

Exhibit 19



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To Cut Online Chatter, Apple Goes to Court

By [JOHN MARKOFF](#)

SAN FRANCISCO, March 20 - In the fall of 1981, Paul Freiberger, a reporter for the weekly computer industry newspaper InfoWorld, was preparing to run a story that [Apple Computer](#) was engaged in two secret development projects. But first, he listened as company co-founder Steven P. Jobs shouted at him over the phone that revealing the code names of products would offer a crucial advantage to the computer maker's Japanese competitors.

In the end, the paper got its scoop - Apple's new projects were called the Lisa and the Macintosh - and the company still managed to handily trounce its competitors.

During the ensuing 24 years, the relationship between the press and Mr. Jobs has remained remarkably consistent: while fostering intense secrecy both at Apple and at [Next Inc.](#), the company he sold to Apple in 1996, he has at the same time become a master of orchestrating new product buzz.

Now, however, increasingly concerned about losing control of his product story in the face of the Internet's echo chamber, Mr. Jobs has chosen to sue several sites that traffic in Apple news in an effort to determine if his employees are leaking product information.

Because the lawsuits could potentially force courts to define what a journalist is and to broaden trade secret protection for corporations, Mr. Jobs has been bitterly opposed by public interest groups and some reporters, who cite Apple's status as an underdog in the computer industry and the company's role in creating new avenues for electronic media.

But Mr. Jobs's decision to go after the operators of the small Internet fan sites is not surprising to many Silicon Valley veterans, Apple enthusiasts and former executives of the quirky computer-maker, which is based in Cupertino, Calif.

He has always had a reputation for being iconoclastic and confrontational. As a result, despite Apple's tradition of positioning the Macintosh as "the computer for the rest of us," some Apple watchers said the move could actually serve to strengthen Mr. Jobs's marketing magic by deepening the secrecy - and thus the buzz - he has always tried to maintain around the company's future products.

"He's a master at creating the mystique," said Regis McKenna, a Silicon Valley marketing executive who began working with Mr. Jobs shortly after Apple was founded. "His problem is how to continue to innovate out of the limelight."

In the first of the Apple cases, a Santa Clara County Superior Court judge ruled earlier this month that three operators of independent Web sites devoted to publishing information about Apple must divulge their confidential sources to the company. Apple said that it was seeking the source of information it claims is protected under trade secret law. That ruling is being appealed by lawyers for the Electronic Frontier Foundation, which is representing the three, who had argued they should be protected as reporters.

In the second case, Apple charged Nicholas M. Ciarelli, the Harvard freshman who operates the Web site Think Secret, with illegally attempting to induce Apple employees to violate their confidentiality agreements with the company.

Mr. Jobs, who refused comment for this article, has long turned conventional product announcements into part of the

Apple mystique. Since his return to Apple in 1997, he has often unveiled new hardware and software while sitting at a computer keyboard much like a performing concert pianist in front of cheering crowds. "Steve might as well have invented the term 'event marketing,'" said Stewart Alsop, a former Silicon Valley editor and conference promoter who is now a venture partner at New Enterprise Associates. "You focus everything on a moment in time and then persuade everyone to anticipate that moment."

Apple's marketing wizard has deftly used speculation about his next commercial move as an essential component of each new product introduction. The company's customers spend countless hours chattering about whether the company's next new portable computer will include the G5 chip or if an Apple cellphone or media center is just over the horizon. And while Mr. Jobs has fired and even sued his own employees in the past for leaking information, the first news about some Apple introduction has frequently appeared in a news account, on a Web site or, occasionally, in business newspapers in China or Taiwan where the company's products are manufactured.

In the personal computer industry, where Mr. Jobs's company still has a tiny market share, his ability to attract a disproportionate share of media attention has long irritated his competitors. Once, shortly after Mr. Jobs introduced a new version of his iMac consumer PC, his rival, Bill Gates of [Microsoft](#), grouched that Apple's innovation was confined to colored plastic.

One measure of Mr. Jobs's effectiveness as a company evangelist is the Web traffic on Think Secret, the Apple rumor site run by Mr. Ciarelli since 1998. During periods when Apple has product introductions, Mr. Ciarelli said that his site receives as many as five million page views a month. That is a level of Internet popularity roughly equal to that of a typical suburban newspaper.

To be sure, the strategy of tight secrecy and surprise was not always an Apple trademark. Between 1985 and 1997, while Mr. Jobs was in exile from the computer maker he founded in 1977, many reporters in Silicon Valley would laughingly refer to Apple as a "ship that leaks from the top."

Indeed, during the late 1980's and early 1990's many of the company's executives seemed to enjoy playing what has long been Silicon Valley's favorite spectator sport - sharing gossip about what the "Next Big Thing" from Apple might be.

Raines Cohen, who worked as a reporter at the MacWeek trade paper, recalled how the staff of the paper would occasionally send "Mac-the-Knife" coffee mugs to random Apple executives. The rationale was that having so many mugs spread throughout the office would make it harder for Apple to figure out which employees were actually talking to the publication.

A co-founder of the Berkeley Macintosh Users' Group, Mr. Cohen said he believed that Apple's fans would be unlikely to be driven away from the company by Mr. Jobs's heightened secrecy obsession. The company's critics were more likely to be computer users who do not use Apple products, such as devotees of the freely developed Linux operating system.

"I've seen a backlash, but it's coming from the open-source community that will criticize Apple at the drop of a hat," he said.

Despite stringent secrecy prohibitions at Apple and an insistence that only a handful of the company's executives speak to the press or public, Mr. Jobs seems to have done a reasonable good job of maintaining employee morale. Several Apple employees, who spoke on condition of anonymity, said that Mr. Jobs was good at convincing his workers of the need for the computer maker to speak with one voice.

The strategy makes sense to many former Apple employees as well. "He's in the fashion business," said Randy Komisar, a former Apple executive. "He has to have a new hit every quarter or he goes out of business. The speculation is worth tens of millions of dollars of public relations."

Mr. Jobs's unique approach to marketing was highlighted last week at the Cellular Telecommunications and Internet Association meeting in New Orleans, when the [Motorola](#) Corporation attempted to explain to reporters why its

cellphone version of the [iPod](#) had not been introduced at a European trade show as expected.

"The first thing you're seeing here is a merger of two different industries with different ideas of launching products," Ron G. Garriques, president of Motorola's mobile phone division, told analysts and reporters at a news conference, according to Reuters. "Steve's perspective is that you launch a product on Sunday and sell it on Monday."

Moreover, nobody expects Mr. Jobs's marketing machine to unravel any time soon. Indeed, the MacWorld exhibitions held in San Francisco in January remain a highly anticipated event for the Macintosh faithful, where as many as 5,000 fans engage in an annual ritual of adulation for the computer maker and its co-founder.

Mystery, anticipation and surprise all lie at the heart of the events, and Mr. Jobs will occasionally tease his audience, pretending to walk off stage, before returning and saying, "Oh! One more thing ..." and then unveiling some new product.

"It's a classic part of a Jobs keynote," said Steven Levy, author of "Insanely Great: The Life and Times of Macintosh, the Computer That Changed Everything" (Penguin, 2000) and a forthcoming book on Apple's iPod. "It's a treat. It's not as much fun for people if they know what it is."

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