

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

GOVERNMENT EMPLOYEES INSURANCE  
COMPANY,

Plaintiff,

v.

GOOGLE INC., et al.,

Defendants.

Case No. 1: 04-CV-507 LMB TCB

**DEFENDANT GOOGLE INC.'S REPLY MEMORANDUM OF LAW  
IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT**

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## I. INTRODUCTION

As the Court, Google, and now GEICO have acknowledged, GEICO's complaint is directed at two separate alleged sources of confusion: confusion engendered by the use of its trademarks as *keywords that determine when sponsored links will appear*, and confusion engendered by the use of its trademarks *in the text of sponsored links*.<sup>1/</sup> GEICO cannot survive summary judgment on either theory:

- On the first theory—the use of GEICO's marks as *keywords*—GEICO has no evidence of confusion. GEICO's own expert's study establishes that no confusion is engendered by use of GEICO's trademarks as keywords.
- On the second theory—the use of GEICO's marks as *ad text*—the undisputed facts are that Google—unlike Overture—has already adopted the policy urged by GEICO, barring all unauthorized use of trademarks in the text of sponsored links. Google has disabled every offending ad that GEICO has identified. What's more, Google, *with no legal obligation to do so*, goes much further, implementing and continually improving proactive programs to identify and remove ads GEICO has not identified.

These facts doom GEICO's complaint. Without evidence of confusion caused by the use of its marks as keywords, or evidence that Google failed to take down an allegedly confusing ad that GEICO identified, GEICO has no cognizable claims. GEICO's response—to conflate its two distinct theories of infringement and the evidence regarding each—is not enough to survive summary judgment.

GEICO's claims are barred on several other grounds. As a publisher of instantaneous information, Google is subject to the Lanham Act's "innocent publisher" exception, barring both damages and injunctive relief. Moreover, even absent that protection, GEICO cannot establish the necessary relationship between the alleged direct infringers—third parties who advertise on Google—and Google necessary to support a claim of either vicarious or contributory infringement.<sup>2/</sup> And

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<sup>1/</sup> See Opposition at 12 ("GEICO's trademark infringement claim is based on two different theories," use of trademarks as keywords and use of trademarks in ad text.) GEICO argues that the former is a direct infringement by Google, and the latter is an infringement by third parties for which Google should be contributorily or vicariously liable.

<sup>2/</sup> GEICO attempts to recast advertisers' use of its marks as direct "use" by Google, primarily by persistent repetition of the trope that Google "sells" the GEICO mark. First, what Google "sells" is advertising space, on which advertisers place their ads. The advertisers choose a variety of ad

finally, GEICO cannot establish any damages at all, because its claims of damage are nothing of the sort, but rather an unsupportable claim of diminution to a windfall to which it has no claim in the first place.

## II. ARGUMENT

### A. GEICO Cannot Escape Its Lack Of Evidence Of Confusion Regarding The Use Of Its Marks As Keywords

GEICO's agenda is apparent from its Opposition. Faced with uncontroverted evidence that users are not confused by the mere use of "Geico" as a keyword, GEICO argues that this Court should count as "confused" the 50% of people who correctly understood that the advertisers are *competitors* selling car insurance, because those people incorrectly assume that those competitors will, entirely legitimately, compare their own rates to GEICO's in the process, and perhaps even direct users to GEICO themselves. Opposition at 17, n. 5. In other words, GEICO seeks an absolute right to "own" its marks for all purposes, regardless of confusion. But this is not, and should not be, the law. As the Fourth Circuit explained in *Ringling Bros. v. Utah Dept. of Travel Devel.* 170 F.3d 449, 454 (4th Cir. 1997), a trademark is not a right to own or control the term itself. A trademark "does not confer a right to prohibit the use of the word or words. It is not a copyright." *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924) (Holmes, J.); *see also Enterprise Car Rental v. Advantage Rent-A-Car*, 330 F.3d 1333 (Fed. Cir. 2003) (noting the "fundamental error of supposing that a trade-mark right is a right in gross or at large"). Trademark law only gives GEICO the right to prevent consumer confusion. But under Google's existing policy, which already prohibits advertisers from using the term "Geico" in their ads,

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placement criteria, including geographic location, language and, yes, keywords.

Second, and more importantly for present purposes, even if Google was "selling" the keyword "geico," that cannot constitute direct infringement. GEICO's argument is based on a fundamental misunderstanding of trademark law, which does not give the holder "rights in gross" over any word, and does not prohibit "sale" of words. Rather, the Lanham Act prohibits "use" of trademarks, but only to the extent that use engenders confusion among consumers. Because Google is selling advertising space, it could only directly infringe if the accused use of GEICO's marks confused consumers about the origin or affiliation of the *advertising space*. GEICO claim, however, is that the *advertisers' ads* are alleged to use GEICO's marks in ways that confuse consumers. At best, that raises a claim of *contributory* infringement.

GEICO's own survey shows that no one is confused. Confusion is an essential element of GEICO's claim for trademark infringement. *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 364 (4th Cir. 2001).<sup>3/</sup> Because the results of its own expert's work shows no confusion arising from the use GEICO's marks as keywords, GEICO now seeks to disown that work. That effort fails.

Both sides' experts agree that there are three possible sources of confusion to be measured in this case: confusion based on "GEICO" appearing in the text of the sponsored link, confusion based on the use of "geico" as a keyword, and a third component of "background" confusion based on users' incorrect assumption that a site offering car insurance quotes will likely include GEICO, regardless whether there is any use of the GEICO marks at all. This third type of confusion arises if, for example, a shoe store advertises that it offers "Dozens of Name Brands!" without naming any brand, and survey respondents are asked "Do you think this store sells Nike shoes?" A significant percentage likely will say yes, as it is a reasonable supposition that a shoe store sells a popular brand. This is the sort of "noise"—confusion unrelated to the alleged infringement—that survey controls are designed to eliminate.

**1. GEICO's Survey Conclusively Establishes That There Is No Triable Issue Regarding Keyword Confusion**

GEICO's survey deliberately conflated each possible source of confusion, using a survey stimulus that included all three possible sources. GEICO's respondents were asked to enter "geico" as a search term, and were then shown four sponsored links that both included the word "GEICO" and offered insurance quotes, along with a fifth that omitted the word "GEICO" but included an offer of unspecified insurance quotes.<sup>4/</sup> As a result, Dr. Ford arrived at a gross number for confusion

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<sup>3/</sup> In Opposition, GEICO persists in the fiction that it has presented "evidence of actual confusion," citing three emails at Rowland Decl., Exh. 17. That purported evidence, however, is nothing of the sort: none of it has any connection with Google at all. Rather, one of the three is a complaint about [www.insurance-compare-save.com](http://www.insurance-compare-save.com), another appears to relate to Yahoo!, and the third is a report about a GEICO employee who had trouble locating GEICO's own site when typing "Geico.com" in either a search engine or her address bar." None have any connection to Google.

<sup>4/</sup> GEICO's choice of stimuli was, at best, disingenuous. GEICO was well aware that, in response to its requests, Google began blocking use of its trademarks in May, 2004. GEICO's expert

engendered by *all three* factors in conjunction, but did not study each independently.<sup>5/</sup> As use of trademarks in the text is already barred by Google’s current policies, and as confusion engendered by context without trademark use is not actionable, Dr. Ford’s conclusions regarding the sum of confusion from all three sources are of no use in assessing the amount of confusion engendered by one of the three.

Dr. Ford did *attempt* to “control” for infringing vs. noninfringing sources of confusion. As Dr. Ford explained, the control should be designed to include “the same stimulus [as the treatment group is shown but] with the allegedly confusing material excised.” Ford Depo. at 11:9-10. GEICO claims both that the use of “geico” as a keyword infringes its mark, and that the use of the term “GEICO” in ad text infringes its mark. To excise the allegedly confusing material, Dr. Ford should have done a few things. First, his control group should not have used the “geico” keyword as their search term. Second, the ads that showed in response to their query should not have included the term “GEICO.” Finally, to ensure that the control group was otherwise shown the same stimulus, the elements of background confusion—for example, ad text (other than the term “GEICO”) about auto insurance—would have remained a part of the stimulus for the control group.

The problem with Dr Ford’s control, however, is that it did almost the opposite of its intent: it *failed to remove* an allegedly actionable aspect of the ads (by continuing to use the “geico” keyword as the search term), and it *removed* the “background noise” rather than measuring it. Thus, because he threw out the noise along with the textual use, his control is useless for determining its true objective: what part of the measured confusion is due to noise.

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had available to him more than a score of examples of Google pages from after that date, none of which contained as many (or in some instances any) allegedly sponsored links. He nonetheless chose to use an example from before Google implemented blocking of GEICO’s trademarks. GEICO’s attempt to explain that choice, by noting that some of the less valuable (to GEICO’s case) stimuli also included a link to articles about this litigation—is nonsense: Many other stimuli GEICO rejected did not contain the same link (Ford Depo. at 115:1-14), and, as Google’s own survey demonstrated, it was trivially easy to remove that link from current versions of Google searches.

<sup>5/</sup> As Dr. Ford himself noted in deposition, “I decided that I would test all of those factors simultaneously versus none of them simultaneously.” Ford Depo. 91:15-17.



Dr. Ford’s design of his study, however, has an unintended consequence: it is quite telling on the issue of whether any confusion stems from keyword use. When Dr. Ford eliminated both the textual use and the background noise (thus leaving keyword use as the only potential cause of confusion), the confusion rate dropped to *zero*. This led Dr. Ford to conclude—correctly—that any confusion “*must* be due to the positioning, heading and/or content in the sponsored links,” *not* the keyword that triggered those links.<sup>6/</sup>

The results obtained by GEICO’s own expert are thus fatal to its claim of confusion caused by keyword use. Even if GEICO now succeeds in impeaching its own expert on this point, Dr. Ford’s survey is the *only* evidence of confusion GEICO will present at trial, and thus GEICO cannot meet its burden of proof. And—as keyword use is the only trademark “use” Google allows—Dr. Ford’s own results are therefore fatal to any claim for injunctive relief.<sup>7/</sup>

## **2. Google’s Survey Confirms the Results Obtained by GEICO’s Expert**

Google’s own survey merely confirms the result that Dr. Ford’s study so well captured. Unlike GEICO, Google did not hand pick outdated ads that violate Google’s trademark policy. Instead, Google tested the effect of the actual keyword-triggered ads that GEICO cited in its complaint—ads

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<sup>6/</sup> GEICO attempts to distance itself from Dr. Ford’s data in its Opposition, describing its own control as an “artificial construct” and urging the Court to ignore it because “[t]he control group cannot be used to assess likelihood of confusion itself.” GEICO misses the point in two ways: *first*, the point of a control is precisely to allow us to “assess the likelihood of confusion,” by isolating the effects of each individual variable and allowing us to subtract one from the other. *Second*, impeaching Dr. Ford’s results does GEICO no good, because Dr. Ford’s study is GEICO’s *only* evidence of confusion. If those results are unreliable, GEICO is left with no evidence on an issue on which it bears the burden of proof.

GEICO also chastises Google for referring to GEICO’s “control study,” arguing that “[t]here is no such thing as a separate study for the control . . . .” Opp. at 15. GEICO’s own expert would beg to differ. *See* Ford Report at 2 (“I designed and conducted six surveys: two surveys concerning search results yielded by Google and four surveys concerning search results yielded by Yahoo.”); *see also* Ford Depo. at 30:15-17 (defending his description of his surveys, stating, “You could call it three surveys with treatment and control. You could call it six individual surveys.”).

<sup>7/</sup> As set forth in Google’s own expert reports, Dr. Ford’s results as regards confusion from use of trademarks in the *text* of Sponsored Links are of little or no value, due to his failure to construct a meaningful control. That issue of fact, however, would be for trial, if GEICO’s damages claims were not barred for other reasons.

that, because they do not contain the trademarked term, Google permits to appear. In order to test GEICO's claim that people trying to reach its website are being diverted to other sites, treatment group entered "geico" as a keyword, and was then asked to identify which link on the resultant page would lead to GEICO's website. Not surprisingly, the vast majority got the right answer: for the three ads, the response rates were 5.0%, 0.0%, and 0.0%. Jacoby Report, p. 32. The ads did not, as GEICO puts it, "hijack" respondents to the wrong site. Thus, even without considering results from the controls in Google's study, the results indicate a lack of confusion caused by the use of "geico" as a keyword. Google's survey then asked respondents whether they thought any of the three Sponsored Links offered GEICO insurance, either exclusively or along with other insurance. As GEICO notes, many respondents thought they did. The controls in Google's study, however, establish that the respondents' beliefs were *not caused by any use of the GEICO mark*. If GEICO's theory were correct—that is, if consumers believed that ads that appeared when they searched for "geico" led to sites affiliated with GEICO—one would expect that *fewer* people (having searched for "geico") would believe that they could buy, say, Allstate insurance at the ad sites than would believe that they could buy GEICO insurance. Google tested this hypothesis using a control (Control Group 1) in which respondents were shown exactly the same stimulus as the treatment group,<sup>8/</sup> but were asked questions about Allstate insurance instead of GEICO insurance. Even though there was no use of "Allstate" *anywhere* in the search term *or* the search results page, a *higher* percentage responded that they believed the ads offered Allstate insurance, establishing that, to the extent people incorrectly assume that a site offering insurance quotes will have information about GEICO, or Allstate, or any other insurance company, they make that assumption not as a result of any trademark use at all, but rather because it is a natural and reasonable assumption that a site offering auto insurance will offer that of well-known companies.

Google's expert, Dr. Jacoby, confirmed this result with another control (Control Group 3).

This time, taking a cue from Dr. Ford, Dr. Jacoby used "Nike" as the control. However, in contrast to Dr. Ford's ill-thought-out control, Dr. Jacoby properly *removed* the "geico" keyword from the control

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<sup>8/</sup> *I.e.*, they searched for "geico" and were shown the same results and ads as the treatment group.

(having respondents search for “nike” instead) and *kept* the non-“GEICO” containing insurance ads. Again, if it was “geico” as a triggering search term that was causing confusion, one would expect that the treatment group would associate the ads with GEICO more strongly than the control group. But in the Nike control, the percentages were *higher* than those in the treatment group or the Allstate control, despite the fact that the word “GEICO” appeared nowhere in either the search term or anywhere on the page.<sup>9/</sup>

In the end, it may be that consumers are not omniscient. Just as many would say “yes” when asked if a shoe store sells Nike, so too do many people assume that a website offering insurance quotes will include GEICO in its offerings. This latter assumption, it turns out, is wrong. But the *reason* people make this leap has nothing to do with trademark use. Rather, the survey evidence shows, it is due to people’s natural assumptions—i.e., due to noise—because people make the same assumption about other companies, independent of any trademark use.

In its opposition, GEICO desperately argues that Dr. Jacoby’s controls should be disregarded. Even if the Court were to do so, this does not help GEICO’s cause. GEICO’s own expert recognizes that controls are essential in a confusion survey. Without an adequate control, one has no way of knowing whether “anything else about the stimulus other than what is allegedly causing the confusion is causing some measure of confusion.” Ford Depo. at 89:4-7. Thus, if the controls are not reliable, then there is *no* reliable evidence of the level of confusion caused by the alleged infringement, and, as already noted, GEICO bears the burden of proof. In short, each of the studies either affirmatively confirms that there is no actionable confusion due to use of “geico” as a keyword, or at a minimum fails to support GEICO’s position. GEICO’s claim of confusion as a result of keyword use cannot be supported by the evidence.

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<sup>9/</sup> Google’s study also included another control. In Control Group 2, respondents were asked if they thought that an organic link to a Yahoo! Finance business report would lead them to a site that sold GEICO insurance. Again, a higher percentage of respondents thought GEICO insurance was sold there than at any of the Sponsored Links.

**3. GEICO's Contributory Infringement Claim Remains Fatally Flawed, Despite GEICO's Attempt To Rewrite The Applicable Law**

GEICO correctly recognizes that to prove contributory infringement, it must show that Google “either intentionally induces a third party to infringe [GEICO’s] mark or supplies a product to a third party with actual or constructive knowledge that the product is being used to infringe the service mark.” *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 983 (9th Cir. 1999).

Unfortunately, GEICO gets the rest of the law, and the facts, wrong.

**4. Google Does Not, And Did Not, Intentionally Induce Advertisers To Infringe GEICO's Marks**

GEICO can offer no evidence of any intentional inducement by Google: far from inducing infringement, Google both forbids and polices infringement.<sup>10/</sup> GEICO instead attempts to transform Google’s simple automated tools into evidence of an intent to induce infringement. That effort fails.

As Google explained in its opening brief (at 5-6) and in the Declaration of Alana Karen, Google’s keyword tool *automatically* “generates list of terms that, based on billions of prior searches, are closely related to the proposed keyword.” Karen Decl. at ¶ 10. Thus, for example, that tool may return results such as both “auto insurance” and “Geico auto insurance” in response to “car insurance.” The tool produces results based on an algorithm, and advertisers can use those results to “fine tune” their campaigns, either by adding keywords that are more narrowly tailored to their potential customers or by adding *negative* keywords to avoid certain searches. That tool also expressly warns advertisers that they are responsible for insuring their actions do not violate applicable law, and reserves the right to disallow such uses. Karen Decl., at ¶ 11, Exh. D. GEICO cannot argue in good faith that an algorithm, which runs automatically, and produces both trademark and non-trademark terms, encourages trademark infringement, particularly not in the face of Google’s trademark policy, pursuant to which Google prohibits the insertion of trademarks in sponsored links.

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<sup>10/</sup> In an attempt to portray Google’s decision to forbid use in text while allowing use as keywords as a callous commercial decision, GEICO purports to quote a Google executive as saying that “Google can’t be a multibillion dollar company if they disable trademarked keywords at anyone’s request.” Opposition at 7. The quote, however, is not from Google, but from a news.com article, in turn quoting a Marquette University professor. Rowland Depo., Exh. 4.

GEICO's argument that Google intentionally induces infringement by providing advertisers with the generalized "tip" to place keywords in ad text carries the absurdity a step further. Google does provide this tip, among many others, as an unremarkable bit of advice that advertisements are more effective if they tell the user that they are relevant to the user's needs, and that one of the best ways to do this is to include the *user's* own words in the ad. But there is not a shred of evidence for the proposition that Google, without permission, has suggested to anyone that they place GEICO in a sponsored link. Again, this runs directly counter to Google's own trademark policy.

Far from intending to induce trademark infringement, Google goes out of its way to prevent it. Google has a trademark policy that is presented to its advertisers. Karen Decl., at ¶ 9, Exhs. A-C. Throughout the process of creating an ad, including choosing keywords and writing sponsored links, advertisers are aware that Google does not condone trademark infringement. Google also makes ongoing comprehensive efforts to enforce the trademark policy, which efforts have included disallowing countless uses of GEICO's own trademarks. With this undisputed evidence, a finding that Google intentionally induces others to infringe is unsupported and unsupportable.

#### **5. Google Does Not, And Has Not, Knowingly Contributed To Infringement**

It is established that while "the 'reason to know' part of the standard for contributory infringement requires [Google] to understand what a reasonably prudent person would understand, it does not impose any duty to seek out and prevent violations." *Hard Rock Café Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1149 (1992). Contributory trademark infringement, unlike contributory copyright infringement, is quite narrow, and is traditionally limited to the continued provision of a *product* to an infringer after one knows of the infringement. Thus, in *Inwood Labs, Inc. v. Ives Labs., Inc.*, 456 U.S. 844 (1982), liability was premised on the contributory infringer continuing to supply generic drugs for resale with knowledge that the direct infringer was relabeling the drugs with the plaintiff's brand.

Courts have only very cautiously expanded contributory liability beyond the provision of products. As GEICO notes, the Ninth Circuit in *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259,

264-65 (9th Cir. 1996) found a flea market owner potentially liable for contributory infringement based on actual knowledge of infringing sales on his property, based on a landlord's ability to exercise "direct control and monitoring" of its property.

What GEICO fails to note, however, is that the Ninth Circuit has expressly declined to extend the *Fonovisa* reasoning to entities providing Internet services. In *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 984 (1999), the court affirmed summary judgment in favor of a domain name registrar, notwithstanding that the registrar had the unquestioned ability to monitor and control the domain registrations it administered, and thus—the plaintiff argued—should be liable under *Fonovisa*: "The 'direct control and monitoring' rule established by *Hard Rock* and *Fonovisa* likewise fails to reach the instant situation . . . While the landlord of a flea market might reasonably be expected to monitor the merchandise sold on his premises, NSI cannot reasonably be expected to monitor the Internet. Such a stretch would reach well beyond the contemplation of *Inwood Labs.* and its progeny." *Id.* at 985.; see also Stacey Dogan & Mark Lemley, *Trademark and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 829 (2004). While the ability to monitor and control may entail liability in a bricks-and-mortar instance, it does not in the context of an Internet service, which is "just that—a service. In *Fonovisa* and *Hard Rock*, by contrast, the defendants licensed real estate, with the consequent direct control over the activity that the third-party alleged infringers engaged in on the premises." *Id.*

Thus *Fonovisa* does not control here, and Google cannot be contributorily liable for failing to "seek out and prevent" infringement merely because it has the theoretical ability to do so. Rather, in order to make out a claim of contributory infringement, GEICO must establish that Google affirmatively chose to continue to provide the means of infringement to known infringers. GEICO cannot do so, because it cannot dispute that when Google receives notice of a specific ad that includes GEICO in the text, Google acts to remove it. GEICO's argument that Google did not do this in the past is directly contradicted by the undisputed record: Google always removed specific ads that GEICO and other advertisers identify. Karen Decl., Exh. I. And with regard to policing ads that have

not been identified by GEICO, Google goes beyond what the law requires. Indeed, Google does exactly what the *Lockheed Martin* and *Hard Rock Café* courts held is not required: Google attempts “to seek out and prevent violations.” *Hard Rock Café Licensing Corp.*, 955 F.2d, at 1147.

GEICO attempts to skirt Google’s compliance with applicable law by arguing that GEICO’s general trademark complaint letters gave Google “all the notice it needed to respond to the confusing use of GEICO’s trademarks by Adwords advertisements.” GEICO’s first letter, however, did not provide Google with adequate information to process GEICO’s request; when Google asked for the necessary information, GEICO remained silent for a year. More importantly, as stated above, when GEICO provided specific complaints, Google removed the ads, and went further by attempting to ferret out other improper ads. Google’s ability and willingness to do so, however, cannot give rise to liability. Indeed, in *Lockheed*, the court refused to find liability where the defendant domain name registrar, just like Google, had the power to manually review registrations, to bar prohibited terms and obscene words, and to perform a conflict check on all applications with other registered domain names. 194 F.3d at 982. The ability to monitor and control does not create an obligation to do so, and the failure to exercise that ability perfectly in every instance does not give rise to liability.

**B. GEICO’s Vicarious Infringement Claim Must Fail, As GEICO Has Not Presented Any Proof Of Joint Ownership And Control**

Liability for vicarious trademark infringement requires “a finding that the defendant and the infringer have an apparent or actual relationship, have authority to bind one another in transactions with third parties or exercise joint ownership or control over the infringing product.” *Hard Rock Café Licensing Corp.*, 955 F.2d at 1150. It is critical to note that this theory is more “narrowly drawn” than the theory of vicarious *copyright* infringement, which requires only a finding that the defendant has the “right and ability to supervise the infringing activity and also has a direct financial interest in such activities.” *Id.*

GEICO has not produced any evidence to support its allegation that Google and the AdWords advertisers have joint ownership or control over either the Adwords program or advertisers’ webpages, and with good reason: the Google Adwords Program Terms explicitly state that advertisers do not

have joint ownership or control. Google informs advertisers, “Google and you and Google and Partners are not legal partners or agents, but are independent contractors.” Karen Decl. at ¶ B. Likewise, Google retains the right to change its policies at any time, whereas advertisers have no right to change the policies. *Id.* Google has the right to decide on prohibited uses, advertisers do not. *Id.* In short, there is no evidence that Google and its advertisers have joint ownership or control over the AdWords service.

Instead of providing relevant evidence, GEICO argues that Google has the ability to terminate ads, and that AdWords advertisers also have the ability to terminate ads. That, however, is not sufficient to show joint ownership or control. Indeed, in *Hard Rock Café Licensing Corporation*, where the defendant flea market operator rented real estate, operated concession stands inside the market, hired security to guards to monitor the premises, and hired a manager who walked around the premises five times a day, the Seventh Circuit explicitly held that “[t]he case before us does not fit into the joint tortfeasor model.” *Hard Rock Café Licensing Corp.*, 955 F.2d at 1150. Since there is not even close to the same level of ownership or control in this case, GEICO’s vicarious infringement claim cannot survive.<sup>11/</sup>

### **C. GEICO Has No Evidence Whatsoever Of Dilution**

GEICO next attempts to revive its nascent claim of dilution, included in its Complaint but unmentioned in any context thereafter. Having presented no evidence of dilution, and having failed to conduct a dilution survey, GEICO now hopes to salvage that claim by treating it as coextensive with a confusion claim. Dilution, however, is an entirely different doctrine, and GEICO has no evidence to support a dilution claim.

There are two types of trademark dilution: blurring and tarnishment. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS § 24:67 (2004). GEICO devotes so little attention to its purported

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<sup>11/</sup> If GEICO’s theory—that overlapping input into the content of an advertisement translates into joint ownership—were the law, it would automatically make every publisher a joint tortfeasor with every advertiser. After all, when an advertiser places an ad in Time magazine, both the advertiser and Time have the ability to alter or cancel the ad. No one would suggest, however, that this converts Time Magazine into a joint tortfeasor with every advertiser.



dilution claim that it never gets to the point of identifying what form it alleges, but it appears that GEICO is claiming blurring of its marks.

Dilution by blurring, however, does not arise from confusion as to source, sponsorship, affiliation or connection. *Id.* at §24:68. Instead, it is the converse, and arises when “[c]ustomers or prospective customers will see the plaintiffs’ mark used by other persons to identify other sources on a plethora of *different* goods and services.” *Id.* For example, the use of Tiffany on a Boston restaurant is not likely to cause confusion with Tiffany jewelers of New York. Nonetheless, it may amount to dilution because the Tiffany mark no longer serves as a unique identifier of a certain jewelry store, but is now also associated with food. *Id.* Other hornbook examples are Dupont shoes, Buick aspirin, Schlitz varnish, Kodak pianos and Bulova gowns. *Id.*<sup>12/</sup>

GEICO, of course, has no evidence of blurring, because it has adduced no evidence that anyone has ever used its trademark to brand *any* product or service, much less a *different* one. No one is alleged to be selling GEICO cars, or GEICO auto loans, or anything else. *A fortiori*, because GEICO has not offered any such evidence of use, it cannot satisfy its burden to establish that that nonexistent use is dilutive. Indeed, GEICO has not even attempted to adduce any survey evidence concerning dilution.

Moreover, GEICO must present such evidence to prevail. In *Mosely v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003), the Supreme Court unequivocally held that a claim of trademark dilution “requires a showing of actual dilution, rather than a likelihood of dilution.” *Id.* at 433. The Court also emphasized that “[w]hatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation.” *Id.* at 434.

GEICO does not properly allege blurring, as GEICO does not allege that Google or anyone else has placed the GEICO mark on a service that is not offered by GEICO. Instead, GEICO alleges that its

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<sup>12/</sup> Dilution by tarnishment arises where “the effect of the defendant’s unauthorized use is to dilute by tarnishing or degrading positive associations of the mark and thereby to dilute the distinctive quality of the mark.” MCCARTHY ON TRADEMARKS at 24:95. In other words, tarnishment occurs when there is “the displacement of positive with negative associations of the mark,” (*Id.*), such as with a “Cadillac Escort Service” or “Bambi Gun Shop.” GEICO has identified no such use of its marks.

potential customers are being diverted to *other* insurers. Diversion because of alleged confusion, however, is not dilution. The very cases cited by GEICO have explicitly rejected equating actual confusion with actual dilution: “the argument is misleading because it improperly assumes that confusion and dilution are either interchangeable or that they are both elements of a dilution claim, both of which are wrong.” *Bliss Clearing Niagra, Inc. v. Midwest Brake Bond Co.*, 2004 WL 2110595, at \*17 (W.D. Mich. Aug. 30, 2004).

Instead of producing any evidence of dilution, such as a dilution survey, GEICO attempts to fit this case into a narrow exception pursuant to which evidence of actual dilution is not necessary. The exception, however, applies only where “a famous mark is used by another in identical form.” MCCARTHY ON TRADEMARKS § 24:94.2. For example, it would apply where “the famous mark Rolex for watches was used without license on golfing equipment (‘Rolex golf clubs’) . . . .” Accordingly the exception is not applicable here, where there are no junior and senior marks at issue. Indeed, this case could not be further from the cases cited by GEICO in which, for example, the defendant, a clutch manufacturer, attached its name to, and marketed, a machine and parts identical to those made by the plaintiff trademark holder, *Bliss Clearing Niagra, Inc.*, 2004 WL 2110595, or the defendant, a model car manufacturer, made model cars identical to Honda’s cars, including Honda decals, without authorization, *Am. Honda Motor Co., Inc. v. Pro-Line Protoform*, 325 F. Supp. 2d 1081, 1083 (C.D. Cal. 2004). Unlike these cases, there is absolutely no evidence that GEICO’s name was attached to an insurance policy that was not a GEICO insurance policy or to a different product. In short, there is no evidence of dilution.

**D. Even If GEICO Could Prove Infringement, Monetary Damages Are Barred By The Innocent Infringement Defense Codified In Section 1114(2)**

**1. GEICO’s reading of Section 1114(2) Would Eliminate The Innocent Infringement Defense**

Under Section 1114(2), monetary damages are not available against a publisher that inadvertently prints or airs an item that infringes a trademark. To be “innocent,” within the meaning of the statute, a publisher need not go out and look for infringement—the defense dissolves only where

the publisher knows of an infringing item and, nonetheless, continues to publish it. For example, in *Hendrickson v. eBay Inc.*, 165 F. Supp. 2d 1082 (2001), the court found that eBay, which was accused of allowing a third party to sell allegedly infringing copies of a DVD, was an innocent infringer. In doing so, the court held that eBay had a duty to take down advertisements claimed to be infringing, but *not* “to monitor the millions of new advertisements posted on its website each day and determine, on its own, which of those advertisements infringe Plaintiff’s Lanham Act rights.” *Id.* at 1095.

Thus, GEICO’s oversimplified argument that the defense is limited to those “simply performing the rote function of printing fliers or newspapers without knowledge of infringement” is flat wrong. *Opp.* at p. 25. GEICO needed to provide evidence that Google knew about a specific ad that was improper and published it anyway, and GEICO failed to do so. The Court should reject GEICO’s attempt to saddle Google with the far broader (and unbearable) duty to police *all* ads that might possibly infringe GEICO’s marks.

## **2. Under Any Standard, GEICO Cannot Show That Google Had The Requisite Knowledge Of Infringement**

GEICO has not cited a single instance in which it complained about a specific ad and Google failed to take down the ad. Instead, GEICO falls back on the improper argument that Google somehow had imputed knowledge of all improper ads once GEICO made a general complaint. For example, GEICO tries to make much of the fact that, once Google began blocking Sponsored Links at GEICO’s request, links that violate Google’s trademark policy nonetheless occasionally appeared.

As explained above, the *eBay* Court explicitly rejected precisely this theory. Google cannot be held responsible for ads that have not been brought to its attention—Google does not have a duty to police every ad. Moreover, as set forth in the Declaration of Alana Karen, in addition to removing ads that are identified, Google goes above and beyond the call of duty in seeking to find ads that have not been identified. Google is constantly refining and improving its tools and processes to minimize abuses, as is evident by the paucity of recent examples submitted by GEICO.<sup>13/</sup>

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<sup>13/</sup> We note that, instead of attempting to introduce any evidence of either the quantity or frequency of allegedly infringing Sponsored Links, or the speed with which each such Link is removed

GEICO's other allegation (as opposed to evidence) of knowledge would hold Google to a non-existent omnipotent standard: GEICO argues that Google should have known that "GEICO itself is the only entity that provides GEICO quotes," and further that Google therefore should have known that competitors could not possibly provide advertisements comparing rates. Opp. at 25-26. There is, however, no evidence that GEICO told Google that GEICO is the exclusive source of GEICO quotes. And, under GEICO's theory, Google would be responsible for learning the details of the business of every trademark holder whose marks appear—properly or not—on Google. This is not dissimilar from *Hard Rock Café*, where, in remanding the case to the district court, the Seventh Circuit made note of the fact that "Hard Rock made no effort to broadcast the information that legitimate Hard Rock t-shirts could only be found in Hard Rock Café's." *Hard Rock Café Licensing Corp.*, 955 F.2d at 1149.

### **3. GEICO Cannot Meet The Applicable Standard—Actual Malice**

As Google explained in its opening brief, "[a]lthough [t]he phrase 'innocent infringer' is not defined in the statute, it has been construed to embrace the 'actual malice' standard set forth in *New York Times v. Sullivan*, 376 U.S. 254 (1964), *i.e.* an infringer is 'innocent' unless it acted either (1) with knowledge of the infringement or (2) with reckless disregard as to whether the material infringed the trademark owner's rights." *Gucci Am., Inc. v. Hall & Assocs.*, 135 F. Supp. 2d 409, 419-20 (S.D.N.Y. 2001).

GEICO attempts to avoid the actual malice standard by citing the *only* case that disagreed with it, *Dial One of the Mid-South, Inc. v. BellSouth Tel., Inc.*, 269 F.3d 523 (5th Cir. 2001), in which the Fifth Circuit applied an "objectively reasonable" standard. Unlike the cases cited by Google, however, not a single court has followed the *Dial One* holding on this point. What's more, the other case that GEICO cites for the "objectively reasonable" standard, *Conopco, Inc. v. Rosa Distribs.*, 967 F. Supp. 1068, 1070-71 (1997), relied solely on authority that predates the 1989 amendments to the Lanham Act. GEICO fails to mention that the same court that wrote *Conopco* later explicitly disagreed with,

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by Google's policing, GEICO submits only isolated examples with no testimony concerning their frequency or duration. Even then, recent examples are notably lacking.

and declined to follow, the objectively reasonable standard, and instead adopted the actual malice standard. See *World Wrestling Fed'n v. Posters, Inc.*, 2000 WL 1409831, at \*3 (N.D. Ill. Sept. 26, 2000) (“In adopting the *New York Times* standard, the Court expressly disagrees with two previously-reported decisions, including one from another judge in this district, both of which applied a less stringent objective-reasonableness standard.”).

GEICO falls far short of meeting the actual malice standard. Implicit in GEICO’s argument is that Google knew that allowing advertisers to trigger sponsored links on GEICO’s trademarks was illegal in the first place, and that Google nonetheless willfully persisted in breaking the law. This argument puts the cart before the horse. There is, as the Court knows, considerable dispute as to whether keyword triggering is “use” at all. Indeed, as this Court recognized in ruling on the Google’s motion to dismiss, there are two contradictory lines of cases that are applicable to this case, one of which comes from this Court’s decision in *U-Haul Int’l, Inc. v. WhenU.com, Inc.*, 279 F. Supp. 2d 723 (E.D. Va. 2003). It goes without saying that Google’s following a viable line of cases cannot amount to “knowledge of infringement” under the actual malice standard. Google cannot be liable for following existing law.

#### **4. GEICO Cannot Refute That An Injunction Is Prohibited By Section 1142(c)**

GEICO does not, and cannot, dispute that Google already has implemented a policy of barring unauthorized trademark use in ad text, and that Google acts on that policy, taking down both ads that GEICO has identified and others. As explained above, this renders an injunction pointless—Google does not have a duty to do more. The holding in *eBay* is precisely on point: the eBay Court found that no injunction against eBay was necessary because “eBay stopped running all the advertisements claimed to be infringing and it [had] no intention of running the identified advertisements in the future.” *eBay Inc.*, 165 F. Supp. 2d at 1095. The plaintiff then requested precisely the type of injunction GEICO seeks here, namely, enjoining “any and all false and/or misleading advertisement that may be posted on eBay’s website by users in the future, regardless of whether they are the basis of this lawsuit and whether they have been identified by Plaintiff.” *Id.* As explained above, the court

rejected such an injunction on the ground that it would effectively require eBay to monitor the millions of new advertisements posted on its website each day and determine which of those advertisements infringed the plaintiff's marks. *Id.* Thus, the *eBay* Court refused to require eBay to block ads that had not been brought to its attention, and this Court should do the same.

#### **E. GEICO Has Not Suffered Any Damages**

Finally, GEICO fundamentally misunderstands (or mischaracterizes) the fact that it has sustained no damages. As Google noted in its opening brief, *all* of the traffic that Google directs to GEICO is a windfall to GEICO. GEICO cannot suggest that Google has any obligation to operate its business, for free, to GEICO's benefit, and yet that is precisely what Google does: it generates and directs to GEICO tens or hundreds of millions of dollars of business, primarily from its "algorithmic" results. Google could, if it chose, lawfully cut off *all* of that stream of commerce. Indeed, it is hornbook law that GEICO would have no right to any business from Google even if Google had *promised* to provide it, as GEICO has not provided Google with anything in exchange for Google's free services. *See* E. ALLAN FARNSWORTH, FARNSWORTH ON CONTRACTS § 2.5 (3d ed. 2004).

Despite the foregoing, GEICO's claim in this action is that a tiny percentage of that windfall is being diverted. GEICO now argues that there is no connection between algorithmic and paid links, and thus that the benefit from one cannot offset the harm from the other. GEICO is correct that *unrelated* benefits and damages do not cancel out: if I hit your car, it is no defense that I also painted your house for free, even if the value of the painting exceeds the harm to your car. But in this case, the two issues are *not* unrelated: the stream of business GEICO claims to have lost is precisely a small portion of the stream Google is providing for free in the first place. If I paint your house for free, you cannot claim damages when I do not finish the trim.

### **III. CONCLUSION**

GEICO's claims fail as a matter of law and undisputed fact. In ruling on this motion, the Court should take care to separate out, and treat individually, the law and evidence regarding GEICO's

different liability claims, and separate out GEICO's claims for damages from its claims for injunctive relief.

As set forth above, GEICO's claim based on use of its trademarks as keywords fails from a complete absence of proof: GEICO's own expert establishes a lack of confusion, and thus GEICO can seek neither damages nor injunctive relief on that theory, even if this Court determines that triggering ads based on trademarked keywords is trademark "use" in the first instance: a proposition Google urges this Court to join the *WhenU* court in rejecting.

As regards alleged infringement by advertisers using GEICO's marks in the *text* of their ads, Google's policies *already* bar such conduct, and it is undisputed that Google enforces that policy both proactively and in response to notices from GEICO. Accordingly, no injunctive relief is appropriate on this theory either. Neither are damages available *from Google* on this theory, both because GEICO cannot meet its burden of showing that Google is vicariously or contributorily liable for the actions of those third-party advertisers, and because Google is in any event immune from damages as an innocent publisher.

Finally, GEICO's damages claims fail because GEICO has not suffered any damages in the first place.

Accordingly, Google respectfully requests that this Court grant its motion for summary judgment in its entirety.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that on the 17th day of November 2004, a true copy of the foregoing was sent via e-mail and first class mail to:

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