

EXHIBIT 27

1 UNITED STATES DISTRICT COURT
2 EASTERN DISTRICT OF VIRGINIA
3 NORFOLK DIVISION

4 -----x
5 I/P ENGINE, INC., :
6 Plaintiff, : Civil Action No.
7 v. : 2:11-cv-512
8 AOL, INC., et al., :
9 Defendants. :
10 -----x

11
12 HIGHLY CONFIDENTIAL - OUTSIDE COUNSEL ONLY

13 Videotaped Deposition of GOOGLE, INC.,

14 By and through its Corporate Designee,

15 JONATHAN GLEN ALFERNES

16 Thursday, June 21, 2012

17 8:09 a.m.
18
19
20
21
22

23 Job No.: 21657

24 Pages: 1 - 336

25 Reported by: Pua McVay, CSR 12868

1 quality ads in your campaign in your account. Those ads
2 may or may not be serving because they're of low quality.
3 Therefore, you know, here's a point or two. The ads in
4 your account that aren't up to Google's standards, you
5 should work to improve them."

08:16:58
08:17:02
08:17:05
08:17:08
08:17:11

[illegible][illegible]

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CONDUCTED ON THURSDAY, JUNE 21, 2012

14

1 Q [REDACTED] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] is 08:19:08
8 that Quality Score is primarily this thing that shows up 08:19:11
9 in the AdWords front end, the interface that advertisers 08:19:15
10 come to to interact with AdWords; and again, primarily a 08:19:19
11 communication vehicle back to advertisers, right? And 08:19:24
12 we've progressed so now Quality Scores are a numeric 08:19:27
13 range from 1 to 10. I would say also in that 08:19:32
14 communication bundle there are things where we talk to 08:19:35
15 advertisers about more actionable metrics, like first 08:19:38
16 page bid, for example. 08:19:42
17 What I think you're getting at is from the 08:19:43
18 perspective of how we communicate to advertisers in the 08:19:45
19 Help Center documentation in some of our marketing 08:19:48
20 material. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

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[illegible]

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21

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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1	A	Yeah, I mean at a high level so the title	11:43:12
2		helps. It's the -- this is a printout screen capture, so	11:43:17
3		to speak, of a page of the Google AdWords Help Center.	11:43:23
4		Yeah.	11:43:34
5	Q	Okay. It also describes Quality Score for Ad	11:43:34
6		Rank. What does that mean, Quality Score for Ad Rank on	11:43:40
7		Google?	11:43:45
8	A	So, again, these are documents -- these are	11:43:46
9		help documents that try to at a high level explain to our	11:43:49
10		advertisers how the search ad system works both for	11:43:54
11		purposes of just transparency with respect to the	11:43:58
12		advertisers but also so that it helps with respect to	11:44:02
13		alignment about, you know, purposes of advertisers	11:44:06
14		optimizing their ads and understanding the types of	11:44:11
15		things that we're looking for on Google. So we talk to	11:44:15
16		advertisers about the auction. And when we talk to them	11:44:20
17		about the auction, we talk about ranking. And	11:44:24
18		essentially the way that we think of your overall rank is	11:44:28
19		being a -- you know, a simple multiplication of the	11:44:34
20		advertiser's CPC bid and, as we label here, Quality	11:44:39
21		Score. What it is in reality is, you know, a CPC bid.	11:44:43
22		So the advertiser's bid times the actual predicted	11:44:50
23		click-through rate for that ad.	11:44:55
24	Q	Now I'm going to try to focus your attention	11:44:56
25		on -- it says: Quality Score for Ad Rank on Google and	11:45:03

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1 the search network. What does it mean by Ad Rank on 11:45:06

2 Google and the search network? 11:45:10

3 A So what they're referring to there is I believe 11:45:12

4 AdSense for search. [REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

16 Q Okay. 11:46:09

17 A Oh, I see we do clarify it here: If the ad is 11:46:18

18 appearing on a search network page, translate that in 11:46:23

19 your mind to mean on an AFS partner page. 11:46:26

20 Then here we say: Its CTR on that search 11:46:29

21 network partner is also considered. 11:46:32

22 [REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

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1	[REDACTED]	11:46:51
2	Q So under Quality Score where it says it's	11:46:53
3	determined by the historical click-through rate of the	11:47:07
4	keyword and matched ad on Google, what does that mean?	11:47:11
5	A So --	11:47:18
6	MR. PERLSON: Objection. Form.	11:47:18
7	THE WITNESS: So what we're talking about is I	11:47:19
8	think -- let's see: Again an advertiser can have	11:47:21
9	multiple instances of the same keyword. The advertiser	11:47:30
10	can also have multiple creatives for that keyword.	11:47:35
11	So essentially what we're trying to tell	11:47:39
12	advertisers is it's not just the keyword that matters,	11:47:41
13	it's not just the creative that matters, but to some	11:47:44
14	extent it matters how the two are associated as well.	11:47:47
15	BY MR. JACOBS:	11:47:50
16	Q Is it an individual ad or is it something more	11:47:50
17	that it's matched to? It says: Historical click-through	11:47:53
18	rate of the keyword in the matched ad on Google.	11:47:59
19	Is that just one ad or is that something	11:48:01
20	different?	11:48:04
21	MR. PERLSON: Objection. Form.	11:48:05
22	THE WITNESS: It doesn't really -- to be	11:48:05
23	honest, it doesn't really make sense in technical terms I	11:48:06
24	think. I don't know why the writer chose this	11:48:09
25	terminology, matched ad.	11:48:12

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1	BY MR. JACOBS:	11:48:15
2	Q How much oversight is put on introducing these	11:48:24
3	documents to the public? Is it one person writing these	11:48:28
4	or is the content of this particular page reviewed by	11:48:31
5	others at Google?	11:48:36
6	MR. PERLSON: Objection. Form.	11:48:39
7	THE WITNESS: You know, so they -- we try to	11:48:41
8	get it right but, you know, the amount of documentation	11:48:47
9	that we have, the amount of change with respect to our	11:48:52
10	systems, the amount of things going on, means that while	11:48:56
11	we hope that there are no inaccuracies, we don't -- we	11:49:00
12	are unable to -- I would say I personally am unable to --	11:49:04
13	most of the folks who work on the product management side	11:49:09
14	will look over these things but they will not sit and	11:49:12
15	tweak and spend hours making sure that the language is as	11:49:16
16	perfect as it can be.	11:49:20
17	BY MR. JACOBS:	11:49:22
18	Q Well, in the next bullet point, it says: Your	11:49:22
19	account history, which is measured by the CTR of all the	11:49:25
20	ads and keywords in your account.	11:49:29
21	That sort of distinguishes ads in the plural	11:49:31
22	from a matched ad. What is being measured with respect	11:49:35
23	to CTR of all the ads and keywords in the account?	11:49:39
24	A So it's best to think about what we're trying	11:49:46
25	to do here again, right? We're trying to explain how	11:49:48

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1 THE WITNESS: In what way? 05:34:33

2 BY MR. JACOBS: 05:34:34

3 Q In any way? 05:34:34

4 A I don't know to what extent we have -- 05:34:35

5 actually, no, not directly. I don't believe so. 05:34:54

6 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

16 MR. JACOBS: I want to take a short break and 08:04:29

17 then we'll finish up. 08:04:32

18 THE VIDEOGRAPHER: Going off record. The time 08:04:34

19 is 8:04 p.m. 08:04:36

20 (Recess.) 08:11:02

21 THE VIDEOGRAPHER: We're back on the record and 08:11:02

22 the time is approximately 8:11 p.m. 08:11:04

23 BY MR. JACOBS: 08:11:10

[REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

21 MR. JACOBS: I have no further questions at 08:15:06
22 this time. Thank you very much, Mr. Alferness. 08:15:07
23 THE WITNESS: Thank you. 08:15:11
24 THE VIDEOGRAPHER: This marks the end of 08:15:13
25 Videotape Number Eight in the deposition of 08:15:14

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1	Mr. Alferness. Going off record and the time is	08:15:17
2	approximately 8:15 p.m.	08:15:19
3	(Signature having not been waived, the	
4	videotaped deposition of JONATHAN GLEN ALFERNES	
5	was concluded at 8;15 p.m.)	
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