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PODFITNESS, INC.

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 14 UNITED STATES DISTRICT COURT
 15 NORTHERN DISTRICT OF CALIFORNIA
 16 (OAKLAND DIVISION)

18 APPLE COMPUTER, INC.,
 19 Plaintiff,
 20 v.
 21 PODFITNESS, INC., and DOES 1-100,
 22 inclusive,
 23 Defendants.

Case No. C 06-5805 SBA

**JOINT CASE MANAGEMENT
 STATEMENT AND PROPOSED ORDER**

Date: January 10, 2007
 Time: 3:30 p.m.
 Courtroom: 3, Third Floor, Judge Sandra B.
 Armstrong

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 25 The parties to the above-entitled action jointly submit this Case Management Statement
 26 and Proposed Order and request the Court to adopt it as its Case Management Order in this case.

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1 **DESCRIPTION OF THE CASE**

2 **1. A brief description of the events underlying the action:**

3 **a. Procedural History**

4 The Complaint was filed on September 21, 2006 and alleges trademark infringement,
5 trade dress infringement, unfair competition, and trademark dilution in violation of the Lanham
6 Act, as well as other violations under California law arising out of defendant’s alleged
7 infringement of Apple’s trademarks, and alleged attempt to give the impression of an association
8 between Apple and defendant’s web-based business. Specifically, Plaintiff Apple Computer,
9 Inc. (“Apple”) alleges that Defendant’s “POD” series of trademarks, including PODFITNESS,
10 PODFITNESS.COM & Earbud Design, PODPOCKET, and PODWORKOUT (collectively,
11 “Defendant’s Marks”) are confusingly similar to Apple’s “POD” series of trademarks, including
12 IPOD, IPOD NANO, MADE FOR IPOD & Design, IPOD SOCKS, IPOD HI-FI, and POD
13 (collectively, “Apple’s Marks”), that the PODFITNESS.COM & Earbud Design (also referred to
14 as the “PODFITNESS.COM Logo”) used by Defendants is confusingly similar to Apple’s
15 claimed white earbuds trade dress (“Earbud Trade Dress”), and that the use of Defendant’s
16 Marks and PODFITNESS.COM Logo constitutes trademark infringement in violation of Section
17 32 of the Lanham Act, 15 U.S.C. §1114, unfair competition in violation of Section 43(a) of the
18 Lanham Act, 15 U.S.C. §1125(a), trade dress infringement in violation of Section 43(a) of the
19 Lanham Act, 15 U.S.C. §1125(a), federal dilution in violation of Section 43(c) of the Lanham
20 Act, 15 U.S.C. § 1125(c), and violations of related state laws. Apple also alleges that
21 Defendant’s use of the *podfitness.com* domain name, the content of the website located at
22 *www.podfitness.com*, and Defendant’s use of various paid search engine keywords and metatags
23 that incorporate Apple’s Marks infringe and dilute Apple’s rights.

24 On November 13, 2006, Defendant Podfitness filed its Answer to Apple’s Complaint. In
25 the Answer, Defendant denies that its POD-formative marks are confusingly similar to any of
26 Apple’s IPOD marks. Defendant denies that the earphones that are used in the
27 PODFITNESS.COM design are confusingly similar to the earphones that Apple sells with its
28 IPODs. Defendant disputes Apple’s claim of ownership of trade dress rights in the earphones

1 that are sold with and used in the marketing of Apple's IPODs. Defendant denies that it has
2 infringed or diluted any of Apple's marks under any federal or state law.

3 **b. Plaintiff's Claims¹**

4 Since its introduction on October 23, 2001, Apple's IPOD player has become an extremely
5 popular and widely recognized consumer product, with over 60 million units sold worldwide. The
6 IPOD player has led digital media player sales in the U.S. for the past several years, garnering
7 tremendous commercial success. Apple owns three federal trademark registrations for its IPOD
8 trademark and eleven federal applications for marks consisting of or incorporating the terms
9 "POD" or "IPOD." Apple alleges it is also the owner of trade dress rights in its distinctive white
10 earbuds, which have been prominently displayed in its advertising for the IPOD player and are
11 featured in Apple's popular silhouette advertising campaign. Apple alleges that it has used the
12 Apple Marks and the Earbud Trade Dress extensively in commerce for over five years. Apple
13 alleges that its IPOD players have always been used by consumers in connection with fitness
14 activities, and recently Apple entered into a formal collaboration with shoe manufacturer Nike to
15 release the Nike +IPOD product, which allows a runner's shoes to communicate with an IPOD
16 player.

17 In March of 2006, Apple learned that Defendant was developing and attempting to begin
18 selling a subscription service providing customized digital audio workout files under the trade
19 name, trademark and domain name PODFITNESS, and that it intended to market and sell related
20 goods and services under other "POD" marks, including PODPOCKET and PODWORKOUT.
21 Apple also learned that Defendant was intending to market such services using the
22 PODFITNESS.COM Logo, which Apple alleges is either identical or confusingly similar to
23 Apple's Earbud Trade Dress.

24 Since that time, Apple has further learned that Defendant uses Apple's IPOD trademark in
25 the metatags of Defendant's website and as a paid search engine keyword on *google.com*. Apple
26 alleges that Defendant has also copied and prominently displays Apple's registered IPOD mark
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28 ¹ This section contains the claims of the Plaintiff. Defendant does not stipulate to or admit any assertions contained within the Plaintiff's Claims.

1 throughout its *www.podfitness.com* website and particularly on the homepage, including in the
2 tagline: “Put a Personal Trainer right on your IPOD®,” and the bold caption: “Customized IPOD
3 Workouts” (although Defendant removed both phrases from its home page after communications
4 from Apple). Apple alleges that Defendant repeatedly displays conspicuous photos of the IPOD
5 product on the site, and prominently features images of individuals exercising while wearing
6 Apple’s Earbud Trade Dress. Apple alleges that Defendant directly copied such images of
7 Apple’s IPOD player from Apple’s website at *www.apple.com* to use on its own
8 *www.podfitness.com* website.

9 Apple alleges that Defendant’s above-referenced actions and use of Defendant’s Marks
10 infringes and dilutes Apple’s Marks in violation of federal and state law and unlawfully attempts
11 to create the impression of an association between Apple and Podfitness, and Apple’s
12 authorization to use Apple “POD” marks. Apple also alleges that the Defendant’s use of the
13 PODFITNESS.COM Logo infringes and dilutes Apple’s Earbud Trade Dress in violation of
14 federal and state law. Apple further alleges that Defendant was well aware of Apple’s rights,
15 deliberately elected to disregard Apple’s rights, and willfully infringed and diluted Apple’s rights.

16 **c. Defendant’s Claims²**

17 Defendant alleges that Apple is estopped from accusing Defendant’s marks of
18 infringement based on Defendant’s use of the letters POD. During prosecution of Apple’s
19 “IPOD” trademark (U.S. Trademark Application Serial No. 78/089,144) an office action was
20 received in which the trademark examiner rejected registration of the IPOD application due to the
21 similarity of other marks, including the mark “POD.” To overcome this rejection and obtain
22 registration of the “IPOD” mark, Apple argued that the “POD” mark was “clearly different in
23 appearance and sound from Apple’s [“IPOD” mark].” Thus, Defendant claims that Apple should
24 be estopped from arguing that the Defendant’s POD-formative marks infringe or dilute Apple’s
25 IPOD marks based on the shared use of the term POD.

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28 ² This section contains the claims of the Defendant. Plaintiff does not stipulate to or admit any assertions contained within the Defendant’s Claims.

1 Defendant further alleges that there is no likelihood of confusion between Apple's and
2 Defendant's marks. Defendant alleges that the marks are significantly different in both sound and
3 appearance, and would not create confusion in the minds of consumers as to an affiliation between
4 Apple and Defendant.

5 Defendant claims that it has not intentionally sought to create a false impression of
6 association with Apple. Defendant alleges that "podcasts" and "podcasting" are generic terms to
7 describe a multimedia file that is distributed by subscription (paid or unpaid) over the Internet
8 using syndication feeds, for playback on mobile devices and personal computers. (*See*
9 www.wikipedia.com.) Defendant considers itself part of the podcasting business, in particular
10 providing fitness related services. Defendant offers customized audio files, distributed by
11 subscription, which can be downloaded and played on any one of a number of different media
12 players currently available, including but not limited to Apple's IPOD. Defendant claims that it
13 has not implied an association with Apple through its POD-formative marks. Rather, Defendant's
14 POD-formative marks allegedly make reference to the podcasting service that Defendant provides.
15 Thus, Defendant claims that it has not intended to create a false impression of association with
16 Apple.

17 Defendant alleges that Apple has no protectable trade dress rights in the earphones that it
18 sells with its IPODs. Apple claims to own rights in the trade dress of its earphones, which Apple
19 claims consists of "white circular ear speakers with a gray rim, which are attached to a white
20 cylinder of molded plastic covering the white wire." (Complaint, ¶13.) Defendant alleges that
21 these elements are not distinctive, nor unique to Apple, and do not qualify as protectable trade
22 dress.

23 Defendant alleges that its use of its POD-formative marks does not dilute the
24 distinctiveness of, tarnish, or blur any of Apple's trademarks. Defendant alleges that its POD-
25 formative marks are not identical to or nearly identical to Apple's marks.

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1 **2. The principal factual issues which the parties dispute:**

2 It should be noted that the characterization of an issue as “factual” or “legal” is not a
3 concession that it is not the other or both. The parties agree that the following issues are in
4 dispute.

5 a. Whether Defendant’s use of Apple’s marks including Apple’s registered IPOD
6 mark, and display of photographs of the IPOD product and Earbud Trade Dress throughout its
7 *www.podfitness.com* website is likely to cause consumer confusion as to the affiliation between
8 the parties and/or their respective goods and services.

9 b. Whether Defendant’s use of Defendant’s Marks is likely to cause confusion with
10 Apple’s Marks.

11 c. Whether Apple’s Earbud Design is entitled to trade dress protection.

12 d. To the extent Apple is found to have protectable trade dress rights in its earphones,
13 whether Defendant’s use of the PODFITNESS.COM Logo is likely to cause confusion with
14 Apple’s Earbud Trade Dress.

15 e. Whether Defendant’s use of Defendant’s Marks is likely to dilute Apple’s IPOD
16 mark.

17 f. Whether Defendant’s use of Defendant’s Marks is likely to tarnish or blur Apple’s
18 IPOD mark.

19 g. Whether Defendant’s use of Apple’s IPOD trademark in the metatags of
20 Defendant’s website and as a paid search engine keyword on *google.com* is likely to cause
21 consumer confusion as to the affiliation between the parties and/or their respective goods and
22 services.

23 h. Whether Defendant intentionally infringed or diluted the Apple marks or willfully
24 traded on Apple’s goodwill in using Defendant’s Marks or the PODFITNESS.COM Logo.

25 i. Whether Defendant adopted Defendant’s Marks to bring to mind an association
26 with Apple’s IPOD mark, Apple’s purported Earbud Trade Dress, and/or Apple’s products, or to
27 cause consumers to believe that Defendant’s business is affiliated with or endorsed by Apple.

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1 **3. The principal legal issues which the parties dispute:**

2 a. Whether Defendant infringes Apple’s Marks under the federal Lanham Act, 15
3 U.S.C. § 1051 et seq. and/or California Business & Professions Code § 14335 et seq.

4 b. Whether Defendant dilutes Apple’s Marks under the federal Lanham Act, 15
5 U.S.C. § 1051 et seq. and/or California Business & Professions Code § 14330 et seq.

6 c. Whether Apple owns any trade dress rights in its Earbud Design and if so, whether
7 Defendant infringes Apple’s Earbud Trade Dress under the federal Lanham Act, 15 U.S.C. § 1051
8 et seq.

9 d. Whether Defendant unfairly competes with Apple in violation of California
10 Business and Professions Code §§ 17200 et seq.

11 e. Whether Defendant’s use of Defendant’s Marks in connection with its goods and
12 services, including but not limited to the offering of customized audio workout files, constitutes
13 untrue and misleading advertising in violation of California Business and Professions Code §§
14 17500 and 17535.

15 f. Whether Defendant has conducted misleading advertising in violation of California
16 Business and Professions Code §§ 17500 and 17535.

17 g. Whether Apple is estopped from asserting that the Defendant’s POD-formative
18 marks infringe or dilute Apple’s IPOD marks.

19 h. Whether the Complaint states a cause of action upon which relief can be granted.

20 i. Whether Apple’s purported IPOD trademark is famous as required or otherwise
21 defined in 15 U.S.C. §1125(c).

22 j. Whether Apple has suffered any actual damages from any use by Podfitness of any
23 mark.

24 k. Whether some or all of Apple’s claims for relief for trademark infringement pled in
25 the Complaint are barred by one or more of the equitable doctrines of unclean hands, waiver,
26 laches and/or estoppel.

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1 the United States Patent and Trademark Office. Defendant intends to file a motion with this Court
 2 to stay this action. Apple will oppose any motion to stay this action.

3 b. It is Apple's position that the instant action should proceed while the
 4 corresponding TTAB matter referenced in Section 11(a) is suspended. To that end, on December
 5 19, 2006 Apple filed with the TTAB, a Motion to Suspend Pending a Civil Proceeding Under 37
 6 C.F.R. § 2.117(a). Defendant will oppose Plaintiff's Motion. Apple will oppose any motion to
 7 stay this action.

8 c. In the event that this case is not stayed pending resolution of the related
 9 issues currently before the United States Patent and Trademark Office, the parties propose the
 10 following discovery plan:

ACTIVITY	PLAINTIFF'S PROPOSED DATES	DEFENDANT'S PROPOSED DATES
Initial disclosures (FRCP 26)	January 9, 2007	January 9, 2007
Last day to amend pleadings	January 15, 2007	January 15, 2007
Close of fact discovery	April 27, 2007	December 14, 2007
Last day to serve expert disclosures and reports (FRCP 26(a)(2)) on issues on which the party bears the burden of proof	May 25, 2007	January 18, 2008
Last day to serve rebuttal expert reports	June 22, 2007	February 15, 2008
Close of expert discovery	July 13, 2007	March 14, 2008
Last day to file dispositive motions	August 17, 2007	April 11, 2008
Pre-trial disclosures (FRCP 26(a)(3))	October 12, 2007	June 13, 2008
Trial	November 5, 2007 (5-7 court days)	June 30, 2008 (5-7 court days)

1 d. The parties agree that limitations on discovery as set forth in the Federal
2 Rules of Civil Procedure are appropriate for this case.

3 e. The parties agree that expert depositions will not be included in the ten (10)
4 depositions provided for in Fed. R. Civ. Pro. 30(a)(2)(A). The parties further agree that they will
5 meet and confer in good faith if additional depositions are required to probe the accuracy of any
6 instances of actual confusion or lack of actual confusion identified by the parties.

7 **TRIAL SCHEDULE**

8 **12. The parties request a trial date as follows:**

9 The Plaintiff proposes a jury trial beginning November 5, 2007. The Defendant proposes a
10 jury trial beginning June 30, 2008.

11 Should a change to that schedule be required due to amendment of pleadings, the parties
12 will advise the Court.

13 **13. The parties expect that the trial will last for the following number of days:**

14 Five to seven days.

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16 Dated: January 2, 2007

FISH & RICHARDSON P.C.

17
18 By: /s/ David J. Miclean

David J. Miclean

Lisa M. Martens

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20 Attorneys for Plaintiff
21 APPLE COMPUTER, INC.

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1 Dated: January 2, 2007

WORKMAN NYDEGGER

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By: /s/ Mark W. Ford

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Charles J. Veverka

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Robert A. Aycock

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Mark W. Ford

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Attorneys for Defendant

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PODFITNESS, INC.

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DECLARATION OF CONSENT

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Pursuant to General Order No. 45, Section X(B) regarding signatures, I attest under

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penalty of perjury that concurrence in the filing of this document has been obtained from Mark W.

12

Ford.

13

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Dated: January 2, 2007

FISH & RICHARDSON P.C.

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By: /s/ David J. Miclean

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David J. Miclean

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Attorneys for Plaintiff

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APPLE COMPUTER, INC.

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CASE MANAGEMENT ORDER

The Case Management Statement and Proposed Order is hereby adopted by the Court as the Case Management Order for the case and the parties are ordered to comply with this Order. In addition the Court orders:

- [The Court may wish to made additional orders, such as:*
- a. Referral of the parties to court or private ADR process;*
 - b. Schedule a further Case Management Conference;*
 - c. Schedule the time and content of supplemental disclosures;*
 - d. Specially set motions;*
 - e. Impose limitations on disclosure or discovery;*
 - f. Set time for disclosure of identity, background and opinions of experts;*
 - g. Set deadlines for completing fact and expert discovery;*
 - h. Set time for parties to meet and confer regarding pretrial submissions;*
 - i. Set deadline for hearing motions directed to the merits of the case;*
 - j. Set deadline for submission of pretrial material;*
 - k. Set date and time for pretrial conference;*
 - l. Set a date and time for trial.]*

Dated: _____

THE HONORABLE SAUNDRA BROWN ARMSTRONG

#50392066