

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)

**DEFENDANT GOOGLE INC.'S BRIEF IN SUPPORT OF
OMNIBUS MOTION *IN LIMINE***

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Rosetta Stone's claims concern the fact-specific questions of whether Google infringes upon or dilutes Rosetta Stone's trademarks by (a) permitting third parties to bid on those trademarks as "keywords" to trigger the appearance of "sponsored link" advertisements on Google.com search results pages or (b) permitting certain types of advertisers to include Rosetta Stone trademarks in their ad text on Google.com. Faced with insufficient evidence to support its claims against Google, Rosetta Stone seeks to confuse and mislead the jury with a range of irrelevant and prejudicial evidence that has no bearing on the questions before the Court, warranting its exclusion under Rules 401, 403 and 801 of the Federal Rules of Evidence.

ARGUMENT

Trial courts have broad discretion to exclude evidence that is not relevant or that is unfairly prejudicial, confusing, misleading, or likely to waste time. *Sprint/United Mgmt. Co. v. Mendelsohn*, 552 U.S. 379, 384 (2008); Fed. R. Evid. 402 ("Evidence which is not relevant is not admissible."); Fed R. Evid. 403 (even if relevant, evidence "may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury, or by considerations of undue delay, waste of time, or needless presentation of cumulative evidence"). Evidence should be excluded as confusing or misleading when it will confuse the jury "as to the issues to be decided" or require "an exhaustive case within a case" to determine collateral matters. *United States v. Hill*, 322 F.3d 301, 306 (4th Cir. 2003); *see also United States v. Bullock*, 94 F.3d 896, 899 (4th Cir. 1996) (affirming exclusion of evidence when district court "astutely recognized the danger of enmeshing the court in mini-trials" regarding "collateral matters").

Rosetta Stone hopes to offer irrelevant and prejudicial evidence and argument regarding (i) unrelated trademark complaints and prior lawsuits against Google by non-party trademark owners; [REDACTED]

██████████ (iii) Google’s “suggest” function, which proposes potential search queries as a user inputs his or her search; (iv) hearsay “confusion” evidence; and (v) Google’s trademark policies in foreign jurisdictions. None of this evidence or argument relates to whether Google has infringed or diluted the Rosetta Stone marks, and its admission would unduly prejudice Google and result in confusion and waste of time. Accordingly, all such evidence and argument on these issues should be excluded.

I. THE COURT SHOULD EXCLUDE MATERIAL RELATING TO NON-PARTY TRADEMARK COMPLAINTS, INCLUDING EVIDENCE AND DEPOSITION TESTIMONY FROM PREVIOUS GOOGLE TRADEMARK LAWSUITS.

This case is about whether Google has infringed or diluted Rosetta Stone’s trademarks. Evidence concerning prior lawsuits and complaints by *other* trademark holders are irrelevant, unduly prejudicial, and confusing. ██████████

██████████
██████████

A. References to Third Parties’ Trademark Complaints and Prior Litigation Should be Excluded.

Rosetta Stone’s exhibit list includes ██████████
██████████ as well as documents and correspondence relating thereto. Declaration of Jonathan Oblak (“Oblak Decl.”), Ex. 3; Ex. 10. Rosetta Stone’s witnesses reference during their depositions that Google had been sued previously by other trademark holders. *Id.*, Ex. 29, 93:3-18. Evidence and argument regarding these third-party trademark disputes should be excluded.

1. Third Party Trademark Complaints and Prior Trademark Lawsuits are Irrelevant.

Trademark infringement actions depend on the likelihood of confusion between a senior user’s mark and a junior user’s use, and “determining the likelihood of confusion is an ‘inherently factual’ issue that depends on the facts and circumstances in each case.” *Lone Star*

Steakhouse & Saloon, Inc. v. Alpha of Va., Inc., 43 F.3d 922, 933 (4th Cir. 1995) (citations omitted). Third-party trademark complaints in which the “facts and circumstances” of alleged trademark infringement are different than the current case – different trademarks are at issue, different advertisements, different products, different types and identities of advertisers, different consumer expectations, and different levels of trademark strength – have no bearing on whether Google infringed Rosetta Stone’s trademarks.

Courts routinely exclude these types of collateral allegations of wrongdoing. *See, e.g., Vukadinovich v. Zentz*, 995 F.2d 750, 755-56 (7th Cir. 1993) (affirming exclusion of evidence of prior complaints and lawsuits arising from “dissimilar events”); *Palmer v. Bd. of Regents of Univ. Sys. of Ga.*, 208 F.3d 969, 973 (11th Cir. 2000) (affirming exclusion of evidence involving “different decision-makers” and “different departments”); *Westmont Tractor Co. v. Touche Ross & Co.*, 1988 WL 126273, at *2 (9th Cir. Nov. 10, 1988) (district court properly excluded evidence of collateral misconduct which would have invited rebuttal and confused the issues); *Lifshitz v. Walter Drake & Sons, Inc.*, 806 F.2d 1426, 1431-32 (9th Cir. 1986) (in action alleging unfair competition and trademark infringement, district court properly excluded certain evidence because it would confuse and mislead jury by raising questions not in issue); *Coursen v. A.H. Robins Co.*, 764 F.2d 1329, 1335 (9th Cir. 1985) (“The district court did not abuse its discretion in concluding, under Rule 403, that prejudice and confusion would be generated by innuendoes of collateral misconduct.”) (citation omitted). That other trademark owners have lodged complaints against or sued Google has no relevance to whether Google’s conduct with respect to Rosetta Stone causes a likelihood of confusion as to Rosetta Stone’s trademarks.

Nor are prior lawsuits, collateral trademark complaints or related correspondence relevant to the question of willfulness. As this Court has previously held, even when a defendant

continues to use a plaintiff's trademark after receiving a cease and desist letter *from the plaintiff*, that fact does not show bad faith required to establish willful infringement. *Renaissance Greeting Cards, Inc. v. Dollar Tree Stores, Inc.*, 405 F. Supp. 2d 680, 697 (E.D. Va. 2005); *see also SecuraComm Consulting Inc. v. Securacom Inc.*, 166 F.3d 182, 189 (3d Cir. 1999), *superseded on other grounds by*, 15 U.S.C. § 1117(a), 1999 amendment (failure to stop use of a mark after receiving a cease and desist letter “does not demonstrate willful infringement”); *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1406 (9th Cir. 1993), *superseded on other grounds by*, 15 U.S.C. § 1117(a), 1999 amendment (“[A] knowing use in the belief that there is no confusion is not bad faith”) (citations omitted).¹ If pre-litigation complaints of infringement by a *plaintiff* do not demonstrate willfulness as to that plaintiff about the use of the marks at issue, the even more remote complaints and allegations in other lawsuits by non-parties regarding different trademarks, advertisements, products and consumers, are irrelevant and should be excluded.

Third-party trademark complaints are also inadmissible hearsay. Rosetta Stone intends to offer the complaints to show either that Google engaged in other acts of infringement or caused confusion as to other trademarks. Out-of-court statements offered for such purposes are plainly hearsay and should be excluded. *U.S. v. Gray*, 2009 WL 1991209, at *1 (4th Cir. Jul. 10, 2009) (“letter was clearly inadmissible hearsay as it was being offered for the truth of the assertion”); *United States v. Hernandez*, 1998 WL 841504, at *2 (4th Cir. Dec. 7, 1998) (finding that a

¹ Many other courts and the leading trademark treatise have reached the same conclusion. *See also, e.g., O’Keefe v. Ogilvy & Mather Worldwide, Inc.*, 590 F. Supp. 2d 500, 525 (S.D.N.Y. 2008) (failing to abandon use of a trademark after receiving a cease and desist letter is insufficient to support an allegation of bad faith); *Dessert Beauty, Inc. v. Fox*, 568 F. Supp. 2d 416, 427 (S.D.N.Y. 2008) (same); *Matrix Motor Co. v. Toyota Jidosha Kabushiki Kaisha*, 290 F. Supp. 2d 1083, 1096 (C.D. Cal. 2003) (“[T]he failure to stop using a mark after receiving a cease and desist letter does not show willful infringement”); 5 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 23:120 (4th ed. 2010) (“[A] defendant may well have considered that plaintiff’s contention was legally wrong and continued use until a court stated otherwise.”).

witness' testimony was inadmissible hearsay because it was "an out-of-court statement offered to prove the truth of the matter asserted").

Nor can Rosetta Stone avoid this fatal hearsay problem by arguing that other trademark complaints or allegations are relevant to Google's intent. Mere allegations of infringement do not prove that Google had "knowledge of infringement."² This is especially true, here, where this Court – the only one to have actually ruled on Google's liability for trademark infringement in connection with its advertising programs – granted judgment as a matter of law in Google's favor on the issue of whether "the mere use by Google of the GEICO trademark as a search term or keyword, even in the context of Google's advertising program, violates either the Lanham Act or Virginia common law." *GEICO v. Google Inc.*, 2005 WL 1903128, at *1 (E.D. Va. Aug. 8, 2005). Given this judicial determination, Google was reasonable to believe that without more proof than a complaint letter, its actions were not infringing.

2. Evidence And Argument Regarding Third Party Trademark Complaints And Prior Trademark Lawsuits Are Unduly Prejudicial.

In addition, even if there were some relevance, evidence regarding [REDACTED] [REDACTED] or a handful of prior lawsuits against Google would be unduly prejudicial, confusing, and would exponentially expand the scope of trial. [REDACTED]

[REDACTED]

[REDACTED] Evidence that other trademark holders

² Rosetta Stone's assertion of willfulness is completely contradicted by Rosetta Stone's own conduct. During the relevant period Rosetta Stone actively sought to *change the trademark laws* to prohibit bidding on trademarks by non-trademark owners – the very conduct that Rosetta Stone alleges is infringing here. Oblak Decl., Ex. 30, 194:6-195:18. Were it truly the case that Google's conduct was "willful," Rosetta Stone would not have found it necessary to form a legislative coalition to try to change federal law to prohibit bidding on trademark terms. [REDACTED]

have disagreed with Google's trademark policies (or filed complaints seeking enforcement of those policies) may unduly bolster Rosetta Stone's claims by suggesting "strength in numbers" or that "where there's smoke, there's fire." *Adams v. Cooper Indus. Inc.*, 2006 WL 3759619, at *3 (E.D.Ky. Dec. 19, 2006) (excluding testimony and evidence because potential prejudice outweighed probative value); *Hott v. VDO Yazaki Corp.*, 1996 WL 650966, at *2 (W.D.Va. Nov. 6, 1996) (excluding evidence under Rule 403 because "[t]he jurors might easily be tempted to succumb to the notion that where there is smoke, there is fire.") (internal quotation omitted). In reality, there will be insufficient evidence and opportunity for Google to address the merits (or lack of merits) of prior complaints and lawsuits. Instead, the introduction of such evidence will only serve to prejudice Google with the stigma of having been accused of wrongdoing that it cannot fully and fairly rebut. Exclusion of this collateral evidence is necessary to avoid prejudice to Google. *See, e.g., Vukadinovich*, 995 F.2d at 755-56 (affirming exclusion of evidence of prior complaints and lawsuits); *United Healthcare Corp. v. Am. Trade Ins. Co.*, 88 F.3d 563, 573 (8th Cir. 1996) (same); *Palmer*, 208 F.3d at 973 (same).

Evidence or argument regarding prior suits against Google, particularly where none have reached any dispositive ruling supportive of Rosetta Stone's claims, would unduly bolster Rosetta Stone's claims by suggesting that Google infringed the marks of others when no such infringement has been established. *Fiberglass Insulators, Inc. v. Dupuy*, 856 F.2d 652, 655 (4th Cir. 1988) (holding that it was not error for district court to exclude evidence of settlement negotiations in prior lawsuits arising out of the same transaction); *McLeod v. Parsons Corp.*, 2003 WL 22097841, at *7 (6th Cir. 2003) (exclusion of evidence concerning other lawsuits against defendant proper because other lawsuits were not clearly related, "the potential for prejudice that would have accompanied this evidence would have substantially outweighed its

probative value, and this evidence would have misled the jury”); *Hallett v. Richmond*, 2009 WL 5125628, at *5 (N.D.Ill. May 15, 2009) (excluding prior lawsuits because of “the potential for unfair prejudice in the form of the risk that the jury will believe it is more likely that [defendant] engaged in wrong doing in this case just because he had been accused of wrongdoing in the past”). Admission of collateral trademark complaints will also confuse the jury and waste time and resources by requiring innumerable sub-trials regarding those complaints. *See, e.g., Hill*, 322 F.3d at 306 (affirming district court exclusion of evidence that “would have necessitated an exhaustive case within a case”); *Bullock*, 94 F.3d at 899 (affirming exclusion of evidence that would have “enmesh[ed] the court in mini-trials”); *Lifshitz*, 806 F.2d at 1431-32 (same). Rosetta Stone’s claims are limited to alleged infringement of *its* trademarks; evidence regarding *other* trademarks, including complaints, correspondence and evidence regarding prior trademark lawsuits, should all be excluded.

B. The Court Should Exclude Unrelated Prior Deposition Testimony of Current and Former Google Employees.

Rosetta Stone’s trial witness list includes designations of deposition testimony from Google co-founder Larry Page and former employees Rose Hagan and Prashant Fuloria that was given in previous, unrelated lawsuits.³ Oblak Decl., Ex. 3. This testimony should be excluded.

³ Specifically, Rosetta Stone designated the deposition of Larry Page in *Google Inc. v. Am. Blind & Wallpaper Factory, Inc.*, No. C 03-5340-JF (N.D.Cal.) dated January 10, 2007; the depositions of Rose Hagan in *GEICO v. Google Inc.*, No. 1:04CV507 (E.D. Va.) dated September 30, 2004, *Google Inc. v. Am. Blind & Wallpaper Factory, Inc.*, No. C 03-5340-JF (N.D.Cal.) dated August 10, 2006 and *CNG Fin. Corp. v. Google Inc.*, No. 1:06-cv-040 (N.D. Ohio) dated November 29, 2006; and the depositions of Prashant Fuloria in *Google Inc. v. Am. Blind & Wallpaper Factory, Inc.*, No. C 03-5340-JF (N.D.Cal.) dated May 19, 2006 and August 6, 2006.

1. Prior Testimony from Google Co-Founder Larry Page Should Be Excluded.

The testimony by Google's co-founder Larry Page that Rosetta Stone hopes to introduce is from a deposition in another case taken three years ago. It should be excluded as irrelevant, cumulative and prejudicial. Rosetta Stone offers only three excerpts of testimony by Mr. Page that have no bearing on its claims. These include:

[REDACTED]

Oblak Decl. Ex. 3; Ex. 24.

[REDACTED]

[REDACTED] Thus, Mr. Page's testimony, which Rosetta Stone plainly wants to sensationalize in this action as a prescient criticism of Google's current policy provides evidence of no such thing. Neither this, nor anything else in Mr. Page's deposition transcript is properly admissible in this action. Judge Buchanan, having considered Mr. Page's testimony, granted Google's motion for a protective order. *See* Oblak Decl. Ex. 6 (order granting Google's Motion for Protective Order); *compare* Ex. 5 at 15 (Rosetta Stone's Motion in Opposition to

Google's Motion for Protective Order contending that Mr. Page is "uniquely qualified to provide Rosetta Stone with discoverable information"). Mr. Page thus has no relevant, non-cumulative testimony to offer, and accordingly his designated testimony should be ruled inadmissible.

2. Prior Testimony from Unrelated Lawsuits is Not Relevant and is Unduly Prejudicial.

The Court should exclude testimony from prior lawsuits. Google should not have to re-defend itself in this action against claims by prior litigants in other actions, address factual issues not developed by Rosetta Stone in discovery in this action, or spend precious trial time responding to collateral matters from other lawsuits. Those lawsuits have been resolved, and Rosetta Stone's efforts to relitigate those actions, or rely on testimony developed in the context of the facts at issue in those actions, is improper. Rosetta Stone could have subpoenaed Mr. Fuloria, who is no longer a Google employee. It did not. Rosetta Stone could have questioned Ms. Rose during her deposition about any topics it was interested in exploring. It cannot argue to the contrary. As discussed above, Rosetta Stone was unable to demonstrate a basis to depose Mr. Page and the testimony it has designated is irrelevant. Rosetta Stone should not be permitted to attempt to patch holes in this action with deposition testimony pulled out of context from other actions involving different trademarks.

Additionally, the testimony at issue is irrelevant and prejudicial because it relates to Google's conduct under a trademark policy that has since changed significantly. During depositions conducted in 2004, 2006, and 2007, those witnesses were obviously unable to testify about the 2009 trademark policy or other potentially relevant developments that have taken place in the intervening years. To the extent Rosetta Stone contends that Google can simply counter-designate testimony from these depositions, that is hardly an adequate solution given the obvious change in landscape. To put these witnesses' testimony in context, including with regard to how

Google's experiences and significant improvements in technology contributed to subsequent trademark policy changes, Google would have to call the witnesses to testify live. Put differently, this prior testimony reflected a snapshot in time; Google could only provide context as to how that snapshot differs from Google's current policies through live testimony by these witnesses. As to Mr. Fuloria and Ms. Rose, Google does not have that option because it cannot compel their appearance at trial – neither are current Google employees and Google has no current belief that either will attend the trial. As to Mr. Page, submission of his prior deposition testimony at trial would effectively deprive Google of the protective order it already obtained by potentially compelling Google to call him as a witness, either to put his prior testimony in context or avoid any negative implication that might be drawn if he, as one of Google's well known co-founders, did not appear to testify in person.

Finally, introduction of this prior testimony may cause prejudice by highlighting to the jury that Google has been sued previously for trademark infringement in connection with its sponsored link advertisements. Because references to prior lawsuits should be excluded, *supra* at I.A, so too should the designation of testimony from those lawsuits. Because Google's trademark policy has changed significantly since the prior deposition testimony was given, it will likely be necessary to point out that the testimony was given well before the current policy was established, which in turn will make clear to the jury that there were other lawsuits against Google in which these witnesses were deposed. Rosetta Stone had every opportunity to develop its record as to Google's trademark policies, past and present, in discovery in this action. It should not be able supplement that record testimony from prior lawsuits and highlight the existence of those lawsuits in a way that will unduly prejudice Google.

3. The Court Should Exclude Witnesses Not Included in Rosetta Stone's Rule 26(a)(1) Disclosures.

The deposition testimony of Mr. Fuloria and Mr. Page should also be excluded because Rosetta Stone failed to identify them in its Rule 26 Disclosures, including supplemental disclosures made after the close of discovery. In addition, it did not disclose the prior deposition transcripts of these individuals or of Ms. Hagan in its Rule 26 Disclosures. Under the circumstances, exclusion is appropriate.

“If a party fails to provide information or identify a witness as required by Rule 26(a) or (e), the party is not allowed to use that information or witness to supply evidence on a motion, at a hearing, or at a trial, unless the failure was *substantially justified or is harmless.*” *Perkins v. United States*, 626 F. Supp. 2d 587, 591-92 (E.D. Va. 2009) (citing Fed. R. Civ. P. 37(c)(1), emphasis in original) (excluding witness testimony where the propounding party failed to identify witness testimony in its Rule 26(a) disclosures). To determine if the failure to satisfy Rule 26(a) was “substantially justified” or “harmless,” a district court should consider the following five factors: (1) the surprise to the party against whom the evidence would be offered; (2) the ability of that party to cure the surprise; (3) the extent to which allowing the evidence would disrupt the trial; (4) the importance of the evidence; and (5) the nondisclosing party’s explanation for its failure to disclose the evidence. *Southern States Rack And Fixture, Inc. v. Sherwin-Williams Co.*, 318 F.3d 592, 597 (4th Cir. 2003) (quotations omitted) (excluding testimony of a witness disclosed on the eve of trial). Consideration of bad faith is explicitly not a factor in the analysis. *Id.* at 597-98. *See also Jarrell-Henderson v. Liberty Mut. Fire Ins. Co.*, 2009 WL 347801, at *7 (E.D. Va. Feb. 10, 2009) (excluding from evidence documents a party failed to identify in its Rule 26(a)(1) disclosures).

Rosetta Stone's Rule 26(a)(1) Initial Disclosures, served on October 26, 2009, and its post-discovery Supplemental Rule 26(a)(1) Disclosures, served March 18, 2010, did not identify Messrs. Page and Fuloria as witnesses with knowledge relevant to the case. Oblak Decl., Ex. 1; Ex. 2. Nor did those disclosures identify any deposition testimony in prior matters (including by Ms. Hagan) as supporting Rosetta Stone's claims. *Id.* Rosetta Stone first identified the prior deposition testimony of these three individuals as relevant by including it on the trial witness list served April 2, 2010, *a full three weeks* after the close of discovery, and just a month before trial. Oblak Decl., Ex. 3. Rosetta Stone's failure to timely disclose warrants exclusion.

First, the designation of prior deposition testimony from Messrs. Page, Fuloria and Ms. Hagan surprised Google. Given Judge Buchanan's ruling that Rosetta Stone had failed to demonstrate that Mr. Page offered relevant testimony, *supra* at I.B.1, it was surprising to Google that Rosetta Stone would believe it permissible to name him as a trial witness. Rosetta Stone never attempted to depose Mr. Fuloria, and it did depose Ms. Hagan, without any argument that it had insufficient time to do so and would therefore need to rely on prior testimony.

Second, with discovery long closed, Google is unable to cure the prejudice of Rosetta Stone's untimely disclosure regarding witnesses that are no longer in its control and whose depositions Rosetta Stone chose not to pursue or were barred from pursuing.

Third, the testimony from prior unrelated matters would disrupt trial by requiring mini-trials regarding claims by prior litigants, requiring Google to call witnesses for the sole purpose of explaining collateral testimony. By way of example, Rosetta Stone has designated significant testimony relating to patents obtained by Google in connection with its AdWords programs. Oblak Decl., Ex. 3; Ex. 25 at 12-15. Rosetta Stone could have developed such testimony in this

case, but chose not to. Rosetta Stone should not be able to force the Court and Google on a frolic and detour concerning these tangential issues.

Fourth, the prior deposition testimony is of minimal importance because its “relevance” is based on the unsound premise that testimony regarding the prior trademark policy (which permitted keyword bidding alone) somehow suggests that the current policy of permitting resellers to use a trademark in ad text was known to cause actionable confusion. This is simply at odds with the facts. *See infra* at II.2.

Finally, Rosetta Stone cannot justify its failure to disclose the prior deposition testimony in its post-discovery supplemented pretrial disclosures. Google produced the transcripts at issue during the course of discovery. Armed with that testimony, Rosetta Stone failed to demonstrate that Mr. Page had unique relevant testimony, and his addition to the witness list is simply an attempt to Rosetta Stone to make an “end run” around Judge Buchanan’s ruling. Rosetta Stone also had every opportunity to pursue Mr. Fuloria’s deposition during discovery and to question Ms. Hagan on her prior deposition testimony. Indeed, Rosetta Stone’s decision not to depose Mr. Fuloria or cover aspects of Ms. Hagan’s prior testimony during her deposition may well have been strategic. In other words, Rosetta Stone did not want to give those witnesses, who were involved in shaping Google’s trademark policies in 2004, the opportunity to explain why Google’s reasoning in 2004 no longer held force when Google changed its policies in 2009. Rosetta Stone has no legitimate explanation for waiting until the eve of trial to spring on Google its intention to use prior deposition testimony from these witnesses.

II. THE COURT SHOULD EXCLUDE GOOGLE’S PRIOR SPONSORED LINK EXPERIMENTS AND TRADEMARK EXPERIMENTS

Lacking any other evidence of confusion related to the sale of genuine goods, Rosetta Stone hopes to offer as a proxy [REDACTED]

[REDACTED]

[REDACTED] Exclusion is warranted.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] This case

is not about whether consumers have difficulty distinguishing between organic search results and paid ads – it is about whether consumers are likely to be confused as to the source or origin of Rosetta Stone’s products as the result of “use” of Rosetta Stone’s marks. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] *U.S. v. Wellons*, 32 F.3d 117 (4th Cir. 1994) (upholding district court’s exclusion of testimony “given likelihood that this extrinsic evidence...would confuse jury”).

[REDACTED]

⁴ To establish willfulness, a plaintiff must establish that the defendant “acted in bad faith.” *PETA v. Doughney*, 263 F.3d 359, 370 (4th Cir. 2001) (citation and quotation marks omitted); *Toolchex, Inc. v. Trainor*, 2009 WL 2244486, at *4 (E.D. Va. July 24, 2009) (“To constitute willfulness, the actions must have been voluntary and intentional, but not necessarily malicious.” (citations and quotation marks omitted)).

[REDACTED]

[REDACTED] As noted above, “determining the likelihood of confusion is an ‘inherently factual’ issue that depends on the facts and circumstances in each case.” *Lone Star*, 43 F.3d at 933. On that ground alone, the experiments should be excluded. Where a party does not offer a properly constructed consumer confusion survey concerning an allegedly infringed trademark, exclusion is the proper remedy. *See Smith v. Wal-Mart Stores, Inc.*, 537 F. Supp. 2d 1302, 1327-28 (N.D. Ga. 2008) (limiting use of survey because a valid likelihood of confusion survey must “take into account marketplace conditions and typical consumer behavior so that the survey may as accurately as possible measure the relevant thought processes of consumers encountering the disputed mark . . . as they would in the marketplace.”) (internal quotations omitted); *Wells Fargo*

⁵ Under the 2009 policy, in addition to the brand owner and its authorized licensees, the only advertisers who would be permitted to include the trademark in ad text are those which: (1) actually resell legitimate products bearing the trademark; (2) sell components, replacement parts or compatible products corresponding to the trademark; or (3) provide non-competitive information about the goods or services corresponding to the trademark term to use the term in ads. Oblak Decl., Ex. 11.

& Co. v. WhenU.com, Inc., 293 F. Supp. 2d 734, 766 (E.D. Mich. 2003) (“A survey that fails to adequately replicate market conditions is entitled to little weight, if any.”); *THOIP v. Walt Disney Co.*, 2010 WL 447049, *14 (S.D.N.Y. Feb. 9, 2010) (excluding a survey that “failed to sufficiently replicate the manner in which consumers encountered the parties’ products in the marketplace”); *Malletier v. Dooney & Bourke, Inc.*, 525 F. Supp. 2d 558, 592 (S.D.N.Y. 2007) (“A survey that uses a stimulus that makes no attempt to replicate how the marks are viewed by consumers in real life may be excluded on that ground alone.”) (citing *American Footwear Corp. v. Gen. Footwear Co.*, 609 F.2d 655, 661 n.4 (2d Cir. 1979); *Simon Prop. Group L.P. v. mySimon, Inc.*, 104 F. Supp. 2d 1033, 1052 (S.D. Ind. 2000) (excluding a survey where it bore “no reasonable relation to situations in which consumers might actually be exposed to the parties’ trademarks in the marketplace”). The broad ranging authority supporting exclusion of flawed consumer studies has even greater application here. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Indeed, that change came only after

Google developed technology that permitted it to check how advertisers were using the trademark and assess compliance with Google’s policies. Oblak Decl., Ex. 26, 80:10-81:5.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] But that, of course, is not and never has been Google's policy.

⁶ [REDACTED]

⁷ Rosetta Stone has filed a motion for sanctions relating to the late production of documents, including Exhibit 20 to the Oblak Declaration, in which it seeks to have certain conclusions regarding the Google trademark experiments deemed established. Dkt. at 174. That motion is entirely without merit. None of the documents produced were any form of "smoking gun," Google acted entirely in good faith, and the cumulative nature of Google's supplemental production forecloses any credible claim of prejudice.

Moreover, for Rosetta Stone's theory of relevance to have any basis, one would have to assume that these trademark experiments are predictive of consumer confusion *regardless of the trademarks tested, context, trademark policy or time period*. Such a "one size fits all" approach is antithetical to the well recognized principal that consumer confusion is a trademark-specific inquiry. See *Lone Star*, 43 F.3d at 933; *Anheuser-Busch, Inc. v. L. & L. Wings, Inc.*, 962 F.2d 316, 318 (4th Cir. 1992) (noting that "likelihood of consumer confusion is an 'inherently factual' issue that depends on the unique facts and circumstances of each case") (citing *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1356 n. 5 (9th Cir. 1985) (same)); *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 667 (5th Cir. 2000) (noting that "trademark law is concerned with the level of actual confusion in the *current marketplace*.") (emphasis supplied).

Finally, Google will be unduly prejudiced if Rosetta Stone is permitted to offer irrelevant trademark experiments that have no bearing on consumers' responses to the challenged use of the Rosetta Stone marks under the policy in place today. Courts routinely exclude as prejudicial flawed consumer confusion surveys. See, e.g., *Starter Corp. v. Converse, Inc.*, 170 F.3d 286, 297 (2d Cir. 1999) (affirming exclusion of survey as unfairly prejudicial because survey was of little value); *Vista Food Exchange, Inc. v. Vistar Corp.*, 2005 WL 2371958, at *7 (E.D.N.Y. Sept. 27, 2005) (excluding survey as unfairly prejudicial because it did not correctly identify universe, used too small of a sample, failed to replicate market conditions, and failed to use a control product); *Simon*, 104 F. Supp. 2d at 1052 (excluding survey as unfairly prejudicial because it failed to replicate market conditions, used highly suggestive and leading questions, and failed to use any form of control). Again, that courts exclude flawed trademark studies *relating to the actual trademark at issue in the litigation*, makes it all the more appropriate to

exclude the Google trademark experiments that do not relate to Rosetta Stone's trademark and that do not test the current trademark policy (or anything close).

III. THE COURT SHOULD EXCLUDE EVIDENCE AND ARGUMENT REFERRING TO "ROSETTA STONE TORRENT" IN GOOGLE SUGGEST

Evidence and argument regarding the appearance of "Rosetta Stone torrent" in Google's "Suggest" feature should also be excluded because it is irrelevant to Rosetta Stone's claims and is offered by Rosetta Stone for a highly prejudicial purpose.

As a Google user inputs a search query, a drop down box appears suggesting possible searches that may complete or refine the user's query. This function is referred to as "Google Suggest." The search terms that appear are based on algorithms used by Google to predict what users most likely want to see. *See* Oblak Decl., Ex. 21; Ex. 22; Ex. 23. Overall search popularity is the driving force in determining what search refinements are offered to users. *Id.* Although Google may filter some words that offend a large audience of users, hateful or violent terms, or words that lead to pornographic sites, it does not censor terms suggested to users upon request of companies. *Id.*

Rosetta Stone's witnesses have argued that, because Google takes steps to block certain search terms associated with child pornography, Google's failure to censor "torrent" when appearing in Google Suggest shows that Google encourages software piracy. Oblak Decl., Ex. 31, 154:7-155:1; Ex. 29, 266:22-267:7; Ex. 30, 144:20-145:16; Ex. 32, 154:1-155:17. Rosetta Stone's analogy is absurd and its conclusion unfounded. Google spends significant resources fighting counterfeiting activities, and suffers substantial costs every year as a result of fraudulent and counterfeiting activities. Oblak Decl., Ex. 8. The argument that Google encourages or turns a blind eye towards counterfeiting is simply not true, and is instead intended to create precisely the type of undue prejudice foreclosed by Rule 408. *Lifshitz*, 806 F.2d at 1431-32 (in action

alleging unfair competition and trademark infringement, district court properly excluded certain evidence because it would confuse and mislead jury by raising questions not in issue); *Westmont Tractor Co.*, 1988 WL 126273, at *2 (district court properly excluded evidence of collateral misconduct which would have invited rebuttal and confused the issues); *Coursen*, 764 F.2d at 1335 (“The district court did not abuse its discretion in concluding, under Rule 403, that prejudice and confusion would be generated by innuendoes of collateral misconduct.”).

Moreover, there is no dispute that “Rosetta Stone torrent” appears because of its popularity as a search term, and not because of any affirmative action by Google. *See* Oblak Decl., Ex. 22; Ex. 23; Ex. 28, 176:18-177:25. Google Suggest does not perform an independent advertising function and, unlike when a user clicks on sponsored link advertisements, Google derives no revenue when a user selects a search query that appears as a result of Google Suggest. The feature is instead offered as a way to make searching more convenient and efficient based on past consumer behavior. *See Id.*, Ex. 22. Finally, and perhaps most importantly, Rosetta Stone does not allege trademark infringement based on the organic search results generated by Google. Dkt. at 86 ¶ 6. Thus, evidence and argument regarding the appearance of “Rosetta Stone torrent” in Google Suggest, and whatever organic search terms result from selecting that combination of terms, should be excluded as irrelevant to whether Google’s sponsored link advertisements infringe Rosetta Stone’s trademarks.

IV. THE COURT SHOULD EXCLUDE IRRELEVANT AND HEARSAY EVIDENCE REGARDING PURPORTED CONFUSION

Rosetta Stone has identified several categories of purported confusion evidence properly excluded as hearsay and the admission of which would be unduly prejudicial. These anecdotal reports of confusion include statements such as:

- Rosetta Stone “is aware of confusion caused by Google sponsored links through reports it has received from Rosetta Stone kiosk employees.” *See* Oblak Decl., Ex. 4 at 1-6; Ex. 9 at ¶¶ 9-11.
- Rosetta Stone’s kiosk employees have reported that customers have (a) requested that Rosetta Stone kiosks “match the prices set forth in a web printout from a pirate/counterfeit site” and (b) attempted to return counterfeit software. *See* Oblak Decl., Ex. 4 at 3.
- Customers contact its call center with questions about pricing information “gathered through the internet” and attempt to return software purchased from Amazon.com to Rosetta Stone under a six-month guarantee only available directly from Rosetta Stone. *Id.*

Such evidence is excludable hearsay. Fed. R. Evid. 801(c) (“Hearsay is a statement, other than one made by the declarant while testifying at the trial or hearing, offered in evidence to prove the truth of the matter asserted.”); *Maryland Highway Contractors Ass’n v. Maryland*, 933 F.2d 1246, 1251-52 (4th Cir. 1991) (affirming exclusion of complaint letter to plaintiff from third party as inadmissible hearsay); *Duluth News-Tribune v. Mesabi Publ’g Co.*, 84 F.3d 1093, 1098 (8th Cir. 1996) (“[T]he vague evidence of misdirected phone calls and mail is hearsay of a particularly unreliable nature given the lack of an opportunity for cross-examination of the caller or sender regarding the reason for the ‘confusion.’”) (citations omitted). Here, Google would not have the ability to cross examine the source of the complaint, assess if and how the customer actually used Google, or determine the precise source of any alleged confusion. Indeed, because no kiosk employee or customer service representative will be testifying at trial, whatever witness Rosetta Stone intends to have offer such reports would be providing *double* hearsay.

Where some courts have admitted what would otherwise be hearsay evidence regarding trademark confusion on the ground that it is offered to show the state of mind of the consumer, that rationale does not apply here. *See* 4 McCarthy, *supra*, § 23:15 (asserting that such testimony is not hearsay when “it is only being offered to prove [customers’] state of mind”); *Fundamental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 1004 (2d Cir. 1997) (admitting hearsay evidence from sales manager regarding customer complaints to show customers’ “then-existing state of mind”). First, the state of mind exception does not apply here because Rosetta Stone does not intend to introduce the testimony of the kiosk or call center employees. As such there is a double hearsay problem. Further, Rosetta Stone is not offering this evidence to show consumers’ confusion about *something*, it is offered by Rosetta Stone to tie Google to that confusion. Google’s relationship to whatever site may have caused confusion is a factual question – one on which evidence is strikingly absent. It is not addressed by anyone’s state of mind. Accordingly, all such evidence is inadmissible hearsay and should be excluded.

Rosetta Stone’s anecdotal reports of confusion should also be excluded because in many instances they do not mention Google at all. For example, that customers attempt to return Rosetta Stone software from Amazon directly to Rosetta Stone, hoping to utilize Rosetta Stone’s exclusive six month guarantee, Oblak Decl., Ex. 4 at 3, is not probative of whether Google’s sponsored links caused some form of consumer confusion. Google is not responsible for any confusion caused by Rosetta Stone’s decision to honor a six month guarantee for only its own, premium-priced direct sales. Nor is Google responsible for all Rosetta Stone-related activity on the internet. Evidence of purported confusion that does not have a clear connection to Google’s sponsored link advertisements should not be admitted, separate and apart from its status as hearsay.

Admission of third-hand anecdotal hearsay evidence would also be highly prejudicial. Any such evidence that does not link consumer confusion to Google's sponsored links could improperly suggest to the jury that Google has some role in counterfeiting or other activity where no such link is established. *See Lifshitz*, 806 F.2d at 1431-32 (in action alleging unfair competition and trademark infringement, district court properly excluded certain evidence because it would confuse and mislead jury by raising questions not in issue); *Westmont Tractor Co.*, 1988 WL 126273, at *2 (district court properly excluded evidence of collateral misconduct which would have invited rebuttal and confused the issues); *Coursen*, 764 F.2d at 1335 ("The district court did not abuse its discretion in concluding, under Rule 403, that prejudice and confusion would be generated by innuendoes of collateral misconduct.").

Accordingly, the Court should exclude all anecdotal hearsay evidence of consumer confusion.⁸

V. THE COURT SHOULD EXCLUDE REFERENCE TO GOOGLE'S TRADEMARK POLICIES FOR FOREIGN JURISDICTIONS

Rosetta Stone's witnesses have noted, and its counsel has inquired about, the distinctions between Google's U.S. trademark policy and its trademark policies for foreign jurisdictions. Oblak Decl., Ex. 27, 85:21-86:2, 97:22-98:19, 153:24-154:3, 174:15-175:10, 177:11-179-8; Ex.

⁸ In addition to the reports of counterfeiting that do not mention Google, one of Rosetta Stone's purported confusion witnesses, Steve Dubow, should be excluded because he did not purchase his allegedly counterfeit Rosetta Stone software through a sponsored link advertisement. Instead, Mr. Dubow testified unequivocally that he purchased the software through an "organic link" – one of the unpaid search results generated by Google. Oblak Decl., Ex. 33, 79:11-81:11 ("...I scrolled down. It was on the first page.... It was not on the right side."). Rosetta Stone does not (and could not) claim trademark infringement based solely upon the organic search results generated by Google, and admission of evidence regarding Mr. Dubow's purchase would be highly prejudicial because it could lead the jury to conclude that Google has some liability for what appears in its organic search results. In addition, given that four other confusion witnesses are slated to testify, Mr. Dubow's testimony would be cumulative and should be excluded on that basis as well.

26, 26:20-24. Google's trademark policies in foreign jurisdictions are not relevant to its compliance with U.S. trademark law.

A trademark has a "separate existence in each sovereign territory in which it is registered or legally recognized as a mark." 5 McCarthy, *supra*, § 29:1; *see, e.g., Person's Co. v. Christman*, 900 F.2d 1565, 1568-69 (Fed Cir. 1990) ("The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country's statutory scheme."). Accordingly, the only proper subject of inquiry here should be U.S.-based conduct and whether Google has infringed Rosetta Stone's U.S. trademark rights. *See Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 639 (2d Cir. 1956) (finding foreign proceedings "irrelevant and inadmissible"); *Fuji Photo Film Co. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 599-600 (5th Cir. 1985) (finding it "error to admit evidence of the parties' foreign trademark practices"); 5 McCarthy, *supra*, § 29:2 (noting that "the foreign activities of a party are not relevant evidence in a trademark dispute concerning U.S. rights"); Fed. R. Evid. 402. Nor would admission of foreign trademark policies be required for impeachment purposes. Google does not intend to argue, for example, that it could not implement in the U.S. aspects of its foreign trademark policy. Thus, there is simply no basis to introduce, or offer argument regarding, Google's foreign trademark policies.

In addition, drawing attention to Google's trademark policies in foreign jurisdictions would unfairly prejudice Google. Rosetta Stone's only purpose in offering evidence of Google's foreign trademark policies is to suggest to the jury that Google treats foreign trademark owners differently (and perhaps better) than it does U.S. trademark owners and/or that Google can and should implement measures employed in other jurisdictions. Jurors may also conclude that foreign trademark policies have some bearing on whether Google violated U.S. law, when of

course they do not. In addition, appeals to local prejudice are entirely improper and unfairly prejudicial. See *N.Y. Cent. R.R. Co. v. Johnson*, 279 U.S. 310, 319 (1929) (recognizing that appeals to “sectional or local prejudice” is “so often condemned...as to require no comment”); *Foster v. Crawford Shipping Co.*, 496 F.2d 788, 792 (3d Cir. 1974) (granting a new trial because of references to “foreign ownership”); Fed R. Evid. 403. If Rosetta Stone were permitted to offer evidence that Google’s trademark policies are more protective of trademark owners in foreign jurisdictions than in the U.S., jurors may conclude without any basis for doing so that such policies can and should be implemented in the U.S.

For all of these reasons, Rosetta Stone should be precluded from offering any evidence or argument regarding Google’s trademark policies in foreign jurisdictions.

CONCLUSION

For the foregoing reasons, Google respectfully requests that the Court grant its Motion *in Limine* in its entirety.

Dated: April 20, 2010

Respectfully Submitted,

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By counsel

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 20th day of April, 2010, I will electronically file the foregoing with the Clerk of Court using the CM/ECF system, which will then send a notification of such filing (NEF) to the following:

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