

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

ROSETTA STONE, LTD.,)	
)	
Plaintiff,)	Civil No. 09-736
)	
VS.)	February 4, 2010
)	
GOOGLE, INC.,)	
)	
Defendant.)	
_____)	

REPORTER'S TRANSCRIPT
MOTIONS HEARING

BEFORE: THE HONORABLE THERESA BUCHANAN
UNITED STATES MAGISTRATE JUDGE

APPEARANCES:

FOR THE PLAINTIFF: SKADDEN ARPS SLATE MEAGHER & FLOM
BY: WARREN THOMAS ALLEN, ESQ.
JENNIFER LYNN SPAZIANO, ESQ.
CLIFFORD MYER SLOAN, ESQ.

FOR THE DEFENDANT: QUINN, EMANUEL, URQUHART OLIVER
BY: MARGARET CARUSO, ESQ.
ODIN FEKLMAN & PIDDLEMAN
BY: JONATHAN FRIEDEN, ESQ.

OFFICIAL COURT REPORTER: RENECIA A. SMITH-WILSON, RMR
U.S. District Court
401 Courthouse Square
Alexandria, VA 22314
(703)501-1580

1 (Thereupon, the following was heard in open
2 court at 2:00 p.m.)

3 THE CLERK: Rosetta Stone versus Google,
4 civil action 09cv736.

5 THE COURT: Good morning.

6 MR. ALLEN: Good morning, Your Honor.
7 Warren Allen on behalf of plaintiff, Rosetta Stone. I'm
8 here with Jennifer Spaziano and Clifford Sloan from
9 Skadden Arps.

10 THE COURT: All right, good morning.

11 MR. ALLEN: Ms. Spaziano will be arguing.

12 THE COURT: Good morning.

13 MS. CARUSO: Hi, Your Honor. I'm Margaret
14 Caruso from Quinn, Emanuel, Urquhart, Oliver & Hedges
15 for Google, Inc, the defendant.

16 THE COURT: That's all right. Good morning.

17 MS. CARUSO: And this is Mr. Jonathan
18 Frieden.

19 THE COURT: All right. Thank you all for
20 coming in today, but I won't be here tomorrow. I've got
21 an 8 a.m. flight to Florida. Ha, ha, ha. So, hope I
22 make it. Not to rub it in, but anyway, I've read
23 everything, and I've read all of the discovery requests.

24 Do you have anything to add to your motion
25 to compel?

1 MS. SPAZIANO: Yes, Your Honor.

2 Jen Spaziano on behalf of plaintiff, the
3 movant, Rosetta Stone.

4 You've read all the pleadings --

5 THE COURT: I have.

6 MS. SPAZIANO: You can basically see that we
7 have reached agreement on a lot of the document requests
8 that were at issue in the opening brief.

9 But, that there's really an impasse between
10 the parties with respect to what's left in issue and I
11 think irrespective of the number of requests that remain
12 outstanding, it really boils down to one thing which is
13 whether Google made the pool from discovery in this case
14 documents relating to similar issues raised regarding
15 Google's advertising program. That's really the
16 question that we're addressing here today.

17 And for many reasons, the simple answer to
18 the question is no.

19 I've got some background that I'm happy to
20 tell you about regarding Rosetta Stone and what it does
21 and how important its marks are to it.

22 It's the leader in language education in the
23 United States. And it owns numerous federally
24 registered trademarks that it has worked very hard to
25 market and protect.

1 THE COURT: And, I'm aware of that.

2 MS. SPAZIANO: I know you are. You hear
3 Rosetta Stone, you know what it means.

4 THE COURT: Right.

5 MS. SPAZIANO: It doesn't mean the artifact.
6 It means the language learning software. And you know
7 Google. Google operates the Internet search engine.
8 And what's at issue here is their sale of
9 advertisements -- their sale of trademarks for the
10 advertisement.

11 THE COURT: Right.

12 MS. SPAZIANO: Basically, Google takes the
13 position here that essentially information arising or
14 discussed or communications, documents relating to
15 either litigation involving Google's practice of selling
16 trademarks or challenges that don't rise to the level of
17 litigation where somebody writes them a letter, a cease
18 and desist letter or asks them not to sell their
19 trademark, not information that we're entitled to
20 discover.

21 And they base that position on the argument
22 that this involves likelihood of confusion and whether
23 Google's practices resulted in a likelihood of confusion
24 with respect to other trademarks is not relevant to the
25 question of whether Google's practices results in

1 likelihood of confusion with respect to Rosetta Stone's
2 trademarks.

3 And focusing on this very narrow issue of
4 customer confusion, Google asked the Court basically to
5 ignore the forest for the trees. Documents relating to
6 other challenges to Google's practices are not going to
7 address only the particular marks at issue in those
8 cases, the trees that Google asks the Court to focus on.
9 They also will address Google's advertising practices
10 generally, the forest that's really at issue in this
11 case.

12 THE COURT: I do have a couple of specific
13 questions if I could.

14 MS. SPAZIANO: Please.

15 THE COURT: Requests number five and 113
16 concern me because the apparent breadth of the request,
17 and I'm not quite sure what you're aiming for in those
18 requests.

19 Could you explain those to me and why you
20 need such -- or have you thought about narrowing that --
21 those two requests?

22 MS. SPAZIANO: The issue of narrowing the
23 requests I think is something that we're willing to work
24 with Google on. I think the parties have worked
25 actually quite effectively --

1 THE COURT: Well, have you talked about
2 these two requests specifically in terms of narrowing
3 them?

4 MS. SPAZIANO: In -- the answer is I have
5 not because we just got involved in the case recently.

6 THE COURT: Uh-huh.

7 MS. SPAZIANO: My understanding is that
8 there have been discussions with respect to narrowing
9 the requests and that the parties have worked rather
10 well in narrowing requests.

11 THE COURT: Uh-huh.

12 MS. SPAZIANO: But the concern here is that
13 Google has simply taken the blanket position that --

14 THE COURT: I understand that, but I'm
15 trying to figure out is -- because my specific concern
16 with regard to five and 113 is that I think by looking
17 at them that they're too broad.

18 MS. SPAZIANO: They're too broad.

19 THE COURT: Even if I were to grant them to
20 you, they seem broad to me. And I'm trying to find out
21 what it is you want, really want in five and 113.

22 MS. SPAZIANO: Sure. What we're looking for
23 are communications between Google and its customers.

24 THE COURT: Now when you say customers, you
25 mean paying customers?

1 MS. SPAZIANO: We mean --

2 THE COURT: Advertisers.

3 MS. SPAZIANO: -- advertisers, exactly. And
4 what we're looking for --

5 THE COURT: And then you say or with users
6 of their Internet search engine.

7 MS. SPAZIANO: If a customer, if a user, you
8 or me --

9 THE COURT: Right.

10 MS. SPAZIANO: -- who runs the Google search
11 complains about the advertisements, word is sent, a note
12 to Google saying I don't understand how you're ad --
13 what it means for something to be a sponsored ad.

14 So users could communicate with Google in a
15 way that could give rise to communications that are
16 relevant to the claims at issue in this case.

17 THE COURT: Well, except the way you worded
18 this is not so clear or specific. It says relating to
19 the sale -- just generally.

20 MS. SPAZIANO: Sure.

21 THE COURT: Relating to the sale, marketing,
22 promotion, offering, designation, use or inclusion of
23 the trademarks.

24 That's awfully still broad, I think.

25 MS. SPAZIANO: Broad for you. What we're

1 trying to get at through this request are basically
2 communications that Google received from its advertisers
3 or from users that basically question or raise issues
4 with respect to the use of trademarks in sponsored ads.

5 So, for example, if a -- if I were to sent
6 an e-mail to Google that says I just searched for
7 Rosetta Stone, and I was brought to a website that I
8 purchased pirate software on, and I don't understand how
9 that could have happened because I thought I was getting
10 to a Rosetta Stone site.

11 That's the type of --

12 THE COURT: Well, is your question really as
13 far as users are concerned relating to confusion and
14 sponsored ads?

15 MS. SPAZIANO: Relating to confusion and
16 sponsored ads but not specifically the Rosetta Stone
17 mark.

18 THE COURT: Okay.

19 MS. SPAZIANO: The idea that Google's
20 practice of using trademarks in sponsored ads creates
21 confusion.

22 THE COURT: Okay. And in regards to 113, do
23 you have any reason to believe that there is a rankings
24 that's already created by Google or is this something
25 that you're asking them to create?

1 MS. SPAZIANO: In request numbers 107 to
2 112, there were requests that certain information be
3 created. And on this one, quite frankly, I'm going to
4 have to look to Margaret for some assistance in why it
5 is that 107 to 112 are off the table but 113 remains on
6 the table, as I was not involved in those discussions
7 and 113 builds on 107 to 112.

8 THE COURT: Well, let me look back at those
9 because I really wasn't focusing on those. Hold on a
10 second.

11 MS. SPAZIANO: May I invite Ms. Caruso to
12 try to respond to that to help us?

13 THE COURT: Sure.

14 MS. CARUSO: Well, I can't explain why 113
15 remains on the table, but I can say that 107 and 112
16 Rosetta Stone's prior counsel agreed to withdraw on the
17 grounds that those were overly burdensome because they
18 would require Google to --

19 THE COURT: Okay.

20 MS. CARUSO: -- create because these --

21 THE COURT: So, is 113 -- does Google have
22 any kind of document that already exists?

23 MS. CARUSO: No, Your Honor. It would have
24 to create all of those multiple, multiple documents.

25 THE COURT: Okay, all right. Then let me go

1 back to Google -- I mean Rosetta Stone.

2 All right. And what temporal limits have
3 agreed to? Is it back to 2002 with regard to all of
4 your requests?

5 MS. SPAZIANO: I believe that Google has
6 agreed to produce back to 2004. Our position is that
7 we're entitled to documents that go back further than
8 that because obviously, documents outside the statute of
9 limitations would be relevant to documents within the
10 statute of limitations.

11 My understanding is that there have been
12 certain categories of documents with respect to which
13 Google has agreed to produce documents predating 2004,
14 presumably in recognition of the position that those
15 documents do, in fact, bear on issues occurring during
16 the relevant timeframe, the statute of limitations
17 timeframe.

18 So, our position is that to the extent that
19 documents are discoverable with respect to particular
20 topics, challenges to the add words program, litigation
21 involving the add words program, we would be entitled to
22 documents that predate 2004 as well.

23 THE COURT: Okay. And, what about the
24 settlement agreements? I really don't know what those
25 would show, I mean, or prove. Settlement agreements

1 involve so many factors.

2 MS. SPAZIANO: They do involve so many
3 factors. But the issue is that we don't know what they
4 say, and that's the struggle for being in the position
5 of asking for documents.

6 I can look at the fact that there's been a
7 litigation and I can say, well, your depositions are
8 certainly going to have information and interrogatories
9 are certainly going to be information, and request for
10 admissions are certainly going to have information.
11 Expert reports are certainly going to have information.
12 I don't know what --

13 THE COURT: What kind of useable information
14 would you have from a settlement agreement, though?

15 MS. SPAZIANO: Whereas clause, whereas
16 Google --

17 THE COURT: Whereas Google does not admit
18 liability.

19 MS. SPAZIANO: Well --

20 THE COURT: I mean I guarantee you that's in
21 there, so are you --

22 MS. SPAZIANO: That's assuming that that's
23 what it says.

24 THE COURT: Right.

25 MS. SPAZIANO: I mean you guarantee me that

1 it's in there. I suspect that it's in there.

2 THE COURT: Yeah.

3 MS. SPAZIANO: But taking it on face value
4 that in there, but not asking for the documents that
5 could contain a damning admission that's relevant to
6 what they say. Or it could be in the relief that's
7 requested, they demonstrate that they can engage in some
8 kind of a practice that would, you know, stop the
9 trademark infringement and still allow for certain, you
10 know, certain practices to continue without trademark
11 infringement. I don't know what's in them.

12 THE COURT: Okay.

13 MS. SPAZIANO: I understand the fact that if
14 there are standard settlement agreement that just denies
15 all liability and agrees on some kind of a settlement
16 payment and results, it might not have information, but
17 it very well could.

18 THE COURT: Okay.

19 MS. SPAZIANO: And it is reasonably likely
20 to lead to the discoverable of admissible evidence.

21 THE COURT: All right. Let me hear from
22 counsel for Google.

23 MS. CARUSO: Thank you, Your Honor. I'd
24 like to pick up with the settlement agreement point
25 because I think it's illuminating on a number of these

1 issues.

2 Even if the settlement agreements did say
3 the very unlikely event they said whereas Google admits
4 infringement, Rule 408 tells us that's not admissible to
5 prove infringement.

6 THE COURT: Uh-huh.

7 MS. CARUSO: And given that it's not
8 admissible to prove infringement, it has no relevance on
9 the issue of intent. And we cited a case on page eleven
10 of our opening brief. It's a --

11 THE COURT: I'm satisfied as to those --

12 MS. CARUSO: Okay.

13 THE COURT: -- as to the settlement
14 agreement, so why don't you address any other issue
15 you'd like.

16 MS. CARUSO: Sure. I'll continue on from
17 there --

18 THE COURT: Uh-huh.

19 MS. CARUSO: -- because it raises the same
20 types of issues. All of the -- any one cease and desist
21 letters, any e-mail that we've gotten from a third party
22 saying Google, we don't like your policy, any consumer
23 who said Google, I bought this product from a website
24 that was advertised on your site and I don't like it.
25 It's not what I thought it would be, all of those in

1 order to be relevant to the issue of intent which is
2 what Rosetta Stone has identified are only going to be
3 relevant to the extent that those prove or there's proof
4 that there was infringement. And there's no proof here
5 that there was ever infringement. Google has never been
6 held liable for infringing trademarks in any
7 circumstances, especially the advertising circumstance.

8 And so, this would require trials and I
9 can't say mini trials because they would be just as
10 expensive on this trial on every single one of these
11 things. And it's just going to take us -- really divert
12 us from the limited time we have left in discovery to
13 focus on the issues that matter here which are Rosetta
14 Stone's trademarks.

15 It's important, I think, to understand when
16 we say we're not using these third party-type documents
17 it doesn't mean they're not getting any general studies,
18 any general policy, reasoning, any policies. All of
19 these things that Google has done with respect to
20 trademarks generally speaking, it has agreed to provide
21 and has provided mostly, still in the process of
22 production.

23 But, these are very far afield. And I can
24 come back to the issue of relevance because I think it
25 really -- it's a show stopper.

1 But the issue of burden I think is equally a
2 show stopper, because in order to collect type of
3 information they're talking about, there is no
4 formulated search. There's not even a list of
5 trademarks to look for.

6 We would have to -- Google would have to
7 manually review all of the documents at a minimum in its
8 Trax database which keeps all communications with
9 advertisers and with consumers about advertising. And
10 those -- those databases contains ten terabytes of data.

11 THE COURT: How are they collated or
12 categorized? I mean, it isn't just all dumped in there
13 together with no organization, is it?

14 MS. CARUSO: I don't think so. If you
15 looked by advertiser, advertising campaign --

16 THE COURT: Uh-huh.

17 MS. CARUSO: -- you can kind of go into it
18 that way.

19 THE COURT: Uh-huh.

20 MS. CARUSO: But, there's nothing about
21 their request that enables it to be narrowed in that
22 way. We have given them -- we've searched the whole
23 thing for anything with Rosetta Stone in it.

24 THE COURT: Uh-huh.

25 MS. CARUSO: That -- they have all of that.

1 THE COURT: Uh-huh.

2 MS. CARUSO: But, you know, in terms of some
3 customer saying I purchased what I thought was a Nike
4 shoe and it's not a Nike shoe, what are the search terms
5 that we can use to find that e-mail?

6 THE COURT: So, the only thing they're
7 organized as to is marketing campaigns?

8 MS. CARUSO: The advertiser -- you can look
9 by advertiser and then you can look by their advertising
10 ID number and then by their sub campaigns because
11 advertisers run -- Amazon, for example, runs numerous
12 different campaigns at any given point in time.

13 THE COURT: Okay.

14 MS. CARUSO: So, on this issue of, you know,
15 all these communications with third parties and
16 communications with consumers, ten terabytes of data,
17 it's something that's really hard to even conceive of,
18 but I'm told that it would equivalent -- come out to
19 greater than two billion pages of text which if you
20 assumed one second to review every one of those pages
21 would take someone 74 years, 24/7 review.

22 We certainly don't think that whatever
23 relevance they may have justifies that burden.

24 THE COURT: But, would that relate just to
25 request number five?

1 MS. CARUSO: Request number five is not the
2 only one.

3 THE COURT: -- or is that -- would it be ten
4 as well?

5 MS. CARUSO: Ten is one that's very broad.
6 It would require the same thing. 23, the same thing.
7 79 also would go to that same extent. They're extremely
8 broad in calling for all --

9 THE COURT: 23 is guidelines and policies,
10 not letters of complaint.

11 MS. CARUSO: 23. It's -- if I recall
12 correctly, I just --

13 THE COURT: Actually, ten would not relate
14 because that's really just with regard to third parties
15 whose trademarks are used, not just general consumers.

16 I don't see anything else that would relate
17 to consumer letters.

18 MS. CARUSO: Well, this one reads all
19 documents relating to any Google policies relating to
20 the sale, marketing, promotion, offering, designation,
21 use or inclusion of trademarks owned by third parties is
22 the key words.

23 So if we just stop right there, I'd be
24 surprised if Rosetta Stone takes the position that, for
25 example, a consumer's statement, Google, your trademark

1 policy winds up with me but --

2 THE COURT: Well, what are we talking about
3 if we delete the consumer letters?

4 MS. CARUSO: We're still talking about a
5 whole lot of trouble because trademarks owned by third
6 parties as key words is not a separate and defined
7 category within Google. We don't have a list of those
8 things. We don't have --

9 THE COURT: You mean to tell me that the
10 consumer who complains about what they got linked to
11 when they clicked on Google is kept with the same
12 letters from a corporation that complains about how
13 you're using its trademark?

14 MS. CARUSO: It depends on what exactly that
15 letter from the corporation says, but in some instances,
16 yes.

17 THE COURT: Well, how would they normally be
18 kept if it's a --

19 MS. CARUSO: So a --

20 THE COURT: -- big letter from a big company?

21 MS. CARUSO: Is -- a letter that raises a
22 violation of Google's trademark policies --

23 THE COURT: Uh-huh.

24 MS. CARUSO: -- would be kept in one place.
25 And that would be, for example, under a Google's current

1 policy if someone said so -- you know, party X is
2 advertising and my trademark name shows up in the text
3 of their advertisement.

4 THE COURT: Uh-huh.

5 MS. CARUSO: And they're not an authorized
6 reseller and they're not a third party opinion site.
7 They don't fit into the terms of what Google says you
8 can use my --

9 THE COURT: Uh-huh.

10 MS. CARUSO: -- trademark for in a text of
11 the ad.

12 If that is the complaint, then it would go
13 to Google's trademark team and be processed as a
14 trademark complaint, and it would be in that batch of
15 documents.

16 THE COURT: Uh-huh.

17 MS. CARUSO: -- which is a large batch of
18 documents. But letters that say, it looks like this
19 person is bidding on my key word and I don't like --

20 THE COURT: This person is doing what?

21 MS. CARUSO: Bidding.

22 THE COURT: Oh.

23 MS. CARUSO: Trying to have their ad
24 displayed in response to that trademark being entered as
25 a search query, then those would -- those don't violate

1 Google's current trademark policy and wouldn't go to
2 that database group. They would remain in the general
3 Trax database.

4 THE COURT: So, it sounds as though you have
5 easier access to things that are not in the Trax
6 database?

7 MS. CARUSO: I -- there are fewer things,
8 but still a very large magnitude of things in terms of
9 those types of complaints.

10 And, again, that doesn't seem to me to be
11 what Rosetta Stone is looking for, or certainly not the
12 limit of what they're looking for.

13 Again, I'm just talking about complaints
14 that others are in violation of Google's trademark
15 policies.

16 THE COURT: But, what if they're not saying
17 it's Google's trademark policy that I'm complaining
18 about, just complaining about what I perceive to be your
19 infringement of my trademark. Does that go into this
20 trademark policy? Where does that go, legal counsel's
21 office?

22 MS. CARUSO: That -- it's filed in this
23 general database. And --

24 THE COURT: Trax.

25 MS. CARUSO: Yes, in Trax.

1 THE COURT: But is it also filed somewhere
2 else then?

3 MS. CARUSO: Not that I'm aware of, Your
4 Honor and I've spoken to Google about this.

5 THE COURT: Where else could such a letter
6 be filed besides in the trademarks policy group?

7 MS. CARUSO: I'm not aware of -- such a
8 letter as you've just described basically saying this
9 violates my trademark separate and apart from Google's
10 trademark policies --

11 THE COURT: Uh-huh.

12 MS. CARUSO: -- would just remain in Trax
13 database because --

14 THE COURT: They wouldn't go to counsel's
15 office or this as well?

16 MS. CARUSO: Google wouldn't take further
17 action on it because it wouldn't -- it doesn't rise to
18 the level of something that Google has determined it
19 will take action on.

20 THE COURT: Well, how does Google determine
21 it will take action on something, only if somebody says
22 it violates Google's trademark policy?

23 MS. CARUSO: Well, they don't have to use
24 those magic words.

25 THE COURT: Okay. That's what I'm trying to

1 figure out.

2 MS. CARUSO: Someone would view the
3 communication as it comes in and make that
4 determination.

5 THE COURT: I see, okay. I understand.
6 Anything else?

7 MS. CARUSO: Yes, Your Honor. So, the
8 trademark infringement and -- the real -- the root issue
9 here is going to be likelihood of confusion. And
10 there's no general holding out there in the law that the
11 sale of -- the use of a trademark as a key word, that in
12 and of itself is infringing.

13 All the cases say you have to look at the
14 facts of the case. You have to look at who's doing the
15 advertising, what is the content of the ad, what is the
16 website that it's linked to.

17 And those very dramatically -- in the case
18 of Rosetta Stone, if you've done a recent search on
19 them, the main non-Rosetta Stone sponsored link that
20 shows up is Amazon.com, an authorized reseller of
21 Rosetta Stone.

22 That's very different from if you have
23 mostly counterfeiters who are bidding. And of course,
24 that violates Google trademark policy and they would
25 take those down upon notice, or if you have competitors,

1 or if you have parties who are bidding on the word
2 because the word has a separate and independent meaning.

3 For example if someone was advertising
4 British museum tours to see the Rosetta Stone, or Apple
5 if someone was bidding because they had some other Apple
6 product not related to the company.

7 So, to take those collectively just doesn't
8 say very much in this case about these facts.

9 And if what they --

10 THE COURT: Well, how is it really? I mean,
11 this is a very different type of trademark infringement
12 case. And normally you really would be looking at, you
13 know, how close a violation it is and so forth and so
14 on. It would be unique as to each particular trademark.

15 I really don't see how the trademark holders
16 in these cases are different from Rosetta Stone.
17 They're not trying to invade the actual trademark in
18 terms of making something sound similar to Rosetta
19 Stone. They're -- you're using the name. You're using
20 the Geico name, and you're using the Rosetta Stone name
21 and the -- you know, I forget who the others were,
22 American Airlines name specifically when it's put into
23 the search engine to use that to link to advertisers.

24 So I don't know how you have -- there may be
25 to some degree that they can be differentiated and

1 perhaps that would arise when evidence of the other
2 manufacturer -- the other companies's trademarks might
3 be introduced into evidence at trial.

4 But for discovery purposes, I really don't
5 see how they're very different.

6 MS. CARUSO: Well, let me talk about that a
7 little bit. I mean in the Geico case, the Court drew a
8 distinction between links that were just triggered by
9 the key word which it found no problem with and found
10 that Google hadn't produced any evidence that consumers
11 were not confused if it used the name.

12 THE COURT: Well, that's not necessarily the
13 case. I've read the opinion, and I really don't think
14 necessarily it says what you're saying it says or that
15 it goes as far as you'd like to think it does. But I
16 also don't think that it really is relevant to this case
17 because it was not an ultimate determination of the
18 case. That was just for, you know, injunctive purposes,
19 and it was settled.

20 I mean all of these cases have been settled,
21 and I find that very interesting. And I don't think
22 that there's a definitive opinion on here, and I don't
23 think that you can rely on the Geico case to the extent
24 that you'd like to. And I think that it's not binding
25 certainly on Judge Lee. So --

1 MS. CARUSO: I think that --

2 THE COURT: I think we're starting really
3 from ground zero again, and I don't think even Judge
4 Brinkema would say her opinion in the Geico case would
5 necessarily affect the discovery rulings in this case or
6 any other case.

7 MS. CARUSO: Well, I think -- what she
8 clearly said in the opinion was that it was her ruling
9 which was --

10 THE COURT: It was confined to Geico and the
11 Geico fact, and they had a problem with their expert
12 report, clearly.

13 MS. CARUSO: Right, exactly. And again, she
14 said it was on the facts of that case.

15 THE COURT: Right. And I don't think it's
16 the same thing. I really don't because they had a big
17 problem with their expert report.

18 MS. CARUSO: Well, Your Honor, I think
19 there's a big problem with the expert report here, too.

20 THE COURT: Well, I haven't seen that, yet.
21 I haven't seen that yet.

22 MS. CARUSO: But --

23 THE COURT: She still found that there was
24 actual confusion.

25 MS. CARUSO: She found that Google had not

1 relevant to the discovery request.

2 MS. CARUSO: Well, it goes to the fact that
3 whatever Google has done with regard to other companies
4 doesn't have bearing on whether consumers are likely
5 to --

6 THE COURT: Doesn't it go to willfulness?

7 MS. CARUSO: It only goes to willfulness if
8 there is evidence -- if there's proof of intent like
9 the --

10 THE COURT: Yeah, well what do they mean to
11 do when they're using -- I don't understand how you can
12 say that it's not relevant when what we're talking about
13 is really the exact same act, someone using -- you using
14 the actual trademark of a company.

15 MS. CARUSO: Your Honor, I appreciate that.

16 THE COURT: And I'm having trouble. Maybe
17 you think you can convince me somehow, go ahead and give
18 it a try.

19 MS. CARUSO: The likelihood of confusion
20 factors don't only focus on the similarity of the marks
21 at issue. They also --

22 THE COURT: There's no similarity of marks.
23 You're using the mark.

24 MS. CARUSO: That's correct.

25 THE COURT: Okay.

1 MS. CARUSO: Well, it is being used. Their
2 case goes beyond just --

3 THE COURT: I understand that, but the main
4 issue here is you're using their mark.

5 MS. CARUSO: Right. But that's not the only
6 factor in likelihood of confusion. There are other
7 factors --

8 THE COURT: Right.

9 MS. CARUSO: -- which include the strength
10 of the mark.

11 THE COURT: I'd say it's pretty strong.
12 Let's go ahead.

13 MS. CARUSO: And there's that one mark that
14 that Rosetta Stone that's pretty strong.

15 THE COURT: Right.

16 MS. CARUSO: They have other marks like
17 audio companion.

18 THE COURT: I know. Let's just deal with
19 Rosetta Stone for now. Let's assume that it's strong.

20 MS. CARUSO: All right. All these other
21 complaints that exist out there, we don't have any
22 evidence about the strength of their marks. So --

23 THE COURT: American Airlines, or Geico
24 or --

25 MS. CARUSO: For cases that actually

1 existed. So if you want me just to focus on litigation
2 versus any person's complaint to Google, then I'll do
3 that.

4 THE COURT: Well, I'm not talking about any
5 person. I'm talking about corporations.

6 MS. CARUSO: Any company's complaint --

7 THE COURT: Right.

8 MS. CARUSO: -- versus an actual legal
9 proceedings. That's the distinction that I'm saying do
10 you want me to --

11 THE COURT: I'm sorry. I think they're all
12 the same thing.

13 MS. CARUSO: Okay.

14 THE COURT: And I agree that there might be
15 some complaints by some companies that perhaps don't
16 have the same strength as Rosetta Stone or that, but
17 we're still talking about at least for discovery
18 purposes now and what we put into evidence at trial, but
19 we're still talking about what amounts to the same
20 issue, that a company complains that they used their
21 actual trademark.

22 MS. CARUSO: And, Your Honor, if you think
23 about that, think about every comparative advertisement
24 that exists, they all use the actual trademark. But
25 they don't all turn out the same way.

1 THE COURT: Uh-huh.

2 MS. CARUSO: They're very different because
3 it depends on the question of confusion. And so --

4 THE COURT: Right, exactly.

5 MS. CARUSO: Take, for example, Time
6 Magazine has been sued in the past for running a
7 comparative ad that a company said infringed its
8 trademark. If it's sued again for running a different
9 ad, what happened in that first lawsuit is not relevant
10 to the second lawsuit.

11 THE COURT: Okay, I understand.

12 MS. CARUSO: I think it really is going to
13 open up, especially on the issue of expert reports. The
14 experts that Google has in this case are not the experts
15 that it's had before. The facts that it had in other
16 cases are not the facts that we have here.

17 THE COURT: Uh-huh.

18 MS. CARUSO: If we're going to bring those
19 experts reports in on damages, I don't see how, you
20 know, what American Airlines' usage was has anything to
21 do with what the usage is here in Rosetta Stone.

22 But also on the question of confusion, then
23 you really are inviting a whole new trial of those
24 issues that were never tried before.

25 THE COURT: Uh-huh.

1 MS. CARUSO: Rosetta Stone didn't bring this
2 case as a class action or seek to resurrect all those
3 past cases. It's just bringing this on its own behalf.

4 THE COURT: Uh-huh.

5 MS. CARUSO: And, the volume of these
6 documents is quite a lot.

7 THE COURT: Okay.

8 MS. CARUSO: Given -- you know, if they want
9 a stipulation that other people have complained about
10 Google's trademark policy, Google will provide that.

11 I don't see how having, you know, a stack of
12 complaints without all -- having full trials on all of
13 them to present to the jury how it is that all of those
14 aren't relevant either in addition to this one not
15 winding up with confusion. It --

16 THE COURT: Well, that's interesting. Would
17 Google be willing to stipulate that it had X thousands
18 of complaints about its trademark policy and the way
19 it's used -- the same issue that Rosetta Stone is
20 complaining of? Are you willing to stipulate to that?

21 MS. CARUSO: Well, not right here, right now
22 for one reason because I don't know what the extent of
23 those numbers are because --

24 THE COURT: Uh-huh.

25 MS. CARUSO: -- it's so burdensome to do.

1 We haven't undertaken it.

2 THE COURT: I wonder how many you'd be
3 willing to stipulate to.

4 MS. CARUSO: For purposes of discovery, we
5 probably would be willing to stipulate to some number.
6 I should check with my client as to what they're
7 comfortable with on that.

8 THE COURT: Okay. Thank you.

9 Did you have anything to add?

10 MS. SPAZIANO: Just a couple of comments if
11 I might on the issue of expert reports and the other
12 litigation and why those documents would be relevant
13 here or other deposition transcripts.

14 Let's start with the 30(b)(6) deposition.
15 30(b)(6) deposition of Google in the American Airlines
16 case, I don't know if one took place because I don't
17 know what was there.

18 But if one did, Google testifying about the
19 practices that are on issue here, clearly relevant.
20 We're going to take a 30(b)(6) deposition of a Google
21 person. We're entitled to know what Google has said in
22 the past about these same issues.

23 The same thing goes for interrogatory
24 responses if they exist, request for admission which we
25 specifically asked for, damages expert reports which was

1 something that was specifically commented as can't see
2 how it could possibly be relevant.

3 Well, putting aside the separateness of the
4 mark, the damages that are recoverable in these cases
5 are very similar. And if Google's expert says in the
6 American Airlines case that damages should be A, B, C or
7 D and I don't mean the numbers, I mean --

8 THE COURT: How their calculated, uh-huh.

9 MS. SPAZIANO: Or they should exclude X or
10 Y, and Google's expert here is taking a very different
11 position, we're entitled to know that. And what is
12 interesting is you've got case after case that has been
13 settled as Your Honor noted. And because it's been
14 settled, we're not entitled to see that information.
15 And Google in fact is able, therefore, to -- or
16 attempting to try to shelter, you know, that
17 discoverable information from us.

18 So, I -- I believe that all of that
19 information could be very relevant to the issues that
20 we're dealing with right here as we proceed down the
21 path of taking some of these depositions and dealing
22 with the experts.

23 As for the burden argument associated with
24 these documents because Google chooses to dump all of
25 its documents in a Trax system, that's not a basis to

1 say you don't get any of it.

2 And if that information is relevant to this
3 case and discoverable and we believe for all the reasons
4 we've talked about today and all the reasons Your Honor
5 has raised it is discoverable, you can't just say, well,
6 it's in a ten terabyte database and we can't get it.

7 And such an assertion coming from Google
8 which is the greatest search engine in the world is even
9 less -- less realistic.

10 THE COURT: Okay.

11 MS. SPAZIANO: So I just raise those points,
12 and I think that if this information is discoverable,
13 there are many ways to figure out how to get that
14 information without imposing undue burden.

15 And we all work through those issues on a
16 daily basis. But to date, we've been told it's not
17 relevant and it won't be produced.

18 THE COURT: Okay, thank you very much.

19 I mean, as I said this is a really unique
20 sort of trademark infringement case, well, aside from
21 Geico and American Airlines.

22 But normally the Court would be pretty
23 skeptical of requests relating to third party trademark
24 infringement. But I think to a great extent it's an
25 issue in this case in terms of willfulness and intent.

1 And some of the requests that I think relate to third
2 parties are discoverable, but not everything. And let
3 me just kind of go through this.

4 As for request number five, I think that
5 it's still too broad. If they're going to have to do a
6 search in the Trax system, again, I have to agree with
7 defendant's counsel that I don't even know how you go
8 about searching for that.

9 If you want to search the Trax system and
10 this actually holds true with regard to anything else
11 that I grant in your motion to compel, as far as --
12 because you've already agreed to produce and you have
13 produced everything that's related to Rosetta Stone from
14 the Trax system. If there's anything else that you
15 wanted out of the Trax system, you're going to have to
16 pay for the search.

17 So if you want number five as you have
18 defined it orally here during argument, I don't have a
19 problem with that if the plaintiff pays for the search.
20 So you have to decide how much it's worth to you.

21 As to numbers 6 -- 6, 7, 10, 12, I'm going
22 to grant those as well. I think -- I don't think it's
23 burdensome enough to -- too burdensome, rather, to have
24 to produce any documents that aren't in the Trax system.

25 So I'm going to grant that, and I think it

1 is relevant as to 6, 7, 10 and 12.

2 As to 13, 14, and 15, as I said before, I
3 think settlement agreements are just so -- involve so
4 many factors. I just don't think that it's going to be
5 relevant nor would it be admissible, and I'm going to
6 deny that.

7 As to 18, 19, 20, 21, 22, 23, 26, 27, 28,
8 29, 67, 68, 69, 76, 77, 78, 79, 93, and 9 -- excuse me,
9 93 and then 106, I'm going to grant all of those. I'm
10 going to limit it to 2002, go back that far. And as I
11 said, if it relates to the Trax system, I'm not going to
12 require them to search that any further. But,
13 everything else I think is reasonably related to
14 information here that might be relevant at trial. So
15 I'm going to allow those.

16 As to request number 96, I'm not going to
17 allow the payments again for the same reason I'm not
18 going to allow the settlement agreement.

19 And as to request number 13, they've made a
20 representation they don't have such documents. So I'm
21 not going to grant the request with regard to that.

22 So basically, I'm granting everything except
23 for -- let's go over it again and make sure I've got it
24 correct, except for five. Five is denied. 13 is
25 denied. 14 is denied. 15 is denied. 96 is denied, and

1 113 is denied, except as I said to the extent that
2 plaintiff wants to pay to go to the Trax system.

3 Now --

4 MS. CARUSO: Your Honor --

5 THE COURT: I'm sorry, go ahead.

6 MS. CARUSO: I wanted to just seek
7 clarification on one thing. Those requests, encompassed
8 within them is a huge amount of attorney work product
9 information.

10 THE COURT: Well, you're just going to have
11 to file a privilege log with regard to anything that you
12 claim is privilege. I'm not saying that non -- that
13 privileged documents must be produced. You have to do a
14 privilege log.

15 MS. CARUSO: Okay, but privilege log itself
16 is going to be pretty burdensome going back to 2002 to
17 collect those things.

18 THE COURT: I don't think a lot of this is
19 privileged.

20 MS. CARUSO: Well, one of these request all
21 analysis about, you know, considering removing anything,
22 all -- all communications relating to the presence or
23 absence of it, all documents relating to Google's
24 policies concerning which I think --

25 THE COURT: Uh-huh.

1 MS. CARUSO: -- picks up literally every
2 single document relating to a lawsuit. And so drafts of
3 summary judgment briefs and, you know, it just is a
4 huge amount of --

5 THE COURT: All right. Well, tell me which
6 ones specifically you're concerned about because I don't
7 mean it to be quite that far. You're talking about 18?

8 MS. CARUSO: 18 would definitely be one of
9 them. 19 and 20 are basically the same except they
10 changed "removing" to "limiting" and "prohibiting".

11 THE COURT: How many suits have you had?

12 MS. CARUSO: It's fewer than ten, but they
13 do go back for -- well, I shouldn't say fewer than ten.
14 I think that it's fewer than ten. But they go back
15 quite some time.

16 And, you know, it -- finding these -- sort
17 of tracking down the privileged information in order to
18 log it is going to be a -- quite an undertaking given
19 the amount of time that has passed in the past eight
20 years for all of these things that are theoretically
21 responsive.

22 So if, Your Honor, you could limit it to
23 anything that was exchanged, production with counsel or
24 filed with Court or depositions --

25 THE COURT: I don't think we can do that

1 because, I mean, it may be privileged; it may not.

2 Well, let's see. Number 18 says -- all
3 right. I see what you're saying. I guess if it related
4 to a lawsuit that if it was not privileged -- I mean,
5 well certainly, if you'd communicated to somebody else
6 that -- to the other party that it would not be
7 privileged.

8 MS. CARUSO: Right.

9 THE COURT: If you did not communicate it,
10 then I'm assuming that at some point a privilege issue
11 would have come up with regard to those documents, that
12 they would have been privileged to begin with.

13 Wouldn't you agree?

14 MS. SPAZIANO: May I speak to this? One
15 thing we have talked about is trying to reach an
16 agreement and not logging the documents that are clearly
17 privileged. And it's one thing that's under
18 consideration. We sent a proposal to Google's counsel
19 that would, you know, not require us to log things that
20 are clearly privileged --

21 THE COURT: Right.

22 MS. SPAZIANO: -- such as to, you know,
23 client seeking legal advice or conveying legal advice.

24 And so we're happy to work through that. We
25 have got a proposal on the table. My concern about the

1 concern raised by counsel is she said that it would be
2 very burdensome to go back and try to find all of those
3 things that are privileged.

4 And what worries me is that if you say you
5 don't have to log any of those things, and they don't go
6 out and search for those things, they may miss things
7 that are not privileged and responsive.

8 And so I'm happy to work on minimizing the
9 burden of the privileged log because we're not going to
10 come to in and fight over draft summary judgment briefs
11 and whether or not they should be produced.

12 But I think that the burden to search for
13 the documents needs to exist. The logging is something
14 that we're happy to work through.

15 THE COURT: Well, let me ask you something.
16 I mean wouldn't most -- I mean, Google doesn't usually
17 represent itself. It has outside counsel, correct?

18 MS. SPAZIANO: Yes.

19 THE COURT: So, most of what you're
20 concerned about would be in the possession of outside
21 counsel, would it not, not inhouse?

22 MS. CARUSO: Except to the extent that
23 drafts were sent to inside counsel and e-mails were
24 exchanged with inside counsel which I believe happens
25 fairly frequently.

1 THE COURT: Well, what if -- I mean, what if
2 we accepted anything that was -- you know, I don't know
3 how you're going to do this, though.

4 What I'm wondering about is general reviews
5 and analysis rather than ones that are specific to
6 litigation with regard to 18, 19, and 20, and 21, 22.

7 MS. CARUSO: Your Honor, with respect to
8 general ones that are not specific given litigation,
9 we've already agreed to produce those.

10 THE COURT: Because when I was looking at
11 those, I was really thinking of general studies not
12 specific to certain litigation.

13 MS. CARUSO: Right, and we agreed that
14 that's relevant, general studies, and that's why we have
15 agreed to produce them.

16 THE COURT: Okay, but I am letting them
17 have -- okay, so why do you think that that would -- let
18 me ask plaintiff's counsel again why -- I understand
19 that you think that there might be something in there.
20 But if they're agreeing to give you the general ones and
21 if they're agreeing to give you the specific documents
22 that you asked for with regard to American Airlines
23 and -- let's see, contrast for somebody else as well.
24 But you asked specifically --

25 MS. CARUSO: Asked specifically for --

1 MS. SPAZIANO: About American Airlines, and
2 that's part of the issue, we don't know what other
3 litigation out there exists or what other resolutions
4 existed before matters went to litigation. And that's
5 exactly the issue.

6 To the extent that there were communications
7 like those that were provided in the American Airlines
8 litigation that exist with respect to matters that
9 didn't need litigation, they're likely to have the same
10 kind of --

11 THE COURT: You've got the American
12 Airlines, though, already. I mean, you don't have that.
13 I mean I'm telling them to produce it. You don't have
14 anything on that.

15 MS. SPAZIANO: Right.

16 THE COURT: We're going to have to take this
17 one step at a time I think.

18 MS. SPAZIANO: Sure.

19 THE COURT: You're going to have to produce
20 the American Airlines as I ordered. And I think you
21 think that was only one that was a specific suit.

22 Okay. Then, as far as 18, 19, 20, 21, I'm
23 going to -- and 22, and 23, then I'll relate that to
24 just general analysis and policies and so forth, not
25 specific to specific litigation.

1 MS. SPAZIANO: Can I ask for one
2 clarification for that?

3 THE COURT: Uh-huh.

4 MS. SPAZIANO: If there's a litigation or
5 you know, say like pick Geico because Geico wasn't
6 specifically mentioned here where there was a general
7 analysis and an expert report, is that something that is
8 being produced or is that being excluded from production
9 because it was general analysis in the context of a
10 specific litigation? That's really what --

11 THE COURT: What I'm asking them -- what I'm
12 telling them to do is to not have to look into specific
13 litigation files.

14 MS. SPAZIANO: Uh-huh.

15 THE COURT: That they're going to have -- I
16 mean if they have a general analysis that -- or review
17 that they conducted and perhaps it was sparked by a
18 suit, that's fine. But if it's not part of a litigation
19 process then they don't have to produce it.

20 Now, what I think should happen is, you
21 should get the American Airlines stuff. And if you
22 think that there may be additional specific documents
23 that you might need from another specific suit, then
24 maybe address that.

25 But I don't think -- you know, and come back

1 and ask me about that. But I don't think I can require
2 that they go through what I'm sure are boxes and boxes
3 of litigation files.

4 MS. SPAZIANO: Understood. Would it be
5 possible for them to create a list of those litigation
6 matters or those challenges that didn't result in
7 litigation so we could know what exists that we're not
8 getting so that we could come to you --

9 THE COURT: You're saying they're list than
10 ten? You just want to know the names of the suits? Is
11 that what you're asking me? They're a matter of
12 public --

13 MS. SPAZIANO: Well, to the extent that
14 they're public, we're aware of them.

15 THE COURT: Right.

16 MS. SPAZIANO: But to the extent that there
17 are litigation files before a matter goes to litigation,
18 I mean, there could very well be and likely are
19 situations where somebody threatened litigation, and it
20 was resolved in light --

21 THE COURT: Well, I doubt that any of that
22 analysis is in there if it never even went to trial, if
23 it never even went to suit.

24 MS. SPAZIANO: It would certainly depend on
25 how those negotiations --

1 THE COURT: Right. I think we're digging a
2 little too deep there. I'm going to limit it as I said
3 to just general analysis and reviews and then deal with
4 the American Airlines and we'll go from there, okay.

5 Now, as to producing these documents, when
6 is Google going to be able to produce them? You should
7 be able to produce everything up to now already because
8 you said you were going to do that by February -- excuse
9 me, January 29th or something.

10 MS. CARUSO: That was our intent. There are
11 a few stragglers out there. Only since making that
12 correction there have been more requests served on us,
13 so fewer I think that 200 documents outstanding for us
14 to produce from what we'd already agreed to.

15 As far as when we can produce these, I
16 frankly don't know. I can represent that Google will
17 work to get it done as quickly as possible. But,
18 searching for all of this could take some time, so I
19 just think that --

20 THE COURT: What do you think about by the
21 19th, a little over two weeks?

22 MS. CARUSO: We will certainly attempt to do
23 that and make every effort.

24 THE COURT: All right. Then I'll assume
25 that you're going to produce them by February 19th and

1 I'll extend discovery a little bit then to deal with
2 that.

3 I'm going to keep the final pretrial
4 conference on for February 18th. You'll have to just go
5 and pick a trial date, okay.

6 And then what I'll do is give you until --
7 how about then until, assuming they produced everything
8 which I'm -- which I'm strongly encouraging you to
9 comply with, then let's have the close of discovery by
10 March 12th, all right.

11 Then you can exchange your pretrial
12 submissions by the 24th with objections to the pretrial
13 submissions by the 31st.

14 MS. SPAZIANO: May I ask one question about
15 the Court's ruling with respect to the Trax system?

16 THE COURT: Uh-huh.

17 MS. SPAZIANO: I think your ruling suggested
18 that if we want the Trax system to be searched, we'd
19 have to pay for the search and my question --

20 THE COURT: Beyond what they've already
21 searched for. As I understand they've been all for
22 Rosetta Stone searches.

23 MS. SPAZIANO: Understood completely.
24 Would -- does your order contemplate that we would be
25 preparing the search that would be done based on the

1 requests that are at issue here such that we can try to
2 narrow the scope of that and the cost associated with
3 that?

4 THE COURT: Yes, you can do that. You can
5 narrow it, and I'd like you all to communicate back and
6 forth. And if you want to pay for a limited Trax
7 search --

8 MS. SPAZIANO: Uh-huh.

9 THE COURT: -- then that's all right.

10 MS. SPAZIANO: Understood. Thank you.

11 THE COURT: Okay, all right.

12 Is there anything else that we need to deal
13 with? No.

14 Okay, thank you. Court's adjourned.

15 (Proceeding concluded at 2:51 p.m.)
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CERTIFICATE OF TRANSCRIPTION

I, Renecia Wilson, hereby certify that the foregoing is a true and accurate transcript that was typed by me from the recording provided by the court. Any errors or omissions are due to the inability of the undersigned to hear or understand said recording. Further, that I am neither counsel for, related to, nor employed by any of the parties to the above-styled action, and that I am not financially or otherwise interested in the outcome of the above-styled action.

IN WITNESS WHEREOF, I have hereto subscribed my name this 18th day of February, 2010.

/s/
Renecia Wilson, RMR, CRR
Official Court Reporter