

1 David J. Miclean (#115098/miclean@fr.com)
 2 FISH & RICHARDSON P.C.
 3 500 Arguello Street, Suite 500
 4 Redwood City, California 94063
 Telephone: (650) 839-5070
 Facsimile: (650) 839-5071

5 Lisa M. Martens (#195824/martens@fr.com)
 Andrew M. Abrams (#229698/abrams@fr.com)
 6 FISH & RICHARDSON P.C.
 7 12390 El Camino Real
 San Diego, California 92130
 8 Telephone: (858) 678-5070
 Facsimile: (858) 678-5099

9 Attorneys for Plaintiff
 10 APPLE COMPUTER, INC.

11
 12 UNITED STATES DISTRICT COURT
 13 NORTHERN DISTRICT OF CALIFORNIA
 14 (OAKLAND DIVISION)

15 APPLE COMPUTER, INC.,

16 Plaintiff,

17 v.

18 PODFITNESS, INC., and DOES 1-100,
 19 inclusive,

20 Defendants.

Case No. C 06-5805 SBA

**PLAINTIFF APPLE COMPUTER, INC.'S
 OPPOSITION TO DEFENDANT'S MOTION
 TO STAY**

Date: May 8, 2007
 Time: 1:00 pm
 Courtroom: 3, 3rd Floor
 Judge: Hon. Sandra B. Armstrong

22 Plaintiff Apple Computer, Inc. ("Apple") hereby submits this opposition to
 23 Defendant's Motion to Stay:

24 **I. INTRODUCTION**

25 Defendant Podfitness' Motion to Stay this case is a thinly veiled attempt to derail a
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 27

1 case in discovery with a trial date on June 23, 2008 that will resolve all issues between the
2 parties, in hopes of having it languish for years in the TTAB¹. As the TTAB cannot even
3 address the majority of Apple’s claims, Defendant’s attempt to avoid the litigation of issues
4 in this case should not be countenanced and the Motion To Stay should be denied.

5 All of Defendant’s arguments in support of this motion rely upon a total
6 mischaracterization of this dispute as one involving a single, narrow issue: the comparison of
7 the marks IPOD and PODFITNESS in a vacuum. This is subterfuge. Contrary to
8 Defendant’s attempt to create a straw man, the issues raised in the TTAB proceeding only
9 encompass a *fraction* of the issues implicated in this litigation. Based on the facts particular
10 to this case, Apple alleges eight separate causes of action (citing both federal and state
11 statutes) for trademark infringement, trademark dilution, trade dress infringement, unfair
12 competition, false designation of origin, and misleading advertising². [Abrams Decl. ¶ 3.]
13 These claims do not revolve solely around a determination of whether the PODFITNESS
14 mark, standing alone, is confusingly similar to Apples’ IPOD mark. More importantly, the
15 TTAB cannot make a legally binding determination with respect to *any* of these claims; it is
16 merely limited to decisions concerning whether a particular mark (“PODFITNESS”) is
17 registrable.

18 Apple’s complaint is based upon specific facts which cannot be addressed by the
19 TTAB in a simple registrability ruling. Such facts establish that Defendant has sought to
20 improperly profit off of the good will established by Apple (including, but not limited to its
21 famous IPOD brand). Based on ample evidence acquired by Apple both independently and
22

23 ¹ Opposition No. 91/173,003 was filed by Apple on September 20, 2006. Apple filed a motion to stay this
24 TTAB proceeding on December 19, 2006, a motion which is still pending before the TTAB. See John M.
25 Murphy, “Playing the Numbers: A Quantitative Look at Section 2(d) Cases Before The Trademark Trial and
26 Appeal Board,” 94 TMR 800 (2004). In this article, Murphy examines a sample of 67 TTAB cases. He found
27 that the median resolution time was 3.2 years, with 60% of the cases taking longer than 3 years and 22% of the
28 cases taking longer than 4 years to complete. Abrams Decl. ¶ 14.

² Apple also intends to raise other fact-specific claims in an amended complaint, including copyright
infringement, cybersquatting, breach of contract, inducement of breach of contract, and intentional interference
with economic advantage.

1 through formal discovery, it has become readily apparent that Defendant has engaged in
2 numerous illicit activities, all for the purpose of creating confusion as to the source of its
3 goods and services, and creating a false impression of an association with Apple and Apple’s
4 products. Such activities will be further outlined in this brief, and include the running of
5 advertisements featuring Apple CEO Steve Jobs’ name and mimicking Apple’s award-
6 winning “silhouette” commercials; they also include the direct copying of Apple’s
7 recognized white earbud trade dress and the use of Apple’s IPOD mark as a metatag,
8 sponsored search engine keyword, and domain name. Further, Defendant requires its
9 subscribers to use Apple’s proprietary ITUNES software in conjunction with its own
10 derivative application in order to access its services, thereby violating licensing and
11 developer agreements in place between the parties.

12 Defendant alleges in its Motion to Stay that there is a vague “industry dispute” over
13 the right to use POD-formative marks, and that some efficiency would be gained by having
14 the TTAB first adjudicate “whether POD-formative terms are entitled to federal trademark
15 registration.” This contention is completely meritless, as Defendant’s activities are unique to
16 this matter, and do not have anything to do with Apple’s disputes with any other parties.
17 Simply put, it is not possible for the TTAB to do what Defendant requests, and to issue a
18 generalized ruling in a completely unrelated matter that would somehow be authoritative in
19 determining whether Defendant infringes Apple’s marks. As much as Defendant would like
20 to distract the Court’s attention from its specific infringing activities, the determinations of
21 the claims raised in this litigation (e.g., trademark infringement, dilution, false advertising
22 and unfair competition³) can only be addressed by this Court, and not by the TTAB.

23 The TTAB cannot make a legally binding determination with respect to *any* of
24 Apple’s causes of action in this case; it is merely limited to decisions concerning whether a
25 particular mark is registrable. If Defendant gets its wish to stay this case, even after the

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27 ³ See footnote 2.

1 TTAB proceeding concludes years from now⁴, the outcome of the administrative proceeding
2 would not affect the legal standard applied in the federal trademark infringement claim or the
3 scope of the required fact-finding. The Court must still independently determine the validity
4 and priority of the marks and the likelihood of consumer confusion as to the source of the
5 goods and services, with this latter issue to be resolved not by reference to a registration
6 determination by the TTAB but by application of the multi-factor balancing test set forth in
7 *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979). Other claims such as false
8 advertising and unfair competition are even more clearly outside the scope of the TTAB's
9 authority.

10 Defendant's efforts to derail the instant case, which will resolve all issues and be
11 completed by June 2008, by raising unsubstantiated and irrelevant allegations about a
12 supposed "need" for the TTAB to issue a general directive on "POD-formative" marks, is
13 meritless, and should be rejected. In order to achieve efficient and full adjudication of all of
14 the legal and factual issues raised in this current litigation, Apple respectfully submits that
15 the instant action should proceed while the corresponding TTAB matter is suspended⁵.

16 **II. ARGUMENT**

17 **A. Defendant's motion is intended merely to delay the prompt and** 18 **comprehensive adjudication of this dispute.**

19 Defendant's true motivation in filing this Motion to Stay is transparent: *to delay the*
20 *prompt and comprehensive adjudication of all of the legal issues raised in this dispute*. It
21 is unquestionable that allowing the TTAB proceeding to proceed first while suspending this
22 civil action would result in significant judicial inefficiency and unnecessary expense to the
23 parties. This is because the sole issue that the TTAB is qualified to determine, the

24 _____
25 ⁴ See footnote 1; Abrams Decl. ¶ 14.

26 ⁵ Apple filed a motion to stay the TTAB proceedings on December 19, 2006. Apple's motion to stay, which is
27 far more appropriate than this current motion for the reasons described herein, has been pending at the TTAB
28 for nearly four months without being resolved. This is yet another example of the delays which would be
caused by granting Defendant's motion.

1 registrability of Podfitness’ trademark applications⁶, only represents a small fraction of the
2 issues implicated in this litigation. Despite Defendant’s self-serving attempts to
3 mischaracterize this dispute as one which only involves a comparison of the marks IPOD and
4 PODFITNESS in a vacuum, the reality is that this litigation encompasses far more, as
5 detailed below.

6 On September 21, 2006, Apple filed a complaint against Defendant alleging eight
7 separate causes of action (citing both federal and state statutes) for trademark infringement,
8 trademark dilution, trade dress infringement, unfair competition, false designation of origin,
9 and misleading advertising⁷. [Abrams Decl. ¶ 3.] The crux of Apple’s case, and the basis for
10 each of these claims, hinges upon the following particular facts which can only be addressed
11 by this Court, and not by the TTAB. These facts demonstrate the systematic targeting of
12 Apple’s consumer base in a manner which is likely to create public confusion as to the
13 possible affiliation between the parties, and also suggest Defendant’s bad faith intent in
14 adopting its “Pod” formative marks. Indeed, Defendant’s entire marketing strategy appears
15 to consist of hitching its wagon to Apple’s star. The evidence of bad faith is highly relevant,
16 and overwhelming:

- 17 • The admitted creation of Podfitness to take advantage of the “white hot”
18 made-for-IPOD market. [Abrams Decl. ¶ 4.]
- 19 • The “Steve Jobs” advertising campaign, in which Defendant issued fake letters
20 to Apple’s CEO thanking him for the invention of the IPOD. [Abrams Decl. ¶
21 5.]
- 22 • The running of imitation “silhouette” advertisements featuring images of
23 Apple’s IPOD and Apple’s famous white earbud trade dress. [Abrams Decl. ¶
24 6.]

23 ⁶ See *Freecycle sunnyvale v. Freecycle Network, Inc.*, No. C 06-00324 CW, 2006 WL 870688, *6 (N.D. Cal.
24 April 4, 2006), “The PTO cannot decide issues of trademark infringement; this is a matter that must be decided
25 in a court.” (citing *Goya Foods, Inc. v. Tropicana Prods., Inc.*, 846 F.2d 848, 853-54 (2d Cir. 1988) (“outcome
26 of PTO proceedings does not affect legal determination of infringement claim; district court must still
27 independently decide validity and priority of marks and likelihood of consumer confusion”)).

26 ⁷ Apple also intends to raise other fact-specific claims in an amended complaint, including copyright
27 infringement, cybersquatting, breach of contract, inducement of breach of contract, and intentional interference
28 with economic advantage.

- 1 • The copying of Apple’s earbud trade dress. On information and belief,
2 Defendant used a digital copy of Apple’s Earbud Trade Dress and merely
3 removed the “r”, and revised the dots to create its corporate logo. [Abrams
4 Decl. ¶ 7.]
- 5 • Defendant’s copying and prominent display of Apple’s registered IPOD mark
6 throughout its *www.podfitness.com* website, including in the tagline: “Put a
7 Personal Trainer right on your IPOD®,” and the bold caption: “Customized
8 IPOD Workouts. On information and belief, Defendant directly copied
9 images of the IPOD player from Apple’s website at *www.apple.com* to use on
10 its own *www.podfitness.com* website. [Abrams Decl. ¶ 8.]
- 11 • Defendant’s use of Apple’s registered IPOD mark in the metatags of each
12 page on its *www.podfitness.com* website, causing Defendant’s website to
13 appear as a “hit” when a query is conducted through a search engine for the
14 following phrases: “IPOD workout music”; “I POD trainer”; “I POD
15 workout”; “I POD workouts”; “IPOD workouts”; “IPOD trainer.” [Abrams
16 Decl. ¶ 9.]
- 17 • Defendant’s listing as a sponsored link on the search engine *www.google.com*
18 in connection with the keywords “IPOD Workout” and “IPOD Fitness,”
19 causing a link to the *www.podfitness.com* website to appear prominently in the
20 top banner or right margin of the screen in response to a search query for such
21 terms. [Abrams Decl. ¶ 10.]
- 22 • Defendant’s use and registration of the domain names *ipodfitness.com* and
23 *ipodworkouts.com* to automatically re-direct to its homepage at
24 *podfitness.com*. [Abrams Decl. ¶ 11.]
- 25 • Defendant’s unauthorized adoption and use of Apple’s “SHUFFLE” logo
26 (Registration No. 3,067,950), and certain aspects of the MADE FOR IPOD
27 logo (Application Serial No. 78/689,534). [Abrams Decl. ¶ 12.]

17 Moreover, Defendant’s services entirely depend on Apple’s proprietary ITUNES
18 software to store, manage, play, control the audio content, and encode the mixed media into
19 MPEG-4 format. [Abrams Decl. ¶ 13.] Apple alleges that Defendant’s Podfitness Mixer,
20 which its subscribers must also download in order to create the customized audio files,
21 represents a derivative work of the ITUNES. By creating such a derivative work, Defendant
22 not only breaches its development and SDK License Agreements with Apple, but causes its
23 subscribers to breach the “click-through” license agreement they agreed to when
24 downloading ITUNES.

25 These are facts which are of vital importance in determining Defendant’s liability and
26 damages for trademark and copyright infringement, dilution, unfair competition, breach of
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1 contract, inducement of breach of contract, interference with economic advantage, and
2 cybersquatting. Yet, the impact of this “real-world” evidence is minimal in determining
3 mere trademark registrability, which is all the Patent and Trademark Office is qualified to
4 resolve⁸. Thus, every single one of these claims would require *de novo* re-litigation on
5 considerably “stale” three-to-four year-old⁹ evidence before this Court, *after* the TTAB
6 proceedings were concluded¹⁰. Defendant knows this, yet still argues with a straight face that
7 “[o]btaining the TTAB’s opinion on this issue [of likelihood of confusion] will promote
8 judicial efficiency...” Such an assertion is flatly inaccurate, and disingenuous to say the least.
9 Does Defendant truly believe that pursuing a TTAB proceeding to a final determination,
10 which has a median resolution time of **3.2 years**¹¹, *then* reverting to federal litigation to re-
11 examine *de novo* the likelihood of confusion issue as well as all of the other multitude of
12 issues represents the most efficient manner to approach this dispute? This civil case is
13 currently proceeding smoothly through discovery, with trial set for June 2008¹². [Abrams
14 Decl. ¶ 15.] It is hard to fathom how Defendant proposes to conduct a three-year
15 administrative proceeding, then revert to this civil litigation, and finish it all before next June.
16 The reality is that Defendant does not seek to accomplish such a miracle; this Motion to Stay
17 is merely a subterfuge which would allow Podfitness to continue its infringing and diluting
18 conduct while the matter languishes for years in the “black hole” of TTAB litigation.

19 ⁸ See *Freecyclesunnyvale*, 2006 WL 870688 at *6; *Goya Foods*, 846 F.2d at 853-54 . Even with respect to
20 registrability, the only issue the TTAB is qualified to resolve, a decision by the TTAB is only advisory in
21 respect to the disposition of the case pending in the District Court. T.B.M.P. § 510.02(a) (also stating that a
22 decision by the District Court is binding upon the Patent and Trademark Office). Thus, while a TTAB
23 determination of registrability may possibly provide some modicum of guidance to this Court, a District Court’s
24 review of a TTAB’s decision is still essentially “an independent judicial proceeding.” *Goya Foods*, 846 F.2d at
25 852 (2d Cir.1988).

26 ⁹ See footnote 1; Abrams Decl. ¶ 14.

27 ¹⁰ *Goya Foods*, 846 F.2d at 853-54 (2d Cir. 1988) (“outcome of PTO proceedings does not affect legal
28 determination of infringement claim; district court must still independently decide validity and priority of marks
and likelihood of consumer confusion”)

¹¹ See footnote 1; Abrams Decl. ¶ 14.

¹² The Court set this date, which was proposed by Defendant, over Apple’s objections. Apple sought a trial date
of November 5, **2007**. Defendant’s insistence on a seventh-month delay for trial in this matter is consistent with
its overall strategy of seeking to delay a final adjudication on the merits while it continues its infringing and
diluting conduct.

1 In addition to its considerably longer resolution time¹³ and inability to resolve the
2 majority of issues at stake, the TTAB simply is incapable of providing Apple the complete
3 equitable and monetary relief it seeks against Defendant. If the parties were required to first
4 proceed in the administrative proceeding, and judgment were then rendered by the TTAB,
5 Apple, who is being damaged by Defendant's continuing use of infringing and diluting marks
6 and improper use of the ITUNES software would still need to seek an injunction from a
7 federal district court to require Defendant to cease its harmful actions. Nor can the TTAB
8 grant the monetary relief due to Apple which takes into account the economic harm caused
9 by Defendant's actions as well as Defendant's unjustly earned profits. Defendant is fully
10 aware that the TTAB cannot provide such relief, which is exactly why it seeks to
11 substantially delay this current civil action.

12 Judicial economy warrants a consolidation of issues, so that the parties may avoid
13 unnecessary and duplicative proceedings. *See Goya Foods, Inc. v. Tropicana Products, Inc.*
14 *v. Tropicana Products, Inc.*, 846 F.2d 848, 853-54 (2d Cir.1988) ("the interest in prompt
15 adjudication far outweighs the value of having the views of the [TTAB]"; there is often
16 urgency in infringement actions because ongoing business is involved and harm may be
17 accruing). This Court's jurisdiction is far broader than the TTAB, encompassing both the
18 power to decide the issues of registrability of Defendant's marks as well as infringement,
19 dilution, and a host of other legal issues brought about through Defendant's marketing efforts
20 designed to insinuate an affiliation between the parties. The decision that this Court will
21 render will resolve *all* of the issues in dispute between the parties and thereby allow Apple to
22 receive complete relief for its claims in a single forum. A stay will only serve to
23 unnecessarily delay the comprehensive resolution of the parties' dispute. This result, which
24 is what Defendant seeks to achieve with this Motion, is not in the interests of judicial
25 economy.

26 ¹³ As an example, Apple's motion to stay the TTAB proceeding has been pending at the TTAB for nearly four
27 months without being resolved.

1 **B. The TTAB cannot decide issues of trademark infringement; this is a**
2 **matter that must be decided in a court.**

3 Defendant’s argument for staying the present action hinges upon the “doctrine of
4 primary jurisdiction.” (See Motion to Stay, p. 4:25-26, p. 5:1-11.) The doctrine is a general
5 theory which states that when a court is faced with a question requiring the exercise of
6 administrative discretion, it should allow the appropriate federal administrative agency to
7 rule on the issue when possible. Courts normally examine the facts of each particular case
8 when deciding whether or not it should be applied. *C-Cure Chemical Co., Inc. v. Severe*
9 *Adhesives Corp.*, 571 F.Supp. 808, 823 (W.D.N.Y.1983) (quoting *United States v. Western*
10 *Pacific Railway Co.*, 352 U.S. 59, 64 (1956)).

11 Defendant conveniently fails to mention that this doctrine is generally not applicable
12 to cases involving trademark infringement. See *W & G Tennessee Imports, Inc. v. Esselte*
13 *Pendaflex Corp.*, 769 F.Supp. 264, 265 (M.D. Tenn. 1991) (rule of primary jurisdiction “not
14 normally applied in cases where questions of trademark validity and trademark infringement
15 are involved”) (citing *Goya Foods, Inc. v. Tropicana Products, Inc. v. Tropicana Products,*
16 *Inc.*, 846 F.2d 848 (2d Cir.1988)); *American Cyanamid Co., v. Campagna Per La Farmacie*
17 *In Italia S.P.A.*, 678 F.Supp. 1049 (S.D.N.Y.1987), *aff’d* 847 F.2d 53 (2d Cir.1988).
18 Furthermore, deferral to the Patent and Trademark Office in cases where trademark
19 infringement is alleged is unnecessary where the issues, as is the case here, do not involve
20 highly technical questions or subject matter. *American Cyanamid*, 678 F.Supp. at 1054-55.

21 *Goya Foods, supra*, is the **only** Circuit Court decision to consider the primary
22 jurisdiction doctrine in relation to a trademark case. In that case, the issues of validity and
23 infringement were both before the Court at the time the Court was considering whether it
24 should stay proceedings. In deciding not to enter the stay, the Court reasoned:

25 If a district court action involves only the issue of whether a mark is entitled
26 to registration and if subject matter jurisdiction is available, the doctrine of
27 primary jurisdiction might well be applicable, despite the differences between
28 the trademark registration scheme and other regulatory patterns. In such a
case, the benefits of awaiting a decision would rarely, if ever, be outweighed

1 by the litigants' need for a prompt adjudication. But where, as in the pending
2 case, a district court suit concerns infringement, the interest of prompt
3 adjudication far outweighs the value of having the views of the PTO. Whether
4 a litigant is seeking to halt an alleged infringement or, as in this case, seeking
a declaration of non-infringement, it is entitled to have the infringement issue
resolved promptly so that it may conduct its business affairs in accordance
with the court's determination of its rights. (citations omitted).

5 *Goya Foods*, 846 F.2d at 854-55.

6 In the present case, the district court suit similarly concerns trademark infringement
7 (as well as a host of other legal issues which cannot be determined by the TTAB, such as
8 dilution, unfair competition, and false advertising)¹⁴. As this very Court recently pointed out
9 in *Freecyclesunnyvale v. Freecycle Network, Inc.*, No. C 06-00324 CW, 2006 WL 870688,
10 *6 (N.D. Cal. April 4, 2006), "***The PTO cannot decide issues of trademark infringement;***
11 ***this is a matter that must be decided in a court.***" (emphasis added) (*citing Goya Foods, Inc.*
12 *v. Tropicana Prods., Inc.*, 846 F.2d 848, 853-54 (2d Cir. 1988) ("outcome of PTO
13 proceedings does not affect legal determination of infringement claim; district court must still
14 independently decide validity and priority of marks and likelihood of consumer confusion")).
15 Similarly, in this case, the TTAB is simply incapable of resolving all of the issues between
16 the parties. Therefore, the Court should deny Defendant's Motion to Stay, just as it denied
17 the defendant's motion in *Freecyclesunnyvale*.

18 **C. The TTAB's special expertise is not of great significance where the**
19 **trademark issues do not raise highly technical matters outside the normal business of**
20 **the district court.**

21 The cases that Defendant cite in support of the proposition that the Court should defer
22 to the TTAB's "special expertise" in determining trademark issues¹⁵ are in the significant
23 minority. Not surprisingly, Defendant fails to mention that the prevailing (and more logical)
24 approach is that a stay should be denied in matters involving infringement. The

24 ¹⁴ The amended complaint will add further claims which are far out of the realm of the TTAB's expertise,
25 including breach of contract, copyright infringement, and cybersquatting.

26 ¹⁵ *Citicasters Co. v. Country Club Communications*, 1997 WL 715034 (C.D.Cal. July 21, 1997); *Nat'l Mktg.*
27 *Consultants, Inc. v. Blue Cross Blue Shile Ass'n*, 1987 WL 20138 (N.D.Ill. Nov. 19, 1987); *C-Cure Chem. Co.,*
28 *Inc. v. Secure Adhesives, Corp.*, 571 F.Supp. 808 (W.D.N.Y.1983); *Driving Force, Inc. v. Manpower, Inc.*, 498
F.Supp. 21 (E.D.Penn.1980).

1 overwhelming majority of courts, including this one, have held that the primary jurisdiction
2 doctrine does not apply in such cases. *See, e.g., Freecycle Sunnyvale v. Freecycle Network,*
3 *Inc.*, No. C 06-00324 CW, 2006 WL 870688 (N.D. Cal. April 4, 2006); *McGuire v. Regents*
4 *of the Univ. of Michigan*, 2000 WL 1459435 (S.D. Ohio Sept. 21, 2000); *Fight for Children,*
5 *Inc. v. Fight Night, Inc.*, 1997 WL 148643 (D.D.C. Mar. 26, 1997); *Maritz v. Cybergold,*
6 *Inc.*, 947 F.Supp. 1328 (E.D. Missouri Aug. 19, 1996); *Forschner Group, Inc. v. B-Line A.G.*,
7 943 F.Supp. 287 (July 17, 1996); *PHC, Inc. v. Pioneer Healthcare, Inc.*, 75 F.3d 75 (1st
8 Cir.1996); *Cash v. Brooks*, 906 F.Supp. 450 (E.D. Tenn.1995); *Krause Int'l, Inc. v. Reed*
9 *Elsevier, Inc.*, 866 F.Supp. 585 (D.D.C.1994); *Hanlon Chem. Co., Inc. v. Dymon, Inc.*, 1991
10 WL 12869 (D.Kan. Jan. 30, 1991); *W & G Tennessee Imp., Inc. v. Esselte Pendaflex Corp.*,
11 769 F.Supp. 264 (M.D. Tenn.1991); *MCA, Inc. v. Mid-Continent Adjustment Co.*, 1988 WL
12 89074 (N.D. Ill.1988); *Goya Foods*, 846 F.2d at 848; *Am. Bakeries Co. v. Pan-O-Gold*
13 *Baking Co.*, 650 F.Supp. 563 (D. Minn.1986).

14 These cases present a number of reasons why the rationale behind the primary
15 jurisdiction doctrine is not furthered by its application in the context of this case. First, the
16 doctrine is only invoked in cases where an administrative agency has a unique expertise in a
17 particular area that courts are unfamiliar with. One of the key areas at issue here – the
18 likelihood of consumer confusion – is one well “within the conventional competence of the
19 courts.” *Goya Foods*, 846 F.2d at 853; *Am. Bakeries Co.*, 650 F.Supp. at 567. Indeed, “this is
20 a legal standard with which courts have long-standing familiarity in resolving suits arising
21 under both the Lanham Act and the common law of trademark infringement and unfair
22 competition.” *Goya Foods*, 846 F.2d at 853. Thus, Defendant’s effort to establish that
23 “likelihood of confusion” is the core issue in the present action (Motion to Stay, pp: 7-8) is
24 effectively a “red herring” argument which is irrelevant to the determination of this Motion.

25 This is especially true given that Congress has expressly given Courts the authority to
26 decide trademark issues. *See MCA, Inc.*, 1988 WL 89074, at *3 (citing 15 U.S.C. §§ 1070,

1 1071, & 1119); *see also* 15 U.S.C. §§ 1114, 1120 & 1125. An applicant for registration or a
2 party to an opposition proceeding may either appeal the decision to the United States Court
3 of Appeals for the Federal Circuit or bring a civil action in a United States District Court.
4 *See Goya Foods*, 846 F.2d at 852 (citing 15 U.S.C. § 1071(a) & (b)).

5 Moreover, as discussed previously, ***Apple’s case against Defendant is not solely***
6 ***about trademark registration***. Apple’s action concerns infringement as well a number of
7 other claims which do not at all involve the likelihood of consumer confusion, including
8 dilution and false advertising. An anticipated amended complaint will also add claims for
9 breach of contract, copyright infringement, and cybersquatting. Not only is this Court far
10 more competent to resolve these significant issues than an administrative board with no
11 expertise in such areas, but it ***must*** resolve this issues, because the TTAB is not authorized to
12 do so. Whereas this Court may promptly decide all of the outstanding issues in this dispute,
13 the TTAB can only partially resolve a fraction of the issues in a process that takes years.
14 Thus, a stay of this civil action simply does not make any sense, and it will only serve to
15 unnecessarily delay the comprehensive resolution of the parties’ dispute.

16 **D. The determination of the claims at issue will be made through an analysis**
17 **of Defendant’s specific actions, and will not be contingent upon the rulings of other**
18 **proceedings involving POD-formative marks.**

19 Contrary to Defendant’s claims, this case is ***not*** a broad referendum on the
20 registrability of all marks incorporating the term “POD.” Nor is it possible for the TTAB to
21 issue some generalized ruling in a completely unrelated matter that would somehow be
22 authoritative in determining whether Defendant infringes Apple’s marks. As much as
23 Defendant would like to distract the Court’s attention from its specific activities, the
24 determinations of the claims raised and intended to be raised in this litigation (e.g., trademark
25 infringement, trade dress infringement, copyright infringement, unfair competition, breach of
26 contract, cybersquatting, etc.) are plainly fact-driven. The TTAB cannot rule on such causes
27 of action, nor will it address Defendant’s particular, reprehensible actions. Only this Court

1 can do so.

2 Defendant desperately argues that uniform results would be obtained if the TTAB
3 were allowed to determine whether POD-formative terms are likely to be confused with
4 Apple's IPOD marks¹⁶. Yet it provides absolutely no legal authority for this incredible
5 proposition, and utterly fails to acknowledge that each matter involves a different mark,
6 different goods and/or services, different marketing and sales strategies, and different degrees
7 of bad faith. There are very few issues common to these cases, other than Apple and its
8 IPOD marks. By Defendant's reasoning, should all trademark disputes involving a single
9 plaintiff's marks always be resolved in some sort of universally applicable administrative
10 ruling? Defendant seeks to characterize this dispute as one involving a single, narrow issue:
11 the comparison of the marks IPOD and PODFITNESS in a vacuum. This is simply not
12 accurate. By adopting such an approach, Defendant is conveniently attempting to wash away
13 all of its other transgressions which form the very basis of this current action, and serve to
14 distinguish this matter from each of Apple's other disputes.

15 Indeed, as set forth above, the specific facts of this case indicate a pattern of bad faith
16 on the part of Defendant in a manner designed to create public confusion as to the possible
17 affiliation between the parties. This unique set facts is crucial in determining Defendant's
18 liability and damages in this particular civil case for trademark and copyright infringement,
19 dilution, unfair competition, breach of contract, inducement of breach of contract,
20 interference with economic advantage, and cybersquatting. Yet, the importance of this

21 ¹⁶ In so arguing, Defendant again plays fast and easy with the facts. Defendant has been advised in writing by
22 Apple that Podfitness' "over 100 pod-formative actions" allegation is categorically and patently false, but
23 nonetheless persists in stating this misleading figure to the court. Such blatant disregard for the accuracy of its
24 information is reprehensible, and irresponsible. Defendant's figure includes Apple's requests for extensions of
25 time to oppose certain applications, which are not oppositions. Further, Defendant assumes that all the
26 oppositions are still pending. Had Defendant actually reviewed any of the dockets of those proceedings, which
27 include proceedings initiated five years ago, it would have noted that a great many of them have been
28 terminated. Lastly, Defendant has counted some matters twice by counting it once when Apple took an
extension of time to oppose an application and counting it again once Apple actually filed the opposition. The actual number of active oppositions that Apple is prosecuting with regard to POD-formative marks is actually 17 (of which only 5 use "POD" as a prefix), a far cry from "over 100" figure exploited repeatedly by Defendant. [Abrams Decl. ¶ 16.]

1 evidence is minor in determining mere registrability, which is all the Patent and Trademark
2 Office is qualified to resolve. Certainly, Apple's other administrative proceedings involving
3 third-party users of POD-formative marks will not broach these identical issues.
4 Accordingly, Defendant's allegation that efficiency would be gained by having the TTAB
5 first adjudicate "whether POD-formative terms are entitled to federal trademark registration"
6 is completely without merit.

7 Finally, Defendant makes a great deal of the fact that it alone, allegedly, has been the
8 subject of a civil lawsuit filed by Apple, although Apple has instituted opposition
9 proceedings against other POD-formative marks. The legal rationale for this argument is
10 unclear. Even if true, the fact that Defendant has been sued while other parties have not is
11 irrelevant, as Apple is certainly entitled to decide for itself when it needs to seek the full and
12 final relief provided by a court to protect its famous IPOD mark from infringing conduct.

13 **III. CONCLUSION**

14 Defendant has failed to raise a single valid reason why the TTAB would be better
15 suited than this Court to first decide this case. In order to achieve efficient and full
16 adjudication of all of the legal and factual issues raised in this current litigation, Apple
17 respectfully submits that the instant action should proceed while the corresponding TTAB
18 matter is suspended.

19
20 FISH & RICHARDSON P.C.

21
22 By: /s/ David J. Miclean

23 David J. Miclean

24 Lisa M. Martens

25 Andrew M. Abrams

26 Attorneys for Plaintiff

27 APPLE COMPUTER, INC.

PROOF OF SERVICE

I am employed in the County of San Diego. My business address is Fish & Richardson P.C., 12390 El Camino Real, San Diego, California. I am over the age of 18 and not a party to the foregoing action.

I am readily familiar with the business practice at my place of business for collection and processing of correspondence for personal delivery, for mailing with United States Postal Service, for facsimile, and for overnight delivery by Federal Express, Express Mail, or other overnight service.

On April 17, 2007, I caused a copy of the following document(s):

PLAINTIFF APPLE COMPUTER, INC.'S OPPOSITION TO DEFENDANT'S MOTION TO STAY

to be served on the interested parties in this action by placing a true and correct copy thereof, enclosed in a sealed envelope, and addressed as follows:

Robert E. Aycock
Brett I. Johnson
Mark W. Ford
C.J. Veverka
Workman Nydegger
1000 Eagle Gate Tower
60 East South Utah
Salt Lake City, UT 84111
Telephone: (801) 533-9800
Facsimile: (801) 328-1707

Attorneys For Defendant
PODFITNESS, INC.

MAIL: Such correspondence was deposited, postage fully paid, with the United States Postal Service on the same day in the ordinary course of business.

FEDERAL EXPRESS: Such correspondence was deposited on the same day in the ordinary course of business with a facility regularly maintained by Federal Express.

I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

I declare under penalty of perjury that the above is true and correct. Executed on April 17, 2007, at San Diego, California.



Nicole C. Pino