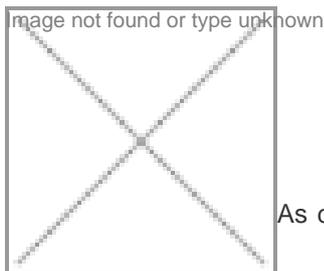




Memorandum Opinion Released in Rosetta Stone v. Google

08.04.2010

On August 3, Judge Gerald Bruce Lee of the Eastern District of Virginia issued his much-anticipated memorandum opinion in *Rosetta Stone v. Google*, revealing the reasoning behind his award of summary judgment to defendant Google on counts of, *inter alia*, direct, contributory, and vicarious trademark infringement.



As discussed in previous blog entries, plaintiff Rosetta Stone had alleged that Google's

sale of Rosetta Stone's trademarks as keywords, triggering advertisements by third parties promoting counterfeit Rosetta Stone products, both directly and indirectly infringed such trademarks under Virginia law and the Lanham Act.

In finding for Google with respect to direct infringement, the court held that "no reasonable trier of fact" could find that such a practice "creates a likelihood of confusion as to source or origin."

Specifically, the court held (a) that there was no intent on the part of Google, either to confuse its users or to pass its own goods off as those of Rosetta Stone; (b) that "Rosetta Stone's evidence of actual confusion" "testimonies of five individuals out of more than 100,000 impressions over six years" "[was] *de minimis*"; (c) that none of the interviewed witnesses "who allegedly purchased counterfeit Rosetta Stone products after conducting a search" were confused about the source of their purchase, even if they were confused about the authenticity of the products purchased; and (d) that "consumers who are willing to spend hundreds of dollars on language-learning software" are likely to be knowledgeable and sophisticated. And, in any event, the court held that functionality doctrine precludes a finding of infringement, as Google's use of Rosetta Stone's marks "to identify relevant sponsored links" is "no different than the use of a Google search query to trigger organic search results relevant to the user's search."

Judge Lee also disagreed with Rosetta Stone's claim that Google "intentionally induces or knowingly continues

to permit? known counterfeiters to purchase Rosetta Stone marks as keywords. Although Google?s Query Suggestion Tool, which generates a filtered list of keyword ideas, was developed to simplify use of its AdWords program and attract additional advertisers, such an economic incentive does not, by itself, ?indicate intent to induce infringement.? The court then considered the Second Circuit?s reasoning in *Tiffany, Inc. v. eBay, Inc.* (2010) in holding that Google did not have the sort of ?specific contemporary knowledge? of infringing activity necessary to find liability. In *Tiffany*, the Second Circuit failed to find liability despite the fact that eBay had received "thousands of Notice of Claimed Infringement Forms." By contrast, Google had been notified of "200 instances of Sponsored Links advertising counterfeit Rosetta Stone products" over a six-month period.

The court further declined to impose vicarious liability on Google. To prevail on this claim, Rosetta Stone needed to show that Google ?[had] joint ownership or [controlled] the alleged infringing advertisements.? The court, however, refused to find such control based on the ?mere fact that Google [had] a financial relationship with the alleged infringers.?

Nor did the court agree with Rosetta Stone that Google?s sale of its trademarks as keywords impaired the distinctiveness or reputation of the trademarks. Rosetta Stone?s brand awareness had, in fact, ?only increased since Google revised its trademark policy in 2004.? Moreover, the court found no evidence suggesting that ?those who purchased the allegedly counterfeit software had a reduced opinion? thereafter of the Rosetta Stone marks and brand.

As stated in prior blog entries, Rosetta Stone may consider an appeal to the Fourth Circuit upon review of the Memorandum Opinion.

Other discussions of the case can be found at Eric Goldman's blog [here](#), at MediaPost [here](#), and at WebProNews [here](#).

Related People