOLDING GOOGLE SECONDARILY LIABLE FOR TRADEMARK INFRINGEMENT.

Secondary liability for trademark infringement is reserved for those who take a very active role in the infringing conduct, i.e., knowing and intentional assistance of the direct infringement. Simply put, to impose secondary liability for trademark infringement, the defendant must be in cahoots with the infringer. The record offers no such evidence here.

A. Google Does Not Induce Infringement Of Rosetta Stone’s Marks.

Rosetta Stone cannot prove that Google intended for a third party to infringe Rosetta

Stone's marks. See *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 860 (1982) (White, J., concurring). In opposition to Google's motion, Rosetta Stone does not cite a single piece of evidence demonstrating inducement; it simply asserts that "Google intentionally induces customers to bid on trademark terms as keyword triggers and to use trademark terms in the text and title of Sponsored Links." RS Opp. at 19. Even if true, this falls far short of proof that Google intended for anyone to infringe Rosetta Stone's marks. Rosetta Stone cites no authority, and we are aware of none, that holds a company vicariously liable for trademark infringement as a result of providing neutral tools, such as those containing information reflecting actual advertiser and user behavior on Google. In contrast, the defendant in *Bauer Lamp Co., Inc., v. Shaffer*, did not merely "ask" a lamp manufacturer to manufacture the infringing lamps, he did so as part of a personal vendetta to "even the score" with the plaintiff, with the goal of selling an identical lamp at a lower price and putting him out of business. 941 F.2d 1165, 1168-69 (11th Cir. 1991). Indisputably, there are no such facts here. And *Transdermal Prods. Inc. v. Performance Contract Packaging, Inc.* was essentially a ruling on the sufficiency of the pleadings determining that a third party that "could be liable" on a theory of contributory infringement could be joined under Rule 14. 943 F. Supp. 551, 554 (E.D. Pa. 1996).

B. Google Does Not Supply Its Product To Anyone It Knows To Infringe.

After Google filed its opening brief, the Second Circuit issued its opinion in *Tiffany (NJ) Inc. v. eBay, Inc.*, which affirmed a case relied on by Google for the proposition that when an alleged secondary infringer has taken "appropriate steps to cut off the supply of its product or services to the infringer," courts should decline to impose contributory liability. *Tiffany Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463, 516 (S.D.N.Y. 2008), *aff'd* No. 08-3947-cv, 2010 WL 1236315, *7 (2d Cir. Apr. 1, 2010). Incredibly, Rosetta Stone argues that the Second Circuit's opinion somehow supports its position, RS Opp. at 20, despite eBay not being held liable for the sale of

counterfeit Tiffany products on eBay.com of which it was not specifically aware. Rosetta Stone's erroneous reliance on *Tiffany* here ignores the extent of eBay involvement in the counterfeit listings at issue⁷ and the pervasiveness of those listings, both of which were orders of magnitude greater than present in the instant action. *Tiffany*, 2010 WL 1236315, at *2.

Rosetta Stone's *ipse dixit* assertion that Google had better reason to know the identity of counterfeiters than eBay did, RS Opp. at 20, is wholly unsupported. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

C. Google Does Not Vicariously Infringe Rosetta Stone's Marks.

To prevail on a claim of vicarious trademark infringement, Rosetta Stone must prove 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. v. Visa Int’l Serv. Assoc.*, 494 F.3d 788, 807 (9th Cir.

⁷ Briefing in that action reflects that eBay (1) made its most effective keywords available to sellers during conference calls and specifically identified “Tiffany” as one of the top searched keywords, (2) identified “Tiffany” as a “hot” keyword in the Jewelry and Watches category, (3) identified “Tiffany” in its “Holiday Hot List” provided to sellers, (4) encouraged sellers to view its Pulse webpage that includes the top searches and most watched items, both of which included “Tiffany” and “Tiffany & Co.” at various times, and (5) reimbursed affiliates for sponsored links that advertised the sale of Tiffany jewelry on eBay. Lien Decl. Ex 1, Plaintiff's Post Trial Memorandum, Dkt. 74 at 6-10. Further, Tiffany submitted more than 284,000 notices of claimed infringement to eBay concerning counterfeits. *Id.* at 14.

2007) (quoting *Hard Rock Café Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1150 (7th Cir. 1992)). The record contains no facts showing that Google has the requisite level of partnership, joint ownership, or joint control over any alleged infringing ads.

The few courts to address vicarious trademark infringement have interpreted the test quite rigorously. In the seminal *Hard Rock* decision, the Seventh Circuit grounded the concept of vicarious trademark liability in a joint-tortfeasor theory. 955 F.2d at 1150. Relying on the *Hard Rock* test, other courts have concluded that “the essence of joint tortfeasor liability is fault—joint tortfeasors are all persons who act *in concert to commit a tort, pursuant to a common purpose.*” *AT&T Co. v. Winback & Conserve Program, Inc.*, 42 F. 3d 1421, 1441 n.22 (3d. Cir. 1994) (emphasis added) (citing McCarthy on Trademarks 25.03[1] at 25-35); *see also Fare Deals, LTD., v. World Choice Travel.com, Inc.*, 180 F. Supp. 2d 678, 684-85 (D. Md. 2001) (examining vicarious liability in the context of agency law and principles). Notwithstanding the *GEICO* court’s determination that a vicarious claim should not be dismissed on the pleadings, absolutely no precedent supports applying this rarely invoked theory to Google’s actions here, where there is no evidence of Google acting *in concert with* anyone to infringe Rosetta Stone’s marks⁸.

III. GOOGLE QUALIFIES FOR THE INNOCENT PUBLISHER DEFENSE

Recognizing the inevitable chilling effect of holding liable for damages publishers, with no wrongful knowledge or intent, for their publication of an infringing or false ad created by another, Congress provided a limitation on damages in such instances. 15 U.S.C. 1114(2)(B).⁹

⁸ As Rosetta Stone admits, its state common law trademark and unfair competition claims rise and fall with its Lanham Act claims. RS Opp at 24 n.13. Accordingly, Google is entitled to summary judgment on those too.

⁹ “[T]rademark laws . . . often raise difficult questions about freedom of speech” and the revisions in the innocent publisher defense “set[] forth critical constitutional protections” by (footnote continued)

This limitation applies here, where as discussed in Sections I.C.3 and II.B, Google does not knowingly permit ads for counterfeit goods and indisputably takes down those it is notified of. Caruso Decl., Ex. 21; Ex. 23-25; Ex. 28; Ex. 65, 135:11-138:25; Ex. 72; Calhoun Decl., Ex. C.

Rosetta Stone argues that Google cannot qualify for this limitation because of various steps it took to encourage advertising. RS Opp. at 28. This is incorrect. Under this logic, if any publisher promoted the availability of advertising opportunities for its publication, it would lose the statutory protection. Imposing liability for damages without any specific knowledge or encouragement of unlawful ads would defeat the very purpose of the statute. Here, no evidence of such knowledge or encouragement exists.¹⁰ Google Opp. OSF 9.

IV. ROSETTA STONE'S DILUTION CLAIM FAILS

Rosetta Stone concedes that Google does not use Rosetta Stone's marks to identify Google's own goods and services. RS Opp. at 25. As such, Google cannot be held liable for dilution. *See Tiffany*, 2010 WL 1236315 at *15 (holding that "insofar as eBay did not itself sell the goods at issue, it did not itself engage in dilution").

Even if Google could theoretically be held liable for dilution, it cannot on this record. Rosetta Stone's assertion that its marks were famous in 2004 (RS Opp. at 25) is entirely contradicted by its own records [REDACTED]

"exempt[ing] from liability 'innocent' disseminators of offending material." Remarks of Subcommittee Chairman Robert Kastenmeier, 134 Cong. Rec. H10420 (Oct. 19, 1988).

¹⁰ Further, the relevant facts here are identical to *Hendrickson v. eBay, Inc.*, where the court denied injunctive relief "because eBay has stopped running all the advertisements claimed to be infringing and it has no intention of running *the identified advertisements* in the future." 165 F. Supp. 2d 1082, 1095 (C.D. Cal. 2001) (emphasis added). Google has done the same.

[REDACTED] Caruso Decl. Exs. 31-33.¹¹ That is clearly not what the Anti-Dilution Act contemplates. *See* 15 U.S.C. §1125(c)(2)(A) (“[A] mark is famous if it is widely recognized by the general consuming public”); McCarthy on Trademarks and Unfair Competition, §24:106 (suggesting that for a mark to be famous it must have at least 75% awareness in a survey of the general consuming public). Nor has Rosetta Stone proven, or even offered a plausible theory of how, *Google’s* actions are likely to harm its trademark. *See* 15 U.S.C. §1125(c)(1) (use of a mark must be “likely to cause dilution by blurring or dilution by tarnishment). Indeed, the record is to the contrary. [REDACTED]

[REDACTED] even the five individuals who allegedly purchased counterfeit Rosetta Stone products continue to have a positive impression of Rosetta Stone. Spaziano Decl., Tab A, at Dubow 45:1-46:2, Jeffries 40:11-41:20, Doyle 25:10-22, Porter 41:14-24, Thomas 29:19-30:17.

V. ROSETTA STONE’S UNJUST ENRICHMENT CLAIM FAILS

The parties agree that to prevail on an unjust enrichment claim, Rosetta Stone must prove 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. RS Opp. at 26. It cannot.

First, Google has not “taken” any benefit from Rosetta Stone. A trademark owner has no property rights in its mark beyond the right to prevent consumer confusion as to source of its goods. *See, e.g.,* S. Rep. No. 1333, 79th Cong., 2d Sess. (1946) (“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.”). Unless Google’s actions violate Rosetta Stone’s trademark rights,

¹¹ Nor does Rosetta Stone’s theory that “Google uses the Rosetta Stone Mark *because* they are famous” salvage its dilution. *Any* word can be bid on as a keyword; if Rosetta Stone were correct that mere use of a word as a keyword proved fame, all marks would be “famous.”

Rosetta Stone has no proof that Google took any benefit that rightfully belonged to Rosetta Stone. Rosetta Stone cites no contrary cases.¹²

Second, Rosetta Stone concedes that there is no evidence that Google promised to pay anything for the use of Rosetta Stone's marks; instead, it contends that the promise can be implied. RS Opp. at 27. Rosetta Stone cites no cases with comparable facts in support of this assertion,¹³ which is contrary to the general rule that "[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). Accordingly, Google is entitled to summary judgment.

CONCLUSION

For the foregoing reasons and upon all papers submitted in connection with the Google's briefing of the parties' summary judgment motions, Google respectfully requests that its Motion For Summary Judgment be granted.

Respectfully Submitted,

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¹² Having conceded that its contract with Google "delineated what Rosetta agreed to pay Google," Rosetta Stone has apparently abandoned the allegations of its unjust enrichment claim that "[t]hrough the auction of Rosetta Stone's trademarks Google unjustly derived a benefit from Rosetta Stone in the form of higher payments from Rosetta Stone." First Amended Comp. ¶ 123.

¹³ Unlike in the cases cited by Rosetta Stone, Google did not benefit from any utilities or professional services rendered by Rosetta Stone of the type for which there is usually a fee arrangement or compensation, nor did it publish a work of Rosetta Stone's without permission.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 14th day of April, 2010, I electronically filed Google Inc.'s Reply Memorandum in Further Support of Its Motion for Summary Judgment with the Clerk of Court using the CM/ECF system, which then sent a notification of such filing (NEF) to the following:

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