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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

J.T. COLBY & COMPANY, INC. d/b/a BRICK
TOWER PRESS, J. BOYLSTON & COMPANY,
PUBLISHERS LLC and IPICTUREBOOKS LLC,

Plaintiffs,

- against -

APPLE, INC.,

Defendant.

Case No. 11-CIV-4060

ECF Case

**AMENDED ANSWER AND
AFFIRMATIVE DEFENSES OF
DEFENDANT, APPLE INC.**

Defendant, Apple Inc. (hereinafter “Apple”), by and through its attorneys, Kirkland & Ellis LLP, answers the Complaint and Jury Demand (the “Complaint”) of plaintiffs J.T. Colby & Co., Inc. d/b/a Brick Tower Press, J. Boylston & Co., Publishers LLC, and iPicturebooks LLC (collectively, “Plaintiffs”) in this action as follows:

GENERAL DENIAL

Apple owns an incontestable federal trademark registration for IBOOKS. Apple’s registration for the IBOOKS mark evidences Apple’s exclusive nationwide right to use IBOOKS for its “computer software used to support and create interactive, user-modifiable electronic books.” Apple’s use of the IBOOKS mark is squarely within the scope of its registration. The

registration exactly describes the e-book reader software that Apple offers under the IBOOKS mark to users of its iPad, iPhone, and iPod touch devices. Furthermore, the IBOOKS mark is part of Apple's famous family of "i"-prefix marks, which includes Apple's incontestable trademarks for IBOOK for computers; IPOD for portable digital media players; and ITUNES for software and services used to access entertainment and other content. Plaintiffs, on the other hand, have no registrations for their purported "ibooks" and "ipicturebooks" marks. In fact, Plaintiff J. Boylston & Co. claims to have acquired the "ibooks" mark in bankruptcy from a publishing company that attempted to register the term years ago, but was denied registration by the U.S. Patent and Trademark Office. That publishing company ultimately abandoned its efforts to obtain a trademark registration for "ibooks." Plaintiffs have provided no evidence to show that the average consumer would recognize "ibooks" or "ipicturebooks" as a trademark for their books, let alone be confused by Apple's use of IBOOKS for software. For all of these reasons, there is no conflict between Apple's use of its marks and the purported rights (if any at all) of the Plaintiffs.

NATURE OF THE CASE

1. States that the allegations contained in ¶ 1 of the Complaint are conclusions of law as to which no responsive pleading is necessary, but that to the extent any response is required, denies the same.

2. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 2 of the Complaint and therefore denies the same.

3. Denies knowledge or information sufficient to form a belief as to the allegations contained in the first sentence of ¶ 3 of the Complaint and therefore denies the same; states that

the allegations contained in the second sentence of ¶ 3 of the Complaint are conclusions of law as to which no responsive pleading is necessary, but that to the extent any response is required, denies the same; and denies the allegations contained in the third sentence of ¶ 3 of the Complaint, except admits that it offers a software application called “iBooks” that allows users to download and read electronic books on Apple’s hardware products, including its iPad, iPod touch and iPhone devices.

4. Denies the allegations contained in the first sentence of ¶ 4 of the Complaint, except admits that Apple owns federal trademark Registration No. 2,470,147 for IBOOK for “computers, computer hardware, computer peripherals and users manuals sold therewith,” issued by the United States Patent & Trademark Office (the “PTO”) on July 17, 2001, with a first use date of July 21, 1999; further admits that Registration No. 2,470,147 was renewed on September 29, 2006; further admits that Apple owns federal trademark Registration No. 2,446,634 for IBOOKS for “computer software used to support and create interactive, user-modifiable electronic books,” issued on April 24, 2001, with a first use date of October 27, 2000; further admits that Registration No. 2,446,634 was renewed on June 14, 2010; further admits that it has never used its IBOOK mark as a designation for electronic books; further admits that in January 2010, it began using its IBOOKS mark in connection with an application that allows users to download and read electronic books; and denies the allegations contained in the second sentence of ¶ 4 of the Complaint, except admits that it never protested any alleged use by Byron Preiss and/or John T. Colby of the terms “ibooks” or “ipicturebooks” in connection with the sale of print and electronic books.

5. States that the allegations contained in the first sentence of ¶ 5 of the Complaint are conclusions of law as to which no responsive pleading is necessary, but that to the extent any

response is required, denies the same; denies the allegations contained in the second and third sentences of ¶ 5 of the Complaint, except admits that in May 1999 it entered into a consent to use agreement with Family Systems Ltd. (“Family Systems”) (the “Consent Agreement”), which agreement speaks for itself; denies the allegations contained in the fourth sentence of ¶ 5 of the Complaint, except admits that Family Systems transferred all of its rights in the IBOOK mark pursuant to an agreement with Apple; and further admits that on May 17, 2010, it filed a Section 7 Request Form with the PTO in connection with Registration No. 2,446,634, which filing speaks for itself; and states that the allegations contained in the last sentence of ¶ 5 of the Complaint are conclusions of law as to which no responsive pleading is necessary, but that to the extent any response is required, denies the same.

6. Admits the allegations contained in the first two sentences of ¶ 6 of the Complaint; denies the allegations contained in the third sentence of ¶ 6 of the Complaint, except admits that Apple sold more than 15 million iPad devices in 2010; denies the allegations contained in the fourth sentence of ¶ 6 of the Complaint, except admits that it has engaged in advertising and promotional activities in connection with its iPad devices; and states that the allegations contained in the last two sentences of ¶ 6 of the Complaint are conclusions of law as to which no responsive pleading is necessary, but that to the extent any response is required, denies the same.

JURISDICTION AND VENUE

7. States that the allegations contained in ¶ 7 of the Complaint are conclusions of law as to which no responsive pleading is necessary, but that to the extent any response is required, admits that Plaintiffs have purported to assert claims based on Section 43(a)(i)(A) of

the Lanham Act, 15 U.S.C. § 1125(a), and the common law of the State of New York, but denies the merits and sufficiency of the claims asserted in the Complaint.

8. States that the allegations contained in ¶ 8 of the Complaint are conclusions of law as to which no responsive pleading is necessary, but that to the extent any response is required, admits that this Court has subject matter jurisdiction as to Plaintiffs' claims and further admits that venue is proper in this judicial district.

THE PARTIES

9. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 9 of the Complaint and therefore denies the same.

10. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 10 of the Complaint and therefore denies the same.

11. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 11 of the Complaint and therefore denies the same.

12. Denies the allegations contained in ¶ 12 of the Complaint, except admits that Apple Inc. (erroneously named as Apple, Inc.) has offices located at 1 Infinite Loop, Cupertino, California, further admits that it does business throughout the United States, and further admits that its iPad device and iBooks software application have been advertised, promoted and distributed in the State of New York.

FACTS

13. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 13 of the Complaint and therefore denies the same.

14. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 14 of the Complaint and therefore denies the same.

15. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 15 of the Complaint and therefore denies the same.

16. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 16 of the Complaint and therefore denies the same.

17. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 17 of the Complaint and therefore denies the same.

18. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 18 of the Complaint and therefore denies the same.

19. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 19 of the Complaint and therefore denies the same.

20. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 20 of the Complaint and therefore denies the same.

21. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 21 of the Complaint and therefore denies the same.

22. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 22 of the Complaint and therefore denies the same.

23. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 23 of the Complaint and therefore denies the same.

24. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 24 of the Complaint and therefore denies the same.

25. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 25 of the Complaint and therefore denies the same.

26. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 26 of the Complaint and therefore denies the same.

27. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 27 of the Complaint and therefore denies the same.

28. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 28 of the Complaint and therefore denies the same.

29. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 29 of the Complaint and therefore denies the same.

30. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 30 of the Complaint and therefore denies the same.

31. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 31 of the Complaint and therefore denies the same.

32. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 32 of the Complaint and therefore denies the same.

33. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 33 of the Complaint and therefore denies the same.

34. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 34 of the Complaint and therefore denies the same, except states that the allegations contained in the fourth and fifth sentences of ¶ 34 of the Complaint are conclusions of law as to which no responsive pleading is necessary, but that to the extent any response is required, denies the same.

35. Denies knowledge or information sufficient to form a belief as to the allegations contained in the first and second sentences of ¶ 35 of the Complaint and therefore denies the same; and states that the allegations contained in the third and fourth sentences of ¶ 35 are conclusions of law as to which no responsive pleading is necessary, but that to the extent any response is required, denies the same.

36. States that the allegations contained in ¶ 36 are conclusions of law as to which no responsive pleading is necessary, but that to the extent any response is required, denies the same.

37. Denies the allegations contained in ¶ 37 of the Complaint, except admits that it owns federal trademark Registration No. 2,470,147 for IBOOK for “computers, computer hardware, computer peripherals and users manuals sold therewith,” issued by the PTO on July 17, 2001, based on a first use date of July 21, 1999; further admits that Registration No. 2,470,147 was renewed on September 29, 2006; further admits that Apple owns federal trademark Registration No. 2,446,634 for IBOOKS for “computer software used to support and create interactive, user-modifiable electronic books,” which registration was issued on April 24, 2001, based on a first use date of October 27, 2000; further admits that Registration No. 2,446,634 was renewed on June 14, 2010; further admits that it has sold laptop computers under

the IBOOK mark; further admits that it never protested Plaintiffs' alleged use of "ibooks"; and further admits that it has the rights reflected in its federal trademark registrations.

38. Denies the allegations contained in ¶ 38 of the Complaint, except admits that it launched its iPad device in or about April 2010, which launch received significant media attention; further admits that its iPad device is capable of running thousands of software applications and further admits that it has advertised the iPad device, in a variety of publications, including full page ads that in the *New York Times* and the *Wall Street Journal* in the days after the launch of the iPad device.

39. Denies the allegations contained in ¶ 39 of the Complaint, except admits that it encourages software manufacturers to create new software applications for its iPad, iPhone and iPod touch devices; admits that its iPad devices are capable of running thousands of different applications; admits that it offers an application free of charge entitled "iBooks" that consumers can use to read e-books on iPad, iPhone and iPod touch devices; further admits that Exhibit K, while partially illegible, appears to be a copy of a full page advertisement for the iPad device, depicting a *Winnie the Pooh* electronic book, published in the *New York Times* on April 15, 2010; and further states that it is unable to either to admit or deny the allegations regarding Exhibit L, which is illegible.

40. Denies the allegations contained in ¶ 40 of the Complaint, except admits that it offers an "iBookstore" feature, which users can access using its iBooks software application; further admits that until Apple released version 1.2 of the iBooks software, when a user opened the iBooks software, the virtual bookshelf bore the heading "iBooks" to denote the name of the software; denies knowledge or information sufficient to form a belief as to whether Exhibit M is

what Plaintiffs allege it to be, because Exhibit M is not labeled and illegible; admits that during the iPad device's first day on the market, users downloaded more than 250,000 electronic books (not "iBooks," as alleged in the Complaint); further admits that during the iPad device's first two weeks on the market, users downloaded more than 600,000 electronic books; and further admits that users of Apple's devices downloaded more than 100 million electronic books in 2010.

41. Denies the allegations contained in the first through third, fifth and seventh sentences of ¶ 41 of the Complaint, except admits that it introduced its iBooks application for its iPhone devices in July 2010; further admits that until Apple released version 1.2 of the iBooks software, when a user opened the iBooks software, the virtual bookshelf bore the heading "iBooks" to denote the name of the software; further admits that consumers can use the iBooks application to read e-books on iPad, iPhone and iPod touch devices; further admits that it makes the iBooks application available through its App Store download services accessed via the iPhone, iPad and iPod touch devices; and further admits that users can browse and download electronic books through Apple's iTunes Store online retail services accessed via the iTunes desktop software on personal computers; and denies knowledge or information sufficient to form a belief as to the allegations contained in the fourth and sixth sentences of ¶ 41 of the Complaint regarding Exhibits N and O to the Complaint.

42. Denies the allegations contained in ¶ 42 of the Complaint, except admits that in December 2010, Apple issued a new release of the iBooks software application; further admits that it uses the mark IBOOKS in connection with its iBooks software application; admits that it is possible that some iPad and iPhone device users will continue to use the original iBooks software, while others may upgrade that software; admits that Exhibit P appears to be a screen shot regarding a February 2011 update of the iBooks software available through Apple's App

Store download services; further admits that with version 1.2 of the iBooks software, Apple provided the ability to read PDFs as well as electronic books and changed the header of the iBooks software to indicate to users whether they were viewing their PDFs or their books in their iPhone, iPad or iPod touch device's library; and further admits that television commercials for its iPhone device ran during the 2011 NCAA finals tournament (March 17 to April 4); and further admits that those commercials featured Apple's iBooks software application.

43. Denies the allegations contained in ¶ 43 of the Complaint, except admits that Apple owns federal trademark Registration No. 2,470,147 for IBOOK for "computers, computer hardware, computer peripherals and users manuals sold therewith," issued on July 17, 2001, based on a first use date of July 21, 1999; further admits that Registration No. 2,470,147 was renewed on September 29, 2006; further admits that Apple owns federal trademark Registration No. 2,446,634 for IBOOKS for "computer software used to support and create interactive, user-modifiable electronic books," issued on April 24, 2001, based on a first use date of October 27, 2000; further admits that Registration No. 2,446,634 was renewed on June 14, 2010; further admits that it is not using the IBOOKS mark to describe its iPad or iPhone devices, but is only using the mark to describe its electronic book reader software; and further admits that the screen visible to users of its iBooks application formerly bore the heading "iBooks" when users accessed their electronic books and currently bears the heading "Books" when users access their electronic books, and bears the heading "PDFs" when users access their PDF files.

44. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 44 of the Complaint and therefore denies the same.

45. Denies the allegations contained in ¶ 45 of the Complaint, but admits that it uses its IBOOKS mark in connection with its iBooks e-book reader software application, and further admits that Exhibit Q appears to be excerpts from the book “iPad: The Missing Manual” by J.D. Biersdorfer, which excerpt speaks for itself; denies knowledge or information sufficient to form a belief as to the identification of Mr. Biersdorfer; and denies knowledge or information sufficient to form a belief regarding the alleged “similar references” because that allegation is vague and ambiguous.

46. Denies the allegations contained in ¶ 46 of the Complaint, except admits that it introduced its iPad 2 device in March 2011; admits that Apple sold 14.8 million iPad devices as of December 25, 2010; admits that those sales generated \$9.5 billion in revenue; admits that as of March 2011, 2500 book publishers offered their books for purchase through Apple’s iBookstore service; and admits that as of March 2011, more than 100 million electronic books have been downloaded by users of Apple’s iBooks software application.

47. Denies the allegations contained in ¶ 47 of the Complaint, except admits that on March 2, 2011, it announced that Random House’s catalog of electronic books would be available for download by users of the iBooks software application; admits the allegations contained in the second sentence of ¶ 47 of the Complaint; and denies knowledge or information sufficient to form a belief as to the allegations set forth in the third, fourth and fifth sentences of ¶ 47 of the Complaint and therefore denies the same, except admits that Exhibit R appears to be articles dated February 28 and March 2, 2011, posted by *Apple Insider*, an online publication that is not affiliated in any way with Apple, about Random House making its catalog of electronic books available through Apple’s iBooks software application.

48. Denies the allegations contained in the first, second and last sentences of ¶ 48 of the Complaint; denies knowledge or information sufficient to form a belief as to the allegations contained in the third and fourth sentences of ¶ 48 of the Complaint and therefore denies the same.

49. Denies the allegations contained in the first sentence of ¶ 49 of the Complaint, except admits that it received a copy of Plaintiffs' draft complaint in this action on or about May 13, 2010; denies the allegations contained in the second sentence of ¶ 49 of the Complaint; denies the allegations contained in the third sentence of ¶ 49 of the Complaint, except admits that on May 17, 2010, it filed a Section 7 Request Form with the PTO, which filing speaks for itself; and denies the allegations contained in the fourth and fifth sentences of ¶ 49 of the Complaint.

50. Denies the allegations contained in ¶ 50 of the Complaint, except admits that on November 6, 1998, it filed an application for a federal registration for the mark IBOOK, which filing speaks for itself, and further admits that Family Systems filed an intent-to-use application for IBOOK on October 8, 1996, which filing speaks for itself.

51. Denies the allegations contained in ¶ 51 of the Complaint, except admits that the PTO issued an Office Action regarding Apple's application for registration of IBOOKS on or about June 23, 1999, which Office Action speaks for itself; and further admits that Apple filed a "Response to Office Action" on July 22, 1999, which included a copy of the May 1999 Consent Agreement with Family Systems, which documents speaks for themselves.

52. Denies the allegations contained in ¶ 52 of the Complaint, except admits that it entered into the Consent Agreement, which agreement speaks for itself; and further admits that ¶ 52 of the Complaint accurately quotes Paragraph 9 of the Consent Agreement.

53. Denies the allegations of the first sentence of ¶ 53 of the Complaint, except admits that it entered into a Consent Agreement with Family Systems, which agreement speaks for itself; further admits that ¶ 53 of the Complaint accurately quotes, in part, Paragraph 7 of the Consent Agreement; and further admits that Exhibit S includes an incomplete copy of the Consent Agreement.

54. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 54 of the Complaint and therefore denies the same, except admits that its federal registration for its IBOOKS mark was issued on or about July 17, 2001; and further admits that the PTO issued a Certificate of Registration to Family Systems for iBook on April 24, 2001.

55. Denies the allegations contained in ¶ 55 of the Complaint, except admits that the Consent Agreement and the registrations owned by Apple and Family Systems, respectively, each speak for themselves.

56. Denies the allegations contained in ¶ 56 of the Complaint.

57. Denies the allegations contained in the first two sentences of ¶ 57 of the Complaint, except admits that prior to January 2010, it did not protest Plaintiffs' alleged use of "ibooks," and further admits that neither Apple nor Family Systems notified the other that the use of "ibooks" by Plaintiffs or Preiss infringed Apple or Family Systems' rights to their respective marks; and states that the allegations contained in the third and fourth sentences of ¶ 57 of the Complaint are conclusions of law as to which no responsive pleading is necessary, but that to the extent any response is required, denies the same.

58. Admits the allegations contained in ¶ 58 of the Complaint.

59. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 59 of the Complaint and therefore denies the same.

60. Denies the allegations contained in ¶ 60 of the Complaint, except admits that Family Systems filed a Statement of Use Under 37 C.F.R. § 2.88, dated November 6, 2000 with the PTO, which filing speaks for itself; and further admits that Apple filed a Combined Declaration of Use and Incontestability Under Sections 8 & 15, dated April 27, 2007, which filing speaks for itself.

61. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 61 of the Complaint and therefore denies the same.

62. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 62 of the Complaint and therefore denies the same.

63. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 63 of the Complaint and therefore denies the same.

64. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 64 of the Complaint and therefore denies the same.

65. Denies the allegations contained in ¶ 65 of the Complaint, except admits that Family Systems transferred all of its rights in the IBOOK mark pursuant to an agreement with Apple, and further admits that on February 5, 2010, Apple filed a “Revocation of Attorney/Domestic Representative and/or Appointment of Attorney/Domestic Representative” with the PTO, which document speaks for itself.

66. Denies the allegations contained in ¶ 66 of the Complaint, except admits that Apple has continued to use the IBOOK mark on the same goods as set forth in federal trademark Registration No. 2,446,634.

67. Denies the allegations contained in ¶ 67 of the Complaint, except admits that on May 17, 2010, it filed a “Section 7 Request Form” with the PTO, which document speaks for itself, and a copy of which appears to be attached as Exhibit X to the Complaint, and admits that a portion of that document is accurately quoted in ¶ 67 of the Complaint.

68. Denies the allegations contained in ¶ 68 of the Complaint, but admits that its federal trademark registration No. 2,446,634 for the mark IBOOKS is for “computer software used to support and create interactive, user-modifiable electronic books.”

69. Denies the allegations contained in ¶ 69 of the Complaint, except admits that it uses IBOOKS to refer to its software application, and further admits on June 14, 2010, the PTO issued a “Notice of Acceptance of § 8 Declaration and § 9 Renewal” for Apple’s federal trademark Registration No. 2,446,634.

70. Denies the allegations contained in ¶ 70 of the Complaint, but admits that on June 6, 2010, it filed a “Combined Declaration of Use and Incontestability Under Sections 8 & 15” with the PTO, which document speaks for itself. Apple further admits that on June 14, 2010, the PTO issued a “Notice of Acceptance of § 8 Declaration and § 9 Renewal” for Apple’s federal trademark Registration No. 2,446,634.

71. Denies the allegations contained in ¶ 71 of the Complaint, but admits that it received a copy of Plaintiffs’ draft complaint in this action on or about May 13, 2010.

72. Denies the allegations contained in ¶ 72 of the Complaint.

73. Denies the allegations contained in ¶ 73 of the Complaint, except admits that its iPad devices, which were first launched in April 2010, have been very popular with consumers, admits that it has engaged in advertising and promotional activities in connection with its iPad devices, and further admits that an Apple executive was quoted as saying that demand for the iPad device “has shocked us.”

74. Denies the allegations contained in the first through third sentences of ¶ 74 of the Complaint, except admits that its iPad and iPhone devices are capable of running thousands of different applications; that it offers an application entitled “iBooks” that consumers can use to read e-books on iPad, iPhone and iPod touch devices; that publishers distribute their books electronically through Apple’s “iBookstore” retail services accessed through the iBooks software on iPad, iPhone and desktop software on personal computers; and that prior to the iPad device’s launch, five of the six largest publishers in the United States agreed to distribute their books through Apple’s retail services; and further states that the allegations contained in the last sentence of ¶ 74 of the Complaint are conclusions of law as to which no responsive pleading is necessary, but that to the extent any response is required, denies the same.

75. Denies knowledge or information sufficient to form a belief as to the allegations contained in ¶ 75 of the Complaint and therefore denies the same, except Apple denies the allegations contained in the first sentence of ¶ 75 of the Complaint.

76. Denies the allegations contained in ¶ 76 of the Complaint, except admits that its iPad and iPhone devices have been very popular with consumers; further admits that it has engaged in advertising and promotional activities in connection with its iPad and iPhone devices;

and further admits that in the fourth quarter of the 2010 calendar year, consumers purchased 7.3 million iPad devices and 16.2 million iPhone devices.

77. Denies the allegations contained in ¶ 77 of the Complaint.

78. Denies the allegations contained in ¶ 78 of the Complaint, except admits that Apple has promoted the fact that children's electronic picture books may be downloaded and read on its devices, and that Exhibit Z appears to be a January 4, 2011 screen shot from Apple's iBookstore service depicting various children's books.

79. Denies the allegations contained in ¶ 79 of the Complaint.

80. Denies the allegations contained in ¶ 80 of the Complaint, except admits that it has been involved in litigation with Apple Corp., and that litigation has been resolved.

81. Denies the allegations contained in ¶ 81 of the Complaint, except admits that Cisco Systems, Inc. asserted that it has prior rights to the IPHONE mark, and that Apple uses the IPHONE mark.

82. Denies the allegations contained in ¶ 82 of the Complaint, except that Apple admits that it filed a trademark application for the IPHONE mark in Australia, and that on January 10, 2007, Cisco Systems, Inc. sued Apple for trademark infringement.

83. Denies the allegations contained in ¶ 83 of the Complaint, except that Apple admits that it uses the IPAD mark.

84. Denies the allegations contained in ¶ 84 of the Complaint, except that Apple admits that it announced the launch of its iAd advertising platform in April 2010, and that Innovate Media Group, LLC sued Apple for trademark infringement.

FIRST CLAIM FOR RELIEF

85. Repeats and incorporates herein its responses to paragraphs 1-84 of the Complaint as set forth above as if repeated here in their entireties.

86. Denies the allegations contained in ¶ 86 of the Complaint.

SECOND CLAIM FOR RELIEF

87. Repeats and incorporates herein its responses to paragraphs 1-86 of the Complaint as set forth above as if repeated here in their entireties.

88. Denies the allegations contained in ¶ 88 of the Complaint.

THIRD CLAIM FOR RELIEF

89. Repeats and incorporates herein its responses to paragraphs 1-88 of the Complaint as set forth above as if repeated here in their entireties.

90. Denies the allegations contained in ¶ 90 of the Complaint.

FOURTH CLAIM FOR RELIEF

91. Repeats and incorporates herein its responses to paragraphs 1-90 of the Complaint as set forth above as if repeated here in their entireties.

92. Denies the allegations contained in ¶ 92 of the Complaint.

FIFTH CLAIM FOR RELIEF

93. Repeats and incorporates herein its responses to paragraphs 1-92 of the Complaint as set forth above as if repeated here in their entirety.

94. Denies the allegations contained in ¶ 94 of the Complaint.

95. Any allegation not specifically admitted herein is denied.

AFFIRMATIVE DEFENSES

96. As a world-famous brand and the owner of an extensive portfolio of intellectual property assets, Apple both values its own intellectual property rights and respects the intellectual property rights of others.

97. Apple owns two valid federal trademark registrations: (i) No. 2,470,147, issued on July 17, 2001, for IBOOK in connection with “computers, computer hardware, computer peripherals and users manuals sold therewith,” and (ii) No. 2,446,634, issued on April 24, 2001, for IBOOKS in connection with “computer software used to support and create interactive, user-modifiable electronic books.” The marks represented by these registrations, both of which are now incontestable, are part of Apple’s family of “i_____” marks, which also includes IPAD, IPOD, IPHONE and ITUNES.

98. Over the years, Apple’s use of the IBOOK and IBOOKS marks has been squarely within the scope of its registrations. In particular, Apple has used IBOOKS as the name of a software application that allows users to both read electronic books and also to modify the electronic books in various ways, including by highlighting and underlining text and adding bookmarks.

99. In contrast to Apple’s two federal registrations, Plaintiffs own no federal or state trademark registrations of any kind. Plaintiff J. Boylston & Co. alleges that it acquired rights in the “ibooks” trademark as a result of John T. Colby’s purchase of the assets of various entities owned by Byron Preiss, whom Plaintiffs allege founded an entity called Ibooks, Inc. In 1999, Ibooks, Inc. tried and failed to obtain a federal registration for IBOOKS. When the PTO rejected its application, in part based on the conflict with Family Systems’ mark, Ibooks, Inc. expressly asserted that its mark “has nothing to do with . . . software used to support and create interactive, user-modifiable electronic books.” In an effort to resurrect its rejected application, Ibooks, Inc. also expressly stated that there was no likelihood of confusion between the two marks because “customers are able to distinguish between the different IBOOKS marks.” Nevertheless, Plaintiffs now argue just the opposite. Moreover, Plaintiffs have wholly failed to allege that they actually use these alleged marks on books in such a manner that retail consumers would recognize them as trademarks and also confuse them with Apple’s use of its registered marks. The Complaint is also notable for failing to disclose the number of actual books sold bearing Plaintiffs’ alleged marks, as well as how many sales, if any, occurred in recent years.

100. Absent any protectable trademark rights that could possibly conflict with Apple’s federally registered marks, Plaintiffs have instead fallen back on misrepresentations regarding their own alleged marks, misleading characterizations of Apple’s conduct in unrelated proceedings, and misrepresentations regarding Apple’s marks and the manner in which those marks have been used.

101. The Complaint, moreover, only highlights the absence of any confusion - the *sine qua non* of a trademark infringement action. Even assuming that Plaintiffs have any trademark rights in the words “ibooks” and “ipicturebooks,” however, there is *no basis* for concluding that

confusion is likely between Plaintiffs' alleged marks and Apple's registered marks. Plaintiffs tellingly have failed to allege that any actual confusion has occurred. Plaintiffs also have failed to take into account the actual market context in which their alleged marks and Apple's registered IBOOKS mark are used. That context includes Apple's distinctive family of "i _____" marks. Moreover, access to Apple's iBooks software application is solely by means of Apple devices in a wholly Apple-branded environment. This is radically different from the marketplace context in which Plaintiffs' alleged marks are used.

102. In sum, this is a wholly meritless trademark case where (i) Plaintiffs have no protectable trademark rights, (ii) the defendant, Apple, has long-established trademark rights, and (iii) there is no likelihood of confusion. No amount of misrepresentations or mischaracterizations can change these fundamental facts.

FIRST DEFENSE

103. The Complaint fails to state a claim upon which relief may be granted.

SECOND DEFENSE

104. Plaintiffs do not own any protectable trademark rights in the words "ibooks" or "ipicturebooks."

THIRD DEFENSE

105. Plaintiffs abandoned any purported trademarks they may have had, if any, in the words "ibooks" or "ipicturebooks."

FOURTH DEFENSE

106. Plaintiffs do not own any protectable trademark rights that have priority over Apple's marks.

FIFTH DEFENSE

107. There is no likelihood of confusion, mistake, or deception based on Apple's use of its marks.

SIXTH DEFENSE

108. Plaintiffs' claims are barred in whole or in part by the doctrines of acquiescence, estoppel and unclean hands.

SEVENTH DEFENSE

109. Apple's actions were innocent and non-willful.

Dated: New York, New York
August 11, 2011

/s Dale Cendali

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