



4-21-2010

# Vol. XXII, Tab 59 - Google's Opposition to Rosetta Stone's Motion for Sanctions

Google

Follow this and additional works at: <http://digitalcommons.law.scu.edu/appendix>



Part of the [Evidence Commons](#), and the [Intellectual Property Commons](#)

---

## Automated Citation

Google, "Vol. XXII, Tab 59 - Google's Opposition to Rosetta Stone's Motion for Sanctions" (2010). *Rosetta Stone v. Google (Joint Appendix)*. Paper 145.

<http://digitalcommons.law.scu.edu/appendix/145>

This Other Court Documents is brought to you for free and open access by the Research Projects and Empirical Data at Santa Clara Law Digital Commons. It has been accepted for inclusion in Rosetta Stone v. Google (Joint Appendix) by an authorized administrator of Santa Clara Law Digital Commons. For more information, please contact [sculawlibrarian@gmail.com](mailto:sculawlibrarian@gmail.com).

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

(Alexandria Division)

ROSETTA STONE LTD.

Plaintiff,

v.

GOOGLE INC.

Defendant.

CIVIL ACTION NO. 1:09cv736  
(GBL / TCB)

GOOGLE INC.'S OPPOSITION TO ROSETTA STONE'S MOTION FOR  
SANCTIONS

TABLE OF CONTENTS

	<u>Page</u>
PRELIMINARY STATEMENT .....	1
BACKGROUND .....	2
ARGUMENT .....	5
I. THE INNOCENT MISTAKE AT ISSUE DOES NOT MEET THE STANDARD TO IMPOSE SANCTIONS .....	5
A. Google Did Not Act in Bad Faith .....	5
B. Rosetta Stone Cannot Show Prejudice .....	9
1. Google produced the results of its trademark experiments at the outset .....	9
i. Google's trademark experiment documents are cumulative and/or irrelevant .....	10
ii. Rosetta Stone cannot show prejudice .....	10
2. The Google experiments are irrelevant and subject to exclusion .....	11
3. Other late-produced documents are cumulative or irrelevant .....	13
i. Google's new sponsored link documents are cumulative and are irrelevant .....	13
ii. The third-party working paper is irrelevant .....	14
iii. Google's new BarnOwl documents are cumulative .....	14
C. Google's Inadvertent Error Does Not Require Deterrence .....	15
D. If Any Sanction Should Issue, Less Drastic Sanctions Are Appropriate .....	15
1. Documents do not support Rosetta Stone's requested sanction .....	16
2. Rosetta Stone's requested sanction seeks to unfairly stack the deck .....	17
3. Lesser sanctions are available .....	19
CONCLUSION .....	20

TABLE OF AUTHORITIES

	<u>Page</u>
<u>Cases</u>	
<i>Ali v. Sims</i> , 788 F.2d 954 (3d Cir. 1986).....	18
<i>American Footwear Corp. v. Gen. Footwear Co.</i> , 609 F.2d 655 n.4 (2d Cir. 1979).....	12
<i>Belk v. Charlotte-Mecklenburg Bd. of Educ.</i> , 269 F.3d 305 (4th Cir. 2001).....	5
<i>Bizprolink, LLC v. America Online, Inc.</i> , 140 Fed. Appx. 459 (4th Cir. 2005).....	5, 15, 16, 18
<i>DiGregorio v. First Rediscount Corp.</i> , 506 F.2d 781 (3d Cir. 1974).....	6
<i>Estate of Spear v. C.I.R.</i> , 41 F.3d 103 (3rd Cir. 1994).....	18
<i>Haney v. Woodward &amp; Lothrop, Inc.</i> , 330 F.2d 940 (4th Cir. 1964).....	6
<i>In re Mbakpuo</i> , 1995 WL 224050 (4th Cir. April 17, 1995).....	19
<i>J.D. Marshall Int'l, Inc. v. Redstart, Inc.</i> , 656 F. Supp. 830 (N.D.Ill. 1987).....	18
<i>Jacobs v. Scribner</i> , 2009 WL 3157533 (E.D.Cal. 2009).....	6
<i>Knowlton v. Teltrust Phones, Inc.</i> , 189 F.3d 1177 (10th Cir. 1999).....	16
<i>Lone Star Steakhouse &amp; Saloon, Inc. v. Alpha of Va., Inc.</i> , 43 F.3d 922 (4th Cir. 1995).....	12
<i>Malletier v. Dooney &amp; Bourke, Inc.</i> , 525 F. Supp. 2d 558 (S.D.N.Y. 2007)T.....	12
<i>Peltz v. Moretti</i> , 292 Fed. Appx. 475 (6th Cir. 2008).....	16, 18
<i>Poulis v. State Farm Fire and Cas. Co.</i> , 747 F.2d 863 (3d Cir. 1984).....	16
<i>Sawyers v. Big Lots Stores, Inc.</i> , 2009 WL 55004 (W.D. Va. Jan. 8, 2009).....	18

<i>Simon Prop. Group L.P. v. mySimon, Inc.</i> , 104 F. Supp. 2d 1033 (S.D. Ind. 2000).....	12
<i>Starter Corp. v. Converse, Inc.</i> , 170 F.3d 286 (2d Cir. 1999).....	13
<i>State Farm Mut. Auto. Ins. Co. v. New Horizont, Inc.</i> , 250 F.R.D. 203 (E.D.Pa. 2008).....	19
<i>THQIP v. Walt Disney Co.</i> , 2010 WL 447049 (S.D.N.Y. Feb. 9, 2010).....	12
<i>T-Zikssari v. Glendening</i> , 1995 WL 371666 (4th Cir. June 21, 1995).....	16, 17
<i>Truell v. Regent University School of Law</i> , 2006 WL 2076769 (E.D.Va. 2006).....	16
<i>U.S. v. Procter &amp; Gamble Co.</i> , 356 U.S. 677 (1958).....	15
<i>Vista Food Exchange, Inc. v. Vistar Corp.</i> , 2005 WL 2371958 (E.D.N.Y. Sept. 27, 2005).....	13
<i>Webster v. Secretary of Army</i> , 1991 WL 807 (4th Cir. Jan. 9, 1991).....	20
<i>Wilson v. Volkswagen of Am., Inc.</i> , 561 F.2d 494 (4th Cir. 1977).....	16

Rules / Statutes

Fed. R. Civ. P. 1.....	19
Fed. R. Civ. P. 37(b)(2)(A)(i)-(vii).....	19

## PRELIMINARY STATEMENT

Rosetta Stone's Motion for Sanctions seeks to convert an innocent discovery error by Google into a win "on the merits" for Rosetta Stone. Such a drastic sanction is particularly unwarranted here, where Rosetta Stone's claims of prejudice are predicated on its argument that Google's belated production provides the first "explicit support" for what Rosetta Stone had "inferred." Rosetta Stone ties this perceived prejudice to the question "Who, if anybody, explicitly endorsed this listing?" Rosetta Stone does not attempt to explain why this particular question is any more illuminating to it *than the exact same question* identified as part of Google's trademark experiment design, which is found literally in the very first document in Google's production, which was made on December 23, 2009. Rosetta Stone's claim of prejudice is thus entirely unfounded.

Rosetta Stone's argument that "Google's conduct reflects bad faith" based on Google's earlier representation that it had conducted a reasonably diligent search and produced all responsive documents rings similarly hollow. As set forth in the accompanying declarations of Google's in-house discovery counsel and the two Quinn Emanuel partners who participated in discovery matters, Google's document collection efforts were sufficient to identify the responsive documents and Google and its counsel had a good faith belief that the responsive documents were among the more than 88,900 documents (not pages) produced. It turned out, however, that due to a miscommunication with outside contract attorneys who preliminarily reviewed the documents for production, a certain group of documents were coded in a way that led them not to be produced. Upon discovering that error, Google had Quinn Emanuel review all the documents in that select group and the small group (fewer than 20), which had not been produced, will be produced imminently. None of these warrants the sanctions Rosetta Stone



seeks either.

This inadvertent error should also be considered in the context of Rosetta Stone having represented to Google on February 24, 2010 that it had completed its production of responsive documents, only to later produce thousands of pages of documents through at least five of their subsequent productions—frequently on the eve of the deposition they most related to, or, in a number of cases, after it. Although these late productions imposed significant challenges to Google in the middle of whirlwind depositions, Google chose to stay focused on the merits, negotiate the issues as best as it could with opposing counsel, and not seek judicial relief.

Under these circumstances, there is no reason to sanction Google, which acted in good faith. There is especially no reason to impose the counter-factual judicial determination Rosetta Stone seeks. In addition, a sanction here would discourage litigants from trying to litigate on the merits and instead invite games of discovery “gotcha” in an attempt to obtain through unintentional error what could not be won on the law and actual facts.

#### BACKGROUND

Google has provided extensive discovery in response to Rosetta Stone’ broad disclosure requests, producing nearly 90,000 documents. Declaration of Margret Caruso (“Caruso Decl.”), at ¶ 3. Google and its outside counsel worked closely together and were in regular contact throughout the discovery period so as to ensure collection, review and production of responsive documents, including documents produced in response to the Court’s February 4, 2010 Order.<sup>1</sup> *Id.* at ¶¶ 4, 9-10; Declaration of Jonathan Oblak (“Oblak Decl.”), at ¶ 3; Declaration of Kris

---

<sup>1</sup> In providing certain factual information regarding its document collection and review process, Google does not intend to and does not waive any applicable work product or attorney client privilege.

Brewer ("Brewer Decl."), at ¶¶ 3, 8. Google and its outside counsel have engaged in considerable efforts to meet these obligations. *Id.*

Throughout discovery, it has always been Google's intention to produce documents relating to Google's 2004 trademark experiments. Caruso Decl., at ¶ 18; Brewer Decl., at ¶ 10. Google's first production to Rosetta Stone in December 2009 included documents relating to those experiments – in fact the very first document produced by Google included a summary of the design of one of the 2004 experiments and a template for survey questions. Caruso Decl., at ¶ 7, Ex. 1.

Following the Court's February 4, 2010 Order, Google and its outside counsel worked to collect and produce documents addressed by that Order, and also investigated specific inquiries by Rosetta Stone. Caruso Decl., at ¶¶ 9-12; Brewer Decl., at ¶¶ 4-6. Google produced at least 35,000 additional documents in response to the Court's Order, including a large volume of trademark complaints and various other categories of documents (ordered documents relating to eBay, responsive board meeting minutes, ordered documents relating to the American Airlines case) for which Google and its outside counsel had coordinated specific collection and production efforts. Caruso Decl., at ¶ 10; Brewer Decl., at ¶ 4. Google and its outside counsel specifically investigated discovery inquiries included in Rosetta Stone's letters of February 22 and March 8, 2010, and confirmed their belief, honestly held at the time, that the categories described in the letter of Jonathan Oblak dated March 10, had been produced or were in the process of being produced, and that Google had complied fully with their discovery obligations and the Court's Order. Oblak Decl., at ¶ 3; Caruso Decl., at ¶ 11; Brewer Decl., at ¶ 6.

In preparing Google's opposition to Rosetta Stone's partial summary judgment motion, Google's counsel sought to review documents relating to the 2004 trademark experiments.



Caruso Decl., at ¶ 12. Believing they had been produced, but hoping to locate them as quickly as possible, counsel for requested copies of the survey questionnaires for the experiments directly from Google. *Id.*; Brewer Decl., at ¶ 7. Counsel believed that the quickest way to find the production copies of the documents would be to first obtain copies from Google. *Id.* When summary judgment papers were prepared for submission, it became apparent that 11 documents had not, in fact, been produced. *Id.* Google's outside counsel prepared the documents for production on April 8, and some were attached to an April 9 declaration submitted in support of Google's opposition to Rosetta Stone's motion for partial summary judgment. Caruso Decl., at ¶ 13; Brewer Decl., at ¶ 7. While it was intended that the 11 documents would be produced by April 9, they were not produced until April 14, when Rosetta Stone's counsel advised that they had not all been disclosed and Google immediately produced them. Caruso Decl., at ¶ 14.

Upon discovering that the 11 trademark experiment documents ultimately produced on April 14 had not been produced in Google's original production, and in light of the fact that Google had always intended to produce these documents, Google and its outside counsel investigated the cause for the omission. Caruso Decl., at ¶ 15; Brewer Decl., at ¶ 8. Google's outside counsel concluded on April 16 that the cause of the error was a miscommunication between outside counsel and the contract review attorneys. Caruso Decl., at ¶ 16; Brewer Decl., at ¶ 9. Although the documents had been collected and reviewed, they were miscoded and included in a category that was not to be produced, even though they had also been coded in a category for production. *Id.* This conflict was not detected during the regular spot checking of the attorney coding. *Id.* Following this discovery, Google's counsel directed the re-review of the documents that had been given conflicting codes. Caruso Decl., at ¶ 17. Working as quickly as possible, outside counsel identified an additional responsive documents that are being

prepared for production today. *Id.* In total, Google has produced less than 20 new documents.

*Id.*

At all times, Google and its outside counsel intended to comply fully with their discovery obligations and this Court's orders, including intending to produce the documents relating to the 2004 trademark experiments as well as the other responsive documents identified in its recent investigation. At no time did Google or its outside counsel intentionally withhold or omit from production any document it agreed to produce or was ordered produce. Caruso Decl., at ¶ 18; Brewer Decl., at ¶ 10.

### ARGUMENT

#### I. THE INNOCENT MISTAKE AT ISSUE DOES NOT MEET THE STANDARD TO IMPOSE SANCTIONS

Rosetta Stone correctly states the standard for determining whether sanctions should be issued, but it misapplies the facts. In the Fourth Circuit, Courts should consider four factors in determining whether to issue sanctions: (1) whether the non-complying party acted in bad faith, (2) the amount of prejudice that noncompliance caused the adversary, (3) the need for deterrence of the particular sort of non-compliance, and (4) whether less drastic sanctions would have been effective. *Bizprolink, LLC v. America Online, Inc.*, 140 Fed. Appx. 459, 463-64 (4th Cir. 2005); *Belk v. Charlotte-Mecklenburg Bd. of Educ.*, 269 F.3d 305, 348 (4th Cir. 2001). Rosetta Stone cannot show that, under the circumstances present here, the requested sanctions are appropriate.

##### A. Google Did Not Act in Bad Faith.

Rosetta Stone's assertion of bad faith is based on nothing more than unsupported innuendo and speculation. As set forth in the declarations submitted herewith, both Google and its outside counsel believed that all responsive documents relating to the Google experiments had

been produced, and took exhaustive steps to try to locate responsive documents during the course of discovery. Oblak Decl., at ¶ 3; Caruso Decl., at ¶ 11; Brewer Decl., at ¶ 6.

Google's good faith is evident from the fact that it agreed to produce the most salacious documents concerning the 2004 trademark experiment documents voluntarily, before Rosetta Stone filed its motion to compel the January 8, 2010. In fact, at the time of Rosetta Stone's motion Google had already begun producing documents relating to the Google trademark experiments, one of which was the very first document produced by Google. Caruso Decl., at ¶ 7, Ex. 1. Clearly, Google was not seeking to hide documents relating to its trademark experiments. Instead, the late production of documents was the result of a misunderstanding with the outside contract attorneys who conducted the preliminary review of Google's collected documents. Google took seriously the Court's February 4, 2010 order, and produced more than 35,000 documents in response thereto. Caruso Decl., at ¶ 10; Brewer Decl., at ¶ 4. When Rosetta Stone inquired about specific categories, Google investigated and responded to those inquiries and believed those responses to be accurate. Caruso Decl., at ¶ 11; Brewer Decl., at ¶ 5. That Google subsequently discovered documents that are cumulative and/or largely irrelevant is not a basis to call into question the good faith or diligence of its entire discovery efforts.

Notwithstanding Rosetta Stone's conclusory allegations, this inadvertent error does not rise to the level of conduct necessary to demonstrate bad faith. *Haney v. Woodward & Lothrop, Inc.*, 330 F.2d 940, 946 (4th Cir. 1964) (counsel's mistake in not turning over documents did not justify severe sanction); *DiGregorio v. First Rediscount Corp.*, 506 F.2d 781, 790 (3d Cir. 1974) (counsel's mistaken interpretation of law did not constitute bad faith); *Jacobs v. Scribner*, 2009 WL 3157533, at \*15 (E.D.Cal. 2009) (denying sanctions motion because mistake did not constitute bad faith).

Finally, Rosetta Stone's suggestions of bad faith are particularly misplaced given its own discovery failings. Rosetta Stone's conduct and the timing of many significant disclosures could just as easily support the same innuendo cast at Google. If Rosetta Stone's position is that no party is permitted to make an honest mistake, then it should justify its own before casting stones at Google.

Rosetta Stone repeatedly produced responsive (and in some cases highly relevant documents) late in the discovery process and long after having represented that its document production on key issues had been complete. Oblak Decl., at ¶ 6.

For example, Rosetta Stone first disclosed virtually all of its purported evidence of "actual confusion" either during or after the deposition of its 30(b)(6) witnesses on the topic. Oblak Decl., at ¶¶ 8-9. Although Google sought disclosure of Rosetta Stone's actual confusion evidence in its very first disclosure requests, including interrogatories to which Rosetta Stone responded on November 23, 2009, Rosetta Stone first disclosed its confusion witnesses three months later during the deposition of Van Leigh, its 30(b)(6) witness. *Id.* Mr. Leigh, however, knew nothing more than that confusion witness had been identified. *Id.*

Rosetta Stone later provided a supplemental 30(b)(6) witnesses on the topic, as Google had requested, but he was designated as such during the lunch break of his deposition. Oblak Decl., at ¶¶ 10-11. At the time, Rosetta Stone had still not disclosed any documents concerning its confusion witnesses or the process undertaken to identify them. *Id.* at ¶ 13. Further, the witness testified that he had completed his investigation to identify potential confusion witnesses in December 2009 and turned the results over to Rosetta Stone's legal department. *Id.*, at ¶¶ 12-13. Yet Rosetta Stone did not disclose its actual confusion witnesses until two months later and just three weeks before the close of discovery. *Id.* The timing of these disclosures was highly



questionable and raises all types of questions about Rosetta Stone's diligence in complying with its discovery obligations.

Several other instances gave rise to legitimate questions regarding Rosetta Stone's diligence. Mr. Leigh also testified about responsive emails that he had not provided to counsel for production, and another executive testified that he had never been instructed to preserve any documents and had, in fact, routinely destroyed responsive documents after Rosetta Stone's filed its complaint. *Id.*, at ¶ 17.

Rosetta Stone also made other substantial late productions. After representing on February 24, 2010 that it was "not currently aware of any categories of discoverable documents responsive to Google's First Set of Document Requests," Rosetta Stone made at least five productions of documents, substantial portions of which were responsive to Google's first document requests. *Id.*, at ¶ 6. These documents were plainly responsive to Google's first document requests because when Rosetta Stone supplemented its original interrogatory responses after the close of discovery it identified thousands of pages from those later productions. *Id.*

Several specific late disclosures were notable. Just three days before the deposition of its enforcement manager, Rosetta Stone produced thousands of pages of documents from his files, leaving little time to review and prepare them for his deposition; an additional production of his material followed a week after his deposition. *Id.*, ¶ 14.

Finally, Rosetta Stone made a substantial production of documents on March 15, 2010, *after* the close of discovery – approximately 7,500 documents – many of which were admittedly responsive to Google's original document requests, as evinced by their being referenced in supplemental responses to Google's original interrogatories. *Id.*, ¶ 14.



In short, Rosetta Stone's innuendo and speculation as to Google's bad faith is undermined by its own conduct in discovery.

**B. Rosetta Stone Cannot Show Prejudice.**

Rosetta Stone's contention that it has been prejudiced by the late-production of documents is without basis. Rosetta Stone has had for months the actual results of the Google trademark experiments as well as evidence of the overall survey design and types of questions. Moreover, notwithstanding Rosetta Stone's protestations about the importance of the experiments, they are in fact irrelevant and prejudicial and should be excluded. None of the Google trademark experiments, or other studies by Google examining customer perceptions of sponsored link advertisements, are relevant to whether there is a likelihood of confusion as to Rosetta Stone's trademarks. As to other miscellaneous documents identified by Google, those documents are largely cumulative of, consistent with, and/or tangential to Google's earlier document production.

**1. Google produced the results of its trademark experiments at the outset.**

Rosetta Stone also suffered no prejudice from the late production of additional documents regarding the Google trademark experiments because it has had the results of those experiments, as well as numerous documents discussing them, since before depositions began. Rosetta Stone has not only had sufficient opportunity to develop a record regarding the experiments, it has extensively used in its motion practice the best "evidence" for it that those documents yield. *See e.g.*, Dkt. 104 at 7; Dkt. 148 at 2. That the production of some peripheral information that was inadvertently delayed does not prejudice Rosetta Stone.

i Google's trademark experiment documents are cumulative and/or irrelevant

Very little of the information contained in the post-March 15 documents concerning the 2004 trademark studies provides significant insight into the experiments, as earlier productions and contained the conclusions of the studies, the data collected from the studies, and the study methods. Caruso Decl., at ¶ 18. Although the newly-identified documents were used in the studies themselves, such as individual questionnaires and charts indicating the order of the questions, they provide minimal additional information, and mainly serve to reinforce that the 2009 trademark policy was not tested in 2004.

ii Rosetta Stone cannot show prejudice

Rosetta Stone's attempts to demonstrate prejudice are either entirely generalized or misstate the record. Rosetta Stone theorizes that it might have used these documents in its 30(b)6 deposition on the experiments, or when drafting its summary judgment opposition and opposition to Google's motion to strike its survey expert. Motion for Sanctions at 8-10. These conclusory arguments do not support a finding of prejudice. Nor do Rosetta Stone's more specific claims of prejudice bear out.

Rosetta Stone contends that it could have used certain of the documents produced to rebut attacks on the adequacy of Rosetta Stone's consumer confusion study by showing that Google's trademark studies questioned perceived "endorsement" by the trademark owner. Motion for Sanctions at 9. Yet the fact that "endorsement" questions were used in the Google experiments is clearly reflected on the documents produced on December 23, 2009. Oblak Decl., at ¶ 19, Ex. 14. Rosetta Stone cannot seriously contend that not having access to the question "Who, if anybody, explicitly endorsed this listing?" Motion for Sanctions at 9, would have been materially more helpful to it than having of a document reflecting the survey question. Caruso Decl., ¶ 7,

Ex. 1. The “endorsement” question was not new. Moreover, Google’s challenge of Dr. Van Liere’s “endorsement” question was based on his use of that undefined term in connection with advertisers who had an actual commercial relationship with Rosetta Stone, such as Amazon, an authorized reseller, and Coupon Cactus, an authorized premium affiliate at the time Google displayed the advertisement used by Dr. Van Liere. Dkt. 131. Google’s conducting of trademark experiments six years ago regarding perceived endorsement *without regard* to the commercial relationship between the advertiser and trademark owner cannot justify or excuse Rosetta Stone’s expert’s failure to use proper methodology in this case. Dkt. 120; Dkt. 148.

Rosetta Stone also asserts that certain of the new documents refute Google’s claims that the 2004 experiments did not test its 2009 trademark policies. Motion for Sanctions at 8. To support this argument, Rosetta Stone points to the fact that some of the ads used in the experiment include reseller ads. *Id.* at 8-9. Rosetta Stone ignores, however, that the sample ads *also* include ads of where a company uses its competitors trademarks in the ad text. The presence of competitor trademark ads proves the fallacy of Rosetta Stone’s position. Google’s 2009 trademark policy does not permit such ads. But it is not necessary to look to the late produced documents to prove this point – the trademark experiment documents produced previously expressly state the experimental conditions tested, and the limitations on trademark usage in ad text present in the 2009 trademark policy are not tested in the 2004 experiments. Oblak Decl., at ¶ 19, Ex. 14; ¶ 20, Ex. 15. Thus, the new disclosures do not show that the 2004 experiments tested the policy implemented in 2009. Instead, they, like the documents previously disclosed, show the opposite.

2. The Google experiments are irrelevant and subject to exclusion.

As explained in Google’s Motion *in Limine*, Google’s 2004 trademark experiments are irrelevant to whether Google’s use of the Rosetta Stone mark creates a likelihood of consumer

confusion, are unduly prejudicial, and should be excluded. Dkt. 190 at 13-15. Rosetta Stone cannot have been prejudiced by the late disclosure of evidence that should ultimately be excluded at trial.

The 2004 trademark experiments do not measure consumer response to ads using Rosetta Stone's trademarks, which were not used in the experiments *in any respect*. 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 Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922, 933 (4th Cir. 1995). As Rosetta Stone must concede, the 2004 trademark experiments do not replicate the use of Rosetta Stone's marks, and on that basis alone should be excluded. *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)).

The 2004 trademark experiments are also not probative of willfulness. Whatever conclusions were drawn in each experiment, there is no experiment as a whole that tests anything like what became Google's 2009 trademark policy. Oblak Decl., at ¶ 19, Ex 14; ¶ 20, Ex. 15. None of the studies impose the types of limitations present in the 2009 trademark policy, *id.*, which permits only limited use of trademark terms in text.<sup>2</sup> The most that can be said of the

---

<sup>2</sup> 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 (footnote continued)



2004 experiments is that *unrestricted* use of trademark terms in ad text may cause confusion. But that, of course, is not and never has been Google's policy. So the results of the 2004 trademark experiments cannot be used to demonstrate that Google had willfully infringed when it changed its trademark policies five years later after having developing an automated system to check whether certain aspects of its trademark policies were being adhered to by advertisers (technology unavailable to Google in 2004). *Id.*

Finally, just as courts exclude as unduly prejudicial flawed trademark studies *relating to the actual trademark at issue in the litigation*, Google's 2004 trademark experiments should be excluded because they do not relate to Roseita Stone's trademark and do not test actual ads run under the current trademark policy—i.e., market conditions. 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).

3. Other late-produced documents are cumulative or irrelevant.

In addition to the handful of documents relating to the 2004 trademark experiments, Google identified a few other documents for production. All are cumulative of documents produced previously and/or of little or no probative value.

i Google's new sponsored link documents are cumulative and are irrelevant

Google identified a few new documents relating to studies it conducted regarding 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., ¶ 18 Ex. 13.



customer perception of sponsored link advertisements (“sponsored link experiments”). Caruso Decl., ¶ 18. One study, for example, examined ad format to consider consumer responses to the length of the ad and the number of ads that appear at the top of the page. *Id.* These types of concerns do not relate to Rosetta Stone’s claims regarding consumer confusion. Indeed, the sponsored link experiments should be excluded because of the potential for undue prejudice that might arise from the introduction of an additional, but irrelevant, question of confusion. *See, e.g.,* Dkt. 190 at 13-15. In other words, studies regarding consumer perception of the Google.com results page or sponsored link advertisements might cause confusion among the jurors regarding what type of confusion is relevant. Here, only trademark confusion is relevant, which the new sponsored link documents do not address.

**ii The third-party working paper is irrelevant**

Google identified one new document that is a “Working Paper” of an organization called the “Net Institute.” Caruso Decl., at ¶ 18. While responsive to Rosetta Stone’s broad discovery requests, this academic study of search engine advertising, which was not conducted by, or for, Google, has scant, if any, probative value here. The paper does not attempt to measure consumer confusion, in relation to trademarks or otherwise. It is also publicly available at, among other sites: [http://www.netinst.org/Ghose-Yang\\_07-35.pdf](http://www.netinst.org/Ghose-Yang_07-35.pdf).

**iii Google’s new BarnOwl documents are cumulative**

Google identified a few documents relating to the implementation of BarnOwl, its automated filtering system used to measure compliance with the 2009 trademark policy. Caruso Decl., at ¶ 18. These documents address generally BarnOwl policy and the potential revenue impact associated with implementing BarnOwl, and are consistent with the discussion of that topic in other documents produced previously. One of the documents, for example, adds three additional lines to an email chain that was previously produced and attaches a document. *Id.*

Although a duplicate of the attachment was previously produced, Google will produce this version of the otherwise identical document so that the metadata associating the email with document is available. *Id.*

\* \* \*

In sum, these documents, while technically “new,” are irrelevant and/or cumulative. There is no prejudice to Rosetta Stone from their late production and no basis to impose any sanction.

C. Google’s Inadvertent Error Does Not Require Deterrence.

There is no need to sanction Google to deter similar conduct. Google’s conduct was not intentional. In the instant action, the failure to produce documents sooner was caused by an unfortunate review and production error rather than an explicit or intentional disregard of the Court’s instructions. Because Google endeavored to comply with the Court’s order, the error was inadvertent, and Google promptly remedied the mistake, there is no intentional behavior to deter. Admittedly, Google did not attempt to review every single document in the company or start its collection efforts from scratch after receiving the Court’s order. Not only did Rosetta Stone’s counsel admit to Google’s Counsel that no such action was expected, but such efforts would not have been necessary because Google *had* collected the documents in question. The failure to produce fewer than 20 documents out of nearly 90,000 responsive, substantive documents was a mistake, but not one deserving of Court-imposed deterrence.

D. If Any Sanction Should Issue, Less Drastic Sanctions Are Appropriate.

“The purpose of the discovery process is to allow both parties to be prepared for any evidence that will be put forward at trial,” not to adjudicate the merits of the case. *Bizprolink, LLC v. America Online, Inc.*, 140 Fed. Appx. 459, 463-64 (4th Cir. 2005) (citing *U.S. v. Procter*

& *Gamble Co.*, 356 U.S. 677, 682 (1958)). There is a strong presumption against sanctions that decide the issues of a case. *Poulis v. State Farm Fire and Cas. Co.*, 747 F.2d 863 (3d Cir. 1984) Consequently, a court should issue the least drastic sanction available that would still be effective.<sup>3</sup> *T-Zikssari v. Glendening*, 1995 WL 371666, at \*4 (4th Cir. June 21, 1995) (Overturning district court's sanction as too "harsh" because, *inter alia*, "the proper sanction must be no more severe than is necessary to prevent prejudice to the defendants"). This approach strikes the proper balance between "preserving the right of district courts to enforce their discovery orders" while simultaneously allowing "the merits of the damage claim to be adjudicated in the proper forum at trial, rather than in the context of a discovery dispute" *Bizprolink*, 140 Fed. Appx. at 464.

1. Documents do not support Rosetta Stone's requested sanction.

While unwarranted under any authority, Rosetta Stone's requested relief is particularly inappropriate because Google's 2004 trademark experiments do not measure confusion as to the Rosetta Stone trademarks or Google's 2009 policy. Nor do they provide evidence that confusion is likely under Google's 2004 trademark policy relating to key words. The newly produced trademark experiment documents do not support a finding that there was a "high likelihood" of confusion as to any and all use of trademarks in ad text, under any circumstances, for all time.

---

<sup>3</sup> A court that issues potentially dispositive sanctions is subject to closer scrutiny than the general abuse of discretion standard used for non-dispositive sanctions. *Truell v. Regent University School of Law*, 2006 WL 2076769, at \*2 (E.D.Va. 2006) (citing *Wilson v. Volkswagen of Am., Inc.*, 561 F.2d 494, 503 (4th Cir. 1977); *Peltz v. Moretti*, 292 Fed. Appx. 475 (6th Cir. 2008) (Because the deeming of facts established satisfies the elements necessary to determine outcome of case, circuit court reviewed the decision using the high standard required for a sanction of dismissal); *Knowlton v. Teltrust Phones, Inc.*, 189 F.3d 1177, 1182 n.6 (10th Cir. 1999) ("Deeming the establishment of certain facts under Federal Rules of Civil Procedure 37(b)(2)(A) can be tantamount to a default judgment, which in turn triggers a greater degree of scrutiny.").

Instead, the new documents confirm, as is apparent from the previously produced documents, that the scope of the tested specific experimental conditions was markedly different from Google's 2009 trademark policy. *See e.g.* Oblak Decl., at ¶ 19, Ex 14; ¶ 20, Ex. 15.

In short, the "established fact" requested by Rosetta Stone is a fiction – a contrived attempt to convert the 2004 trademark experiments into something they are not and shield them from legitimate and highly probative criticisms – criticisms that could be made even without the newly produced trademark-experiment documents. The 2004 trademark experiments do not test the 2009 trademark policy. If the results of the experiments are admitted at all, the jury should be entitled to hear why the experiments do not measure or predict consumer response to the 2009 trademark policy.

2. Rosetta Stone's requested sanction seeks to unfairly stack the deck.

Rosetta Stone asks the Court "take as established for purposes of this action" that Google's 2004 studies concluded that use of a trademark in either the body or title of an ad results in a "high likelihood of consumer confusion." Motion for Sanctions at 3. Such a sanction is potentially case dispositive. There is no dispute that, under its 2009 trademark policy, Google permits certain types of advertisers to use third party trademarks in the body or title of a sponsored link. Thus, Rosetta Stone envisions a virtually evidence-free path to victory: if Google's 2004 trademark experiments are deemed to establish that the use of a trademark in ad text results in "high likelihood of consumer confusion," because Google permits use of trademarks in ad text (even though limited to, by definition, fair uses such as resellers); Google's trademark policy results in a high likelihood of consumer confusion. This is contrary to the fact and to trademark law generally.

As discussed above, no sanction is appropriate under these circumstances. However, if one were, such an extreme sanction as Rosetta Stone seeks cannot be justified. It is axiomatic



that case dispositive sanctions are the harshest possible and should be avoided if a lesser sanction is equally as effective. *T-Zikssari v. Glendening*, 1995 WL 371666, at \*4 (4th Cir. June 21, 1995) (overturning district court's sanction as too "harsh" because, inter alia, "the proper sanction must be no more severe than is necessary to prevent prejudice to the defendants"); *Sawyers v. Big Lots Stores, Inc.*, 2009 WL 55004, at \*3 (W.D. Va. Jan. 8, 2009) (limiting evidence used at trial is more tailored and thus more appropriate sanction than dismissal). A case dispositive sanctions also requires a showing of willfulness, bad faith, or fault. *Peltz*, 292 Fed. Appx. at 478 (a case dispositive sanction "in discovery is a sanction of last resort that may be imposed only if the court concludes that a party's failure to cooperate in discovery is due to willfulness, bad faith, or fault."). Taking a fact as established is considered the equivalent of a case dispositive sanction if the established facts satisfy virtually all of the elements of the claim. *J.D. Marshall Int'l, Inc. v. Redstart, Inc.*, 656 F. Supp. 830, 838 (N.D.Ill. 1987) (Court ordered sanction of attorneys fees rather than sanction establishing facts as admitted because latter would be "unduly harsh despite the egregious conduct of defendants' counsel" because "such an order would establish virtually all of the elements of [the] RICO claim."). Rosetta Stone's pursuit of such a sanction is entirely baseless.

As discussed above, Google at all times proceeded with discovery in good faith. Google's delay in disclosing the documents at issue was not willful but rather the result of a mere oversight. Because Google did not act in bad faith the potentially dispositive sanction proposed by Rosetta Stone is unwarranted and a lesser sanction, if any, would be more appropriate. *Bizprolink, LLC v. America Online, Inc.*, 140 Fed. Appx. 459, 463-64 (4th Cir. 2005) (District court's dismissal sanction was an abuse of discretion because court found no evidence of bad faith and a lesser sanction would have been effective); *Estate of Spear v. C.I.R.*,



41 F.3d 103, 116-117 (3rd Cir. 1994) (district court abused its discretion in deeming admitted certain facts because no bad faith and lesser sanctions would have "sent the message"); *Ali v. Sims*, 788 F.2d 954, 957 (3d Cir. 1986) (reversing a sanction deeming certain facts to be true because even if there was inexcusable delay, there was no bad faith, no history of dilatoriness, little prejudice from the delay, and less severe sanctions were probably available). To do otherwise would impose a disproportionate penalty on Google that would effectively prevent its right to a trial on the merits.

### 3. Lesser sanctions are available

Google respectfully submits that no sanction is appropriate under these circumstances, and that the expense and distraction from summary judgment and trial preparation that it has incurred in responding to this motion is a more than adequate deterrent. Further, Google notes that given its efforts to adjust to Rosetta Stone's repeatedly late disclosures of documents and witness without resorting to motion practice, any sanction imposed here would encourage litigants to file motions based on every delay and perceived slight, if only as insurance against any inadvertent errors in its own discovery process. Such a result would be at odds with the very purpose of the Federal Rules of Civil Procedure, which provide that they are to be "construed and administered to secure the just, speedy, and inexpensive determination of every action and proceeding." Fed. R. Civ. P. 1.

If the Court nonetheless determines that a sanction is appropriate, and that the discovery error was intentional, and that it was prejudicial to Rosetta Stone, and that there is a need to deter future inadvertent errors by Google, the sanctions sought by Rosetta Stone are too severe. Lesser sanctions would strike an appropriate balance between addressing any prejudice caused by discovery violations and litigating the case on the merits. Fed. R. Civ. P. 37(b)(2)(A)(i)-(vii) provides a non-exclusive sampling of potential alternative sanctions. Lesser available sanctions

include attorneys' fees incurred in connection with motion practice associated with violation. (*In re Mbakpuo*, 1995 WL 224050, at \*3 (4th Cir. April 17, 1995)), granting a deposition, (*State Farm Mut. Auto. Ins. Co. v. New Horizon, Inc.*, 250 F.R.D. 203, 219 (E.D.Pa. 2008)), or excluding late-disclosed exhibits from being offered at trial (*Webster v. Secretary of Army*, 1991 WL 807, at \*2 (4th Cir. Jan. 9, 1991)). All of these alternatives offer a less harsh, yet effective sanction that placates any alleged prejudice suffered by Rosetta Stone while preserving the merits of the case for trial.

### CONCLUSION

For the foregoing reasons, Google respectfully requests that the Court deny Rosetta Stone's Motion for Sanctions.

Dated: April 21, 2010

Respectfully Submitted,

GOOGLE INC.

By counsel

/s/

Jonathan D. Frieden, Esquire (VSB No. 41452)

Stephen A. Cobb, Esquire (VSB No. 75876)

ODIN, FELDMAN & PITTLEMAN, P.C.

9302 Lee Highway, Suite 1100

Fairfax, Virginia 22031

(703) 218-2100

(703) 218-2160 (facsimile)

[jonathan.frieden@ofplaw.com](mailto:jonathan.frieden@ofplaw.com)

[stephen.cobb@ofplaw.com](mailto:stephen.cobb@ofplaw.com)

Margret M. Caruso, Esquire (Admitted *Pro Hac Vice*)

QUINN, EMANUEL, URQUHART & SULLIVAN, LLP

555 Twin Dolphin Drive, Fifth Floor

Redwood Shores, California 94065

(650) 801-5101

(650) 801-5100 (facsimile)

[margretcaruso@quinnemanuel.com](mailto:margretcaruso@quinnemanuel.com)  
Counsel for Defendant Google Inc.

I HEREBY CERTIFY that on the 21st day of April 2010, I will electronically file the following with the Clerk of Court using the CM/ECF system, which will send a notification of such filing (NEP) to the following:

Walter Thomas Allen, II Esquire  
SKADDEN ARS & ATENBERG & FLOM LLP  
1440 New York Ave NW  
Washington, DC 20005-2011  
202-371-7100  
Fax: 202-621-5082  
Email: [wta@skadden.com](mailto:wta@skadden.com)  
Counsel for Plaintiff Lexipol, Inc.

Jonathan D. Foster, Esquire (VSB No. 4452)  
Stephen A. Cole, Esquire (VSB No. 3213)  
ODIN FRIEDMAN & PITTSMAN, P.C.  
600 East High Street, Suite 1100  
Portland, Maine 04101  
(703) 314-2100  
(703) 318-2100 (toll-free)  
[jfoster@odinfriedman.com](mailto:jfoster@odinfriedman.com)  
[sacole@odinfriedman.com](mailto:sacole@odinfriedman.com)  
Counsel for Defendant Google Inc.