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6 Topics Entertainment, Inc.

7  
8 UNITED STATES DISTRICT COURT  
9 FOR THE WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

10 **TOPICS ENTERTAINMENT, INC.**, a  
Washington corporation,,

11 Plaintiff,

NO.

12 vs.

13 **ROSETTA STONE, LTD.**, a Virginia  
corporation,

**COMPLAINT FOR  
DECLARATORY JUDGMENT**

14 Defendant.

15 Plaintiff TOPICS ENTERTAINMENT, INC. ("Topics") alleges as follows:

16 **PARTIES**

17 1. Plaintiff Topics is a corporation organized and existing under the laws of the  
18 State of Washington, with its principal place of business located in Renton, Washington.

19 2. Defendant ROSETTA STONE, LTD. ("Rosetta") is a corporation organized and  
20 existing under the laws of the State of Virginia, with its principal place of business located in  
21 Arlington, Virginia.

22 **JURISDICTION AND VENUE**

23 3. This is a civil action for declaratory judgment pursuant to 28 U.S.C. § 2201.  
24 Jurisdiction is vested in this Court under 28 U.S.C. § 1332, as there is diversity of citizenship  
25 between the parties and the amount in controversy exceeds \$75,000 exclusive of interest and  
26 costs, and under 28 U.S.C. § 1338, as this is a dispute concerns a trademark.

4. Venue in this Court is proper under 28 U.S.C. § 1391(b) because Rosetta sells the products at issue in Western Washington and therefore has sufficient minimum contacts to subject it to personal jurisdiction in the Western District.

## FACTS

5. Topics is the largest privately held multimedia publisher in the United States, selling audio and video discs and software. Topics' products include education, reference, and entertainment titles, as well as gaming and utility software. Topics has partnered with companies such as National Geographic, PBS, Scholastic, and Kaplan to produce educational software. Topics sells its products through Best Buy, Target, Costco Wholesale Club and Sam's Club, among other retailers.

6. Rosetta markets and sells language-learning software under the name “Rosetta Stone.”

7. As part of its educational line of products, Topics’ publishes “Instant Immersion” language learning software, which is the subject of this dispute. Topics’ Instant Immersion software generates approximately twenty-five percent of the company’s total revenue.

8. In 1999, Topics began packaging its Instant Immersion product in a predominantly bright yellow software box with a picture of smiling people and the phrase “Instant Immersion” at the top in black font lettering. Since then, Topics has consistently used a predominantly bright yellow box, a picture of a smiling young woman, and the phrase “Instant Immersion” at the top in black font lettering for its language learning software, sometimes with a blue water drop icon next to it.

9. The use of a bright yellow box with black font lettering to package software for retail sale is not uncommon. Other software companies, such as Symantec and Microsoft, sell software in a bright yellow box with black font lettering. Several companies offer language learning software in a bright yellow box. *See, e.g.* Individual Software, Inc. “Learn to Speak

Spanish Deluxe” at [http://www.amazon.com/Learn-to-Speak-Spanish-Deluxe /dp/ B0017 NW WUA/ref=cm\\_cr\\_pr\\_pb\\_t](http://www.amazon.com/Learn-to-Speak-Spanish-Deluxe /dp/ B0017 NW WUA/ref=cm_cr_pr_pb_t); Berlitz German Premier at <http://www.novadevelopment.com/software/berlitz-german-premier-128995?meta=software&cat=language-learning-software>.

10. On or about July 25, 2009, Greg James, President and CEO of Topics, received a cease and desist letter from the attorneys for Rosetta. Rosetta alleged that, since 2004, it had been using the color yellow, black font lettering, small blue icons, and pictures of smiling individuals. Rosetta further alleged that Topics’ use of those elements constituted trade dress infringement and unfair competition under federal and state law.

11. Rosetta demanded that Topics immediately discontinue and permanently refrain from any and all use of its current Instant Immersion packaging. Rosetta further demanded that Topics destroy or take down, by August 21, 2009, all packaging, signage, promotional materials, web pages, and other materials bearing the current Instant Immersion packaging or any similar variations.

12. Rosetta threatened to protect its alleged trademark and trade dress rights by pursuing “alternative measures [to settlement],” if Topics did not assure Rosetta by July 31, 2009 that it would comply with Rosetta’s demands.

13. Mr. James responded to Rosetta’s attorney via email on or about July 31 by pointing out Topics’ historical use of the color yellow and pictures of smiling individuals, dating back five years before Rosetta’s use of the same, and attaching pictures showing the same.

14. Rosetta rejected Mr. James’ response and sent a second letter on or about September 10, 2009 to Topics’ attorney. The letter reiterated Rosetta’s demand for compliance with its terms, accused Topics of false advertising for its use of the phrase “As effective as Rosetta Stone for a fraction of the cost,” and again threatened “alternative measures” if Topics failed to comply by the following day, September 11, 2009.

1           15.     Subsequent to the exchange of letters and email, counsel for Topics and Rosetta  
2 spoke but the dispute remains unresolved. Counsel for Topics therefore advised Rosetta of its  
3 intention to file this declaratory action.

4           16.     Topics is under immediate threat of litigation by Rosetta if it continues to use its  
5 current packaging for its Instant Immersion language learning software.

6                                   **FIRST CAUSE OF ACTION**

7                                   (Declaration that Topics' Has Not Violated Alleged Rights of Rosetta)

8           17.     Topics realleges and incorporates by reference the allegations set forth above.

9           18.     28 U.S.C. § 2201 permits "any court of the United States, [in a case of actual  
10 controversy within its jurisdiction,] upon the filing of an appropriate pleading, [to] declare the  
11 rights and other legal relations of any interested party seeking such declaration, whether or not  
12 further relief is or could be sought."

13           19.     Topics and Rosetta now have significant and immediate adverse legal interests.  
14 Rosetta has alleged trademark and trade dress rights and has put Topics on notice that Topics is  
15 infringing on those alleged rights.

16           20.     Rosetta's accusations of improper conduct by Topics are causing Topics to  
17 suffer substantial actual present harm to its business and property, in that those accusations are  
18 intended to place a cloud over Topics efforts to market and sell its products.

19           21.     Rosetta has demanded that Topics destroy all current packaging that infringes on  
20 Rosetta's alleged rights, and that Topics change all future packaging so as not to infringe  
21 Rosetta's alleged rights.

22           22.     Rosetta threatens immediate litigation if Topics fails to comply with Rosetta's  
23 demands, which will harm Topics' business and property by causing it to incur immediate  
24 costs, as well as, damaging existing business relationships with its partners and retailers.

25           23.     There is an actual, substantial, and continuing justiciable controversy between  
26 Topics and Rosetta regarding whether Topics' packaging of its "Instant Immersion" language

1 software, including but not limited to the use of a bright yellow box with black font lettering,  
2 small blue icons, and pictures of smiling individuals, violates Rosetta's alleged trademark and  
3 trade dress rights.

4 24. Accordingly, Topics is entitled to a declaration that Topics' packaging,  
5 including but not limited to the use of a bright yellow box with black font lettering, small blue  
6 icons, and pictures of smiling individuals, for its "Instant Immersion" language learning  
7 software is not in violation of the trademark and trade dress rights Rosetta alleges.

8 25. Topics is further entitled to a declaratory judgment that Rosetta has no  
9 trademark or trade dress rights to the current packaging of its language learning software,  
10 including the color yellow, black font lettering, small blue icons, and pictures of smiling  
11 individuals.

## 12 SECOND CAUSE OF ACTION

13 (Declaration that Topics' Packaging Does Not Constitute False Advertising)

14 26. Topics realleges and incorporates by reference the allegations set forth above.

15 27. Topics and Rosetta now have significant and immediate adverse legal interests.  
16 Rosetta has asserted that Topics' use of the phrase "As effective as Rosetta Stone for a fraction  
17 of the cost!" constitutes actionable false advertising.

18 28. Rosetta has demanded that Topics produce evidence to substantiate the claim  
19 that its product is as effective as Rosetta's, and Rosetta has threatened to sue Topics for false  
20 advertising if it does not produce such evidence.

21 29. There is an actual, substantial, and continuing justiciable controversy between  
22 Topics and Rosetta regarding whether Topics' comparison of its product to Rosetta's  
23 constitutes actionable false advertising.

24 30. Again, Rosetta's accusations of improper conduct by Topics are causing Topics  
25 to suffer substantial actual present harm to its business and property, in that those accusations  
26 are intended to place a cloud over Topics efforts to market and sell its products.

1           31.     Accordingly, Topics is entitled to a declaration that Topics' use of the phrase  
2     "As effective as Rosetta Stone for a fraction of the cost!" does not constitute actionable false  
3     advertising.

4                                   **PRAYER FOR RELIEF**

5           WHEREFORE, Topics prays for relief as follows:

6           1.     For a judgment declaring that Topics' use of the color yellow, black font  
7     lettering, small blue icons, and pictures of smiling individuals is proper and not in violation of  
8     any rights held by Rosetta.

9           2.     For a judgment declaring that Rosetta has no trademark or trade dress rights to  
10    the color yellow, black font lettering, small blue icons, or pictures of smiling individuals.

11          3.     For a judgment declaring that Topics' use of the phrase "As effective as Rosetta  
12    Stone for a fraction of the cost!" does not constitute actionable false advertising.

13          4.     For an award of attorney's fees and other costs of suit as provided by statute,  
14    contract or equity.

15          5.     For such other and further relief as the Court deems just and equitable.

16          DATED this 5<sup>th</sup> day of October, 2009.

17                                   GARVEY SCHUBERT BARER  
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20                                   By                   s/ John Crosetto                    
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