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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 (DLC)

ECF Case

REDACTED

**MEMORANDUM OF LAW IN SUPPORT OF
DEFENDANT’S MOTION FOR SUMMARY JUDGMENT**

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Defendant Apple Inc. (“Apple”) respectfully submits this memorandum of law in support of its motion pursuant to Rule 56 for summary judgment dismissing the Amended and Supplemental Complaint (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 its entirety.

PRELIMINARY STATEMENT

It has been clear from the outset that Plaintiffs face significant hurdles in establishing that Apple, which owns a federally registered trademark for IBOOKS for e-book reader software and a federally registered trademark for IBOOK for computer hardware, infringed their alleged common law “ibooks” mark. Discovery has shown that Plaintiffs cannot clear any of those hurdles. Thus, their claims must fail, for three wholly independent reasons.

First, Plaintiffs cannot meet the fundamental prerequisite of any trademark case—they do not own a protectable mark. As this Court recognized early on, “the great unknown in this case is, what does the plaintiff have and what are his rights based on that?” *See* Apr. 27, 2012 Tr., 22:17-20. Discovery has answered that question. As shown by Plaintiffs’ own documents, and consistent with established Patent and Trademark Office (“PTO”) policy, an “i”-formative mark of the type asserted by Plaintiffs is “merely descriptive” because it designates products—in this case books—that are sold and/or delivered over the internet. Thus, Plaintiffs’ alleged mark is only protectable upon a showing of secondary meaning—which they cannot make. Ibooks, Inc., from whom Plaintiffs acquired the “ibooks” imprint, experienced massive returns of books that did not sell through to consumers in the mid-2000s, undermining its earlier sales to distributors. This sales collapse led Ibooks, Inc. to file for Chapter 7 bankruptcy in 2006, and to Plaintiffs acquiring all assets of Ibooks, Inc. *and* another company, including, *inter alia*, all intellectual property assets and 300,000 copies of unsold books, for a mere \$125,000. In each of the three

succeeding years, and before Apple launched its iBooks app, Plaintiffs' sales averaged only ██████ per year—a *de minimus* amount. Further, Plaintiffs have spent only ██████ total in advertising since buying the imprint in late 2006, and even that amount is suspect, as they have failed to produce any consumer ads actually depicting the alleged “ibooks” mark. Plaintiffs' imprint is not listed in any trade reference books, they did not use an “ibooks” domain name prior to this litigation, and there is no unsolicited press coverage in consumer-oriented publications. Moreover, the extensive trademark clearance searches conducted by Apple's outside counsel for the iBooks mark did not reveal Plaintiffs' existence, and a post-litigation common law search by Thomson Compumark in 2012 did not identify any use by Plaintiffs—and for good reason: Plaintiffs' alleged “ibooks” mark is not recognized by consumers.

Second, even if Plaintiffs could overcome this threshold obstacle and show that they own a protectable mark, their claim must still fail as Apple's mark has priority. Apple owns a federal registration for IBOOKS that it acquired from a third party (Family Systems) that has a priority date of 1996—long before 1999, when Ibooks, Inc. began using the “ibooks” imprint. Plaintiffs bear the heavy burden of invalidating that incontestable registration. In a futile effort to do so, they argue that Apple's acquisition of the iBooks mark was an invalid assignment in gross, and that Apple defrauded the PTO in renewing that mark given the invalid assignment. These attacks fail, however, as the assignment was valid—Apple acquired Family Systems' goodwill in the mark, as evidenced, *inter alia*, by (1) the language of the assignment itself; (2) the domain names Apple acquired from Family Systems, all of which now point to Apple's website; (3) the fact that Family Systems was required to, and did, adopt a new mark for its e-reader software product; and (4) the fact that after the assignment, Apple, like Family Systems, similarly used the mark for e-reader software. Moreover, Apple recorded the assignment with the PTO and submitted an

accurate specimen showing its use of the iBooks mark in support of its renewal application, which the PTO reviewed and accepted.

Finally, even if Plaintiff could overcome the first two substantial hurdles (which they cannot), their claims still fail because they cannot establish a likelihood of confusion under the *Polaroid* factors. The parties are engaged in fundamentally different businesses—Apple makes and sells computer software and hardware, and Plaintiffs publish books. Indeed, Plaintiffs’ own experts admit that Apple is not perceived by consumers as a publisher, and Ibooks, Inc. admitted to the PTO in 2002 that confusion was not likely, as the “ibooks” imprint “has nothing to do with computer hardware and software used to support and create interactive, user-modifiable electronic books.” Apple and Plaintiffs also use very different logos, lettering and house marks. Faced with those differences, Plaintiffs recently changed their mark from “ibooks” (all lower case) to copy Apple’s distinctive “iBooks” formulation (lower case “i,” capital “B”), in an apparent effort to create confusion. But there is no evidence of actual confusion—and the desperate survey Plaintiffs offered to show confusion *admittedly* strayed from generally accepted methodology in a host of ways—most glaringly by asking respondents to imagine a stimulus instead of showing them an actual one—as detailed in Apple’s *Daubert* motion. In contrast, Apple submitted two surveys that used standard methodology and were conducted in multiple contexts (one testing consumer reactions in the online realm and the other examining their responses after seeing actual hard-copy books). Both surveys showed approximately 1% confusion—far below any legally cognizable level.

This case has gone on long enough. Apple respectfully requests that this Court grant summary judgment on each of these independent grounds, and dismiss the Complaint.

FACTUAL BACKGROUND

Apple¹ respectfully refers the Court to the Rule 56.1 Statement submitted for the factual background of this motion.

ARGUMENT

I. LEGAL STANDARD.

Summary judgment is appropriate when there is no genuine issue as to any material fact such that the movant is entitled to judgment as a matter of law. *See* Fed. R. Civ. P. 56(c); *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23 (1986). A material fact is one that “might affect the outcome of the suit under governing law.” *McCarthy v. Dun & Bradstreet Corp.*, 482 F.3d 184, 202 (2d Cir. 2007) (citation omitted). To defeat summary judgment, the non-movant must offer competent evidence of a genuine fact issue. *See Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586-87 (1986). Mere conclusory allegations or unsupported speculations are insufficient. *See id.* If the non-movant fails to establish an element on which it bears the burden of proof, summary judgment must be granted. *See Celotex*, 477 U.S. at 322-23.

To prevail on their Lanham Act claims, Plaintiffs must prove that (1) they own a valid mark that is entitled to protection and (2) Apple’s use of that mark is likely to cause confusion. *See Gruner + Jahr v. Meredith Corp.*, 991 F.2d 1072, 1075 (2d Cir. 1993). Plaintiffs must also show that they are the senior user of the alleged “ibooks” mark. *See Hawaii-Pac. Apparel Grp., Inc. v. Cleveland Browns Football Co.*, 418 F. Supp. 2d 501, 509 (S.D.N.Y. 2006) (granting summary judgment for defendant where it had priority). Plaintiffs cannot meet this burden because (1) Plaintiffs have no trademark rights in “ibooks”; (2) Apple has priority over Plaintiffs

¹ Capitalized terms have the same meaning as in the Rule 56.1 Statement submitted contemporaneously herewith.

as to the mark iBooks; and (3) there is no likelihood of confusion.²

II. PLAINTIFFS DO NOT HAVE ANY TRADEMARK RIGHTS IN “IBOOKS.”

As a threshold matter, because Plaintiffs do not have a federal trademark registration for “ibooks,” they must establish that their alleged common law mark “merits protection.” *First Nat’l Bank of Omaha, Inc. v. Mastercard Int’l Inc.*, 03 CIV. 707 (DLC), 2004 WL 1575396, at *6 (S.D.N.Y. July 15, 2004) (citation omitted). Plaintiffs’ mark is merely descriptive, and not protectable absent proof of secondary meaning. *See Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1039 (2d Cir. 1992). Because they cannot meet their burden of establishing secondary meaning, summary judgment is proper for this reason alone.

A. As Used By Plaintiffs, “ibooks” Is Merely Descriptive.

“A term is descriptive if it forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods.” *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976) (citation omitted); *see also* Trademark Manual of Examining Procedure (“TMPE”) § 1209.01(b) (a term that “describes one significant function, attribute or property” is

² Plaintiffs’ state law claims may also be disposed of on summary judgment, as the same standard that applies to Plaintiffs’ federal claims also applies to their New York unfair competition claim. *See Information Superhighway, Inc. v. Talk Am., Inc.*, 395 F. Supp. 2d 44, 56 (S.D.N.Y. 2005) (granting summary judgment on Lanham Act and unfair competition claims). Wrongful misappropriation by unfair competition “closely resemble[s] Lanham Act claims except” that it also requires a showing of bad faith. *See Randa Corp. v. Mulberry Thai Silk, Inc.*, No. 00 CIV 4061 (LAP), 2000 WL 1741680, at *3 (S.D.N.Y. Nov. 27, 2000). Because Plaintiffs’ Lanham Act claims fail and Apple acted in good faith, their wrongful misappropriation claim fails as well. “An unjust enrichment claim under New York law requires that defendants be enriched; that the enrichment be at plaintiff’s expense; and that defendant’s retention of the benefits be unjust.” *Big Star Entm’t, Inc. v. Next Big Star, Inc.*, 105 F. Supp. 2d 185, 217 (S.D.N.Y. 2000). If a defendant’s use of a mark is proper, there can be no unjust enrichment. *See id.* As explained below, Apple’s use of the iBooks mark is proper. *See infra*, 15-34. Thus, Plaintiffs’ unjust enrichment claim fails as a matter of law. *See Big Star*, 105 F. Supp. at 217. Finally, while Plaintiffs’ 30(b)(6) witness could not identify what Apple allegedly converted (Jarrett Dec., ¶ 211), Apple assumes that this claim involves conversion of Plaintiffs’ alleged marks, as their other allegations relate only to such marks. New York does not recognize claims for conversion of intangible property. *See Fin. Matters, Inc. v. PepsiCo, Inc.*, Case No. 92 Civ. 7497 (RO), 1993 WL 378844, *4 (S.D.N.Y. Sept. 24, 1993) (dismissing claim for conversion of trademark); *Sporn v. MCA Records*, 58 N.Y.2d 482, 488-89 (1983) (“an action for conversion will not normally lie, when it involves intangible property”); *Ippolito v. Lennon*, 542 N.Y.S.2d 3, 6, 150 A.D.2d 300, 302-03 (App. Div. 1989) (same). Thus, Plaintiffs’ conversion claim also fails.

merely descriptive). Plaintiffs' imprint is but one example of many recently-coined words using "i" to refer to the internet. Because of the prevalence of such marks, the PTO adopted a rule providing that "i"-formative marks, when used in connection with internet-related goods and services, are merely descriptive and not entitled to registration unless secondary meaning is established. *See* TMEP § 1209.03(d); *see also* Hampton Dec., Ex. 1 at 24-25. The PTO initially denied Apple's own trademark applications, such as those for iMessage, iPhone, iTunes, and iTunes Store, on this basis, and only allowed them after Apple submitted voluminous proof of sales, advertising, media coverage, and other evidence showing secondary meaning. (Jarrett Dec., ¶¶ 9-11.)³ There is no reason Plaintiffs' alleged mark should be treated any differently.

Moreover, contemporaneous documents show that the "i" in "ibooks" was intended to refer to the internet. Byron Preiss, Ibooks, Inc.'s owner, issued a press release stating that "ibooks" was "the first publishing imprint designed to take full advantage of the promotional and distribution potential of the internet." (SUF ¶ 6.)⁴ Because the alleged mark is merely descriptive, summary judgment dismissing Plaintiffs' claims is appropriate. *See Ideal World Mktg., Inc. v. Duracell, Inc.*, 15 F. Supp. 2d 239, 244 (E.D.N.Y. 1998) (granting summary judgment; "PowerCheck" merely descriptive for batteries "designed to permit the consumer to check the amount of power remaining") *aff'd sub nom. Ideal World Mktg. Inc. v. Duracell, Inc.*,

³ As discussed below, *infra* at 15-20, before Apple adopted "iBooks" for its e-book reader software, it acquired federal Registration No. 2,664,634 from Family Systems. (SUF ¶¶ 150-152.) In addition, on April 7, 2010, Apple applied to register IBOOKS for expanded goods and services. (Jarrett Dec., ¶ 12.) The PTO initially denied that application as merely descriptive. (*Id.*, ¶ 13.) As with its other marks, Apple submitted extensive evidence showing that consumers associate the term "iBooks" with Apple, and the PTO accepted the application for publication on November 28, 2012. (*Id.*, ¶¶ 14-15.)

⁴ Other documents make this same point. For example, a May 24, 1999 Publishers Weekly article stated that Preiss was launching "ibooks," "a new imprint . . . that will focus on books with content appropriate for marketing on the Internet." (SUF ¶¶ 7-8.) In addition, a May 17, 2000 memo to investors explained that "ibooks is the first English language publisher to publish simultaneously in print and online. . . ." (SUF ¶ 9.)

182 F.3d 900 (2d Cir. 1999); *Black & Decker Corp. v. Dunsford*, 944 F. Supp. 220, 225 (S.D.N.Y. 1996) (on summary judgment, “snakelight” for a “flexible lighting apparatus” was merely descriptive as “snake” modified the generic noun “light”).

B. Plaintiffs’ Alleged “ibooks” Mark Has Not Acquired Secondary Meaning.

Because Plaintiffs’ alleged “ibooks” mark is merely descriptive, it is not protectable unless it has acquired secondary meaning, such “that the consuming public primarily associates the term with a particular source.” *Bristol-Myers Squibb*, 973 F.2d at 1040. Proof of secondary meaning “entails vigorous evidentiary requirements,” with the burden of proof on the party claiming to own the mark. *See id.* at 1041 (citation omitted). Absent secondary meaning, summary judgment should be granted. *See, e.g., Erchonia Corp. v. Bissoon*, 410 F. App’x 416, 419 (2d Cir. 2011) (affirming dismissal on summary judgment based on finding of no secondary meaning); *Bernard v. Commerce Drug Co.*, 964 F.2d 1338, 1343 (2d Cir. 1992) (same); *Lopez v. Gap, Inc.*, 11 CIV. 3185 PAE, 2012 WL 3186546, at *21 (S.D.N.Y. Aug. 2, 2012) (granting summary judgment where mark lacked secondary meaning); *Jewish Sephardic Yellow Pages, Ltd. v. DAG Media, Inc.*, 478 F. Supp. 2d 340, 346 (E.D.N.Y. 2007) (same); *Brandwynne v. Combe Int’l, Ltd.*, 74 F. Supp. 2d 364, 384 (S.D.N.Y. 1999) (same); *see Sports Traveler, Inc. v. Advance Magazine Publishers, Inc.*, 25 F. Supp. 2d 154, 166-67 (S.D.N.Y. 1998) (same); *Ideal World*, 15 F. Supp. 2d at 246 (same); *Black & Decker*, 944 F. Supp. at 228 (same).

In evaluating a claim of secondary meaning, courts consider (1) consumer surveys; (2) “sales success;” (3) advertising expenditures; (4) unsolicited media coverage; (5) third party attempts to copy the mark; and (6) the length and exclusivity of the use. *See Sports Traveler*, 25 F. Supp. 2d at 164. Apple’s marketing expert, Dr. Gregory S. Carpenter, a Professor of Marketing Strategy and Director of the Center for Market Leadership at the Kellogg School of Management at Northwestern University, submitted an exhaustive 43-page report that included

78 exhibits and reflected his rigorous analysis of the limited use of the “ibooks” imprint in the marketplace. (SUF ¶ 12.) Dr. Carpenter concluded from that review that the “ibooks” imprint is not a recognizable brand.⁵ (Carpenter Dec., ¶ 2.)

1. Plaintiffs Did Not Offer A Secondary Meaning Survey.

“[C]onsumer surveys are the most direct and persuasive evidence of secondary meaning.” *Lopez*, 2012 WL 3186546, *18 (citation omitted). Despite having the means and opportunity to do so, as reflected by their (flawed) confusion survey, Plaintiffs have failed to submit a secondary meaning survey. (SUF ¶ 11.) That failure “weighs against a finding of secondary meaning.” *Herbko Int’l, Inc. v. Gemmy Indus. Corp.*, 916 F. Supp. 322, 329 (S.D.N.Y. 1996).

2. Plaintiffs’ Sales Have Been Meager.

Plaintiffs act as if they have guided the “ibooks” imprint through a 13-year run of continuous sales success, but this really is a tale of two different time periods. The Preiss period (*i.e.*, 1999 to 2006) reflected initial but illusory sales to distributors that were quickly undermined by massive returns of unsold books, leading to the liquidation of Ibooks, Inc. in 2006. (SUF ¶¶ 42-46.) Since Plaintiffs acquired the assets of Ibooks, Inc., in late 2006, sales of “ibooks” books have never exceeded been above a *de minimus* threshold. (SUF ¶¶ 48-52.)

Plaintiffs have no personal knowledge of sales (or any other activities) involving the

⁵ Plaintiffs do not dispute the facts upon which Dr. Carpenter relied or assert that consumers recognize the “ibooks” imprint today. They criticize Dr. Carpenter as not having worked in publishing, but this is unavailing given Dr. Carpenter’s extensive marketing experience. See *Kass v. W. Bend Co.*, 02-CV-3719(NGG), 2004 WL 2475606, at *4-5 (E.D.N.Y. Nov. 4, 2004) (extensive accident prevention and product safeguards experience qualified expert to opine on product safety as to coffee makers although he had not designed coffee makers or consumer products of any kind), *aff’d*, 158 F. App’x 352 (2d Cir. 2005); *Bunt v. Altec Indus., Inc.*, 962 F. Supp. 313, 318 (N.D.N.Y. 1997) (design safety expert qualified to opine on the implication of the lack of digger derrick guard although he had “‘never seen, studied, worked with, [or] designed’ a digger derrick”); *Lappe v. Am. Honda Motor Co.*, 857 F. Supp. 222, 227 (N.D.N.Y. 1994) (engineering expert with degrees in metallurgy, material science and bio-medical engineering could opine on automotive design engineering although he was not an automotive design engineer), *aff’d sub nom.*, *Lappe v. Honda Motor Co. Ltd. of Japan*, 101 F.3d 682 (2d Cir. 1996); *Rich & Rich P’ship v. Poetman Records USA, Inc.*, CIV.A.08-436-ART, 2010 WL 1978804, at * (E.D. Ky. May 17, 2010) (marketing expert qualified to opine on marketing of audio compact discs without experience in that specific industry).

“ibooks” imprint from 1999 to 2006. (SUF ¶¶ 24.) Instead, they rely solely on inadmissible documents they acquired in the bankruptcy. (SUF ¶¶ 28-29.) Thus, there is no reliable, admissible evidence of sales of “ibooks” books during the Preiss period.⁶ See Fed. R. Evid. § 803(6) (business record only admissible if a qualified witness testifies that it was made at or near the time, by someone with knowledge, in the course of regularly conducted business).

In any event, as the charts from Dr. Carpenter’s report make strikingly clear, the sales history of books bearing the “ibooks” imprint reflect failure, not success. (Carpenter Dec., Ex. 1, at 32-33; Jarrett Dec., ¶ 61.) In other words, even if the evidence were admissible, it still does not support a finding of secondary meaning. While Ibooks, Inc. had sales to distributors of ██████ ██████ in 2004, those sales were illusory because the books did not sell through to consumers. (SUF ¶¶ 40, 42, 45.) As Plaintiffs’ 30(b)(6) witness, John Colby, explained: “if there is a large gross shipments [sic] for ’03, there follows there would be large returns in ’04 and ’05.” (SUF ¶ 40.) As a result, in 2005 sales plummeted to ██████, and by early 2005, Ibooks, Inc. was on the verge of bankruptcy. (SUF ¶¶ 38, 43; Carpenter Dec., Ex. 1, at 12.) Meanwhile, in July 2005, Mr. Preiss died in a car accident. (SUF ¶ 44.) In 2006, sales dropped even further to ██████, and Ibooks, Inc. filed for Chapter 7 bankruptcy that year. (SUF ¶¶ 38, 46.)

The insignificance of the alleged “ibooks” mark also is reflected in the price Plaintiffs paid in late 2006 for the assets of *two* companies, Ibooks, Inc., and Byron Preiss Visual

⁶ The unreliability of the Preiss period records that Plaintiffs produced is best shown by the fact that Plaintiffs produced one set of spreadsheets in mid-July 2012, and another set one month later. (Jarrett Dec., ¶¶ 29-33, 39.) The July spreadsheets showed sales of both hard copy and electronic “ibooks” and “ipicturebooks” from 1999 to 2011 of ██████. (*Id.*, ¶ 42.) The August spreadsheets showed sales of ██████ for the same products over the same period – a difference of nearly \$2 million. (*Id.*) The spreadsheets were supposed to be historical, so there is no justification for that dramatic difference. A third spreadsheet, upon which Plaintiffs’ expert Mr. Shatzkin relied, supposedly shows sales from sometime in the early 2000s. (*Id.*, ¶ 44.) The data reflected in each spreadsheet are markedly different. Apple objects to all of Plaintiffs’ financial documents from before 2006 as inadmissible, but for purposes of this motion, even assuming *arguendo* that the documents are accurate and admissible, summary judgment is still proper.

Publications, Inc. For just **\$125,000**, Plaintiffs acquired not just the alleged “ibooks” mark, but also publishing rights, copyrights, other imprints, rights and licenses to software programs, computer hardware, manuscripts, and more than 300,000 *unsold* copies of physical books from both companies. (SUF ¶ 49.) Thereafter, sales for the “ibooks” imprint plummeted even further, averaging less than ██████ in each of the three years before Apple launched its iBooks app (*i.e.*, 2007 to 2009). (SUF ¶¶ 50-52.) In 2010 and 2011, Plaintiffs even *destroyed* ██████ worth of books that could not be sold because, as Mr. Colby testified, Plaintiffs’ “distributor didn’t want to sell them anymore.” (SUF ¶¶ 56-58.)

In sum, Plaintiffs’ minimal sales cannot support a finding of secondary meaning.⁷ *See Brandwynne*, 74 F. Supp. 2d at 382 (sales of \$100,000 in three states the year litigation commenced did not establish secondary meaning); *Sports Traveler*, 25 F. Supp. 2d at 165 (sales of 60,340 copies of a magazine and 1,485 subscriptions over the course of a year were “minimal commercial activity” that did not establish secondary meaning); *Ideal World*, 15 F. Supp. 2d at 246 (sales of about \$1 million over five years and just 6,610 units the year before filing the lawsuit insufficient to establish secondary meaning); *Sunrise Home Juices, Inc. v. Coca-Cola Co.*, 220 F. Supp. 558, 559-61 (S.D.N.Y. 1963) (sales that increased from \$30,000 in 1952 to \$600,000 in 1963 were too small to establish secondary meaning).

⁷ Even these meager sales figures are inflated, however, because Plaintiffs do not use the alleged “ibooks” mark consistently. Instead, Plaintiffs also use “ibooks, Inc.” and, as discussed in greater detail below, after Apple announced its iBooks app, “iBooks.” (Jarrett Dec. ¶ 23.) Plaintiffs also use different imprints on the same books. For example, paperback versions of *All American Boys* were printed in March 2010 under the “ibooks” imprint and again in July 2010 under “ipicturebooks.” (*Id.*, ¶ 26.) In addition, Plaintiffs sometimes use the “ipicturebooks” imprint for electronic books that are published in hard copy under the “ibooks” imprint. (*Id.*, ¶ 27.) Amazon.com and BarnesandNoble.com also use multiple variations of “ibooks,” including “Ibooks,” “I Books,” “Ibooks, Incorporated,” and “Ibooks, Inc.” (*Id.*, ¶ 24.) The formulation alleged in the Complaint, however, is “ibooks.” *See* Am. Compl., *passim*. *See Erchonia Corp.*, 410 F. App’x at 418 (affirming summary judgment for defendant on secondary meaning where plaintiff claimed rights in “lipolaser” but represented the mark in a variety of ways such as LIPO LASER, LipoLASER, and lipoLASER and “non-itemized sales and advertising figures” did not “convey any information about consumers’ relationship with the ‘lipolaser’ mark”).

3. There Is No Evidence Of Any Consumer Advertising For “ibooks.”

“Advertising expenditures provide indirect evidence of the possible effect that advertising may have on consumers’ association of the [mark] with the source of the product.” *See Ergotron, Inc. v. Hergo Ergonomic Support Sys., Inc.*, 94 CIV. 2732, 1996 WL 143903, at *8 (S.D.N.Y. Mar. 29, 1996). “Naked advertising statistics, however, are insufficient to establish secondary meaning.” *Exquisite Form Indus., Inc. v. Exquisite Fabrics of London*, 378 F. Supp. 403, 411 (S.D.N.Y. 1974). Instead, “some demonstration that the advertisements caused consumers to associate the [products] with Plaintiff” is necessary. *Rockland Exposition, Inc. v. Alliance of Auto. Serv. Providers of N.J.*, 08-CV-7069 KMK, 2012 WL 4049958, at *18 (S.D.N.Y. Sept. 11, 2012), *as amended*, (Sept. 19, 2012). Plaintiffs cannot make such a demonstration here.

Plaintiffs’ knowledge of “ibooks” advertising from 1999 to 2006 is based solely on documents acquired in the bankruptcy, including a spreadsheet that purports to show that Ibooks, Inc. spent ██████ on marketing for both “ibooks” and “ipicturebooks” during that time. (SUF ¶ 60.) But that figure is suspect as Plaintiffs have not produced any consumer ads depicting the alleged “ibooks” mark. (SUF ¶ 88.) All Plaintiffs have produced are catalogs and sell sheets directed to the trade, that Plaintiffs’ 30(b)(6) witness (Mr. Colby) admitted were not distributed to consumers. (SUF ¶¶ 89, 92.) In fact, Plaintiffs provided no information as to how many catalogs and sell sheets were printed or when, or to whom they were distributed. (SUF ¶ 91.)

The evidence as to ad expenditures after 2006 is even worse for Plaintiffs’ case. Their documents show that from 2007 to 2011, Plaintiffs spent a *total* of less than ██████ on marketing activities for the entire four year period. (SUF ¶ 67.) Even that *de minimus* amount is questionable, as Plaintiffs’ 30(b)(6) witness, Mr. Colby, could not identify any ad that was placed, other than local newspaper and radio ads promoting three specific books in their authors’

hometowns. (SUF ¶¶ 70-71.) Similarly, Plaintiffs chose not to pay for a listing for the “ibooks” imprint in publishing directories such as Literary Market Place. (SUF ¶ 73.)

Even far higher ad expenditures have failed to show secondary meaning. *See Jewish Sephardic Yellow Pages*, 478 F. Supp. 2d at 371-72 (more than \$300,000 over two years did not establish secondary meaning where there was no information regarding how money was spent); *Brandwynne*, 74 F. Supp. 2d at 382 (\$120,000 over three years did not establish secondary meaning); *Exquisite Form*, 378 F. Supp. at 411 (\$30 million spent on advertising did not establish secondary meaning where there was no information about the “nature and quality of the advertising, or the likelihood of its inducing strong customer identification”).

Likewise, Plaintiffs’ catalogs and sell sheets do not establish secondary meaning because they were directed to the trade, not consumers. Trade ads cannot establish secondary meaning because they do not reach the relevant audience, namely, consumers. *See Lopez*, 2012 WL 3186546, at *18 (advertising did not establish secondary meaning absent evidence that it reached the “relevant segment of the population”); *Jewish Sephardic Yellow Pages*, 478 F. Supp. 2d at 372 (same). Plaintiffs did not produce *any* consumer ads depicting the alleged “ibooks” mark. (SUF ¶ 88.) And as Plaintiffs’ 30(b)(6) witness, Mr. Colby, admitted, any advertising was “book-specific.” (SUF ¶ 69.) In other words, the alleged advertising promoted individual books, not the “ibooks” imprint. Thus, even if the ads had targeted consumers, they do not show that the advertising generated any association with the alleged “ibooks” mark in the minds of consumers. *See Sports Traveler*, 25 F. Supp. 2d at 164 (advertising factor favored defendant absent evidence that the ads focused on the alleged trade dress); *Ergotron*, 1996 WL 143903, at *8 (advertising that focused on functional features of trade dress and not protectable elements provided “little if any evidence of secondary meaning”).

Finally, as Dr. Carpenter describes, there has been no website promoting the imprint since at least 2006.⁸ (Carpenter Dec., Ex. 1, at 24-25; SUF ¶¶ 76-82.) Although Plaintiffs acquired the <ibooksinc.com> domain name in 2006, they made no effort to establish a website at that domain name. (SUF ¶¶ 80, 82.) In fact, Plaintiffs admit that they are “unsure how to effectively market a web strategy,” and that in 2007 they changed the Brick Tower Press website to feature the alleged “ibooks” mark *less* prominently. (SUF ¶¶ 79, 84.) Plaintiffs’ 30(b)(6) witness, Mr. Colby, was not even aware of what site appeared at <ibooksinc.com>. (SUF ¶ 81.) It was not until *after* his 30(b)(6) deposition that Plaintiffs directed the <ibooksinc.com> domain name to the Brick Tower Press site used for Plaintiffs’ primary publishing business. (SUF ¶ 83.) Tellingly, even today there is no mention of “ibooks” on the site’s home page. (SUF ¶ 85.)

It is thus not surprising that extensive Google searches done as part of the clearance process in January 2010, before Apple’s adoption of the iBooks mark, did not reveal Plaintiffs’ existence. (SUF ¶ 94.) Similarly, a Thomson Compumark common law search in February 2012, after Plaintiffs sued, made no mention of them or the “ibooks” imprint. (SUF ¶ 95.)

4. There Is No Evidence Of Any Consumer-Oriented Media Coverage.

“Unsolicited media coverage that indicates the [mark] to the relevant purchasing public may provide evidence of secondary meaning.” *See Ergotron*, 1996 WL 143903, at *8. Here, there is *no* evidence of coverage in any consumer newspaper or magazine—the only articles appeared in *Publishers Weekly*, a trade publication, and most of them predate the acquisition of Ibooks, Inc. in late 2006. (SUF ¶¶ 98-100.) Only four articles are dated between 2007 and 2009, three of which describe the imprint as “bankrupt,” “defunct” and publishing books that are “out

⁸ It appears that prior to 2006, two domain names may have been used—<ibooksinc.com> and <ibooks.net>. (SUF ¶ 74.) Documents produced by Plaintiffs indicate that these websites became inactive in the mid-2000s. (SUF ¶ 76.) Mr. Colby was not aware of how many unique visitors ever visited those websites. (SUF ¶ 75.)

of print and next to impossible to find.” (SUF ¶¶ 102-106.) Because “the general public likely did not see [it],” such coverage is irrelevant to the secondary meaning analysis. *Sports Traveler*, 25 F. Supp. 2d at 164-65 (trade magazine articles not evidence of secondary meaning).

Finally, there is no evidence that the media coverage created the requisite association in the minds of consumers. *See Morgans Group LLC v. John Doe Co.*, 10 CV 5225 KMW HBP, 2012 WL 1098276, at *7 (S.D.N.Y. Mar. 31, 2012) (evidence that mark had been featured in guides to New York City bars and in “brief mentions” in the *New York Post* and *Vogue* did not establish secondary meaning); *Jewish Sephardic Yellow Pages*, 478 F. Supp. 2d at 374 (single article with passing reference to alleged mark weighed against secondary meaning); *Sports Traveler*, 25 F. Supp. 2d at 165 (one media reference directed to the relevant market was insufficient to support finding of secondary meaning).

5. There Is No Evidence Of Copying Of The Alleged “ibooks” Mark.

There is no evidence of any copying of Plaintiffs’ alleged “ibooks” mark (SUF ¶ 108), and this factor weighs against finding secondary meaning. *Lopez*, 2012 WL 3186546, at *20-21.

6. Plaintiffs’ Use Of “ibooks” Has Not Been Exclusive.

“[W]hatever the length of use by one party, use of part or all of a mark by third parties weakens the mark’s strength and is a factor weighing against a finding of exclusivity.” *Rockland Exposition*, 2012 WL 4049958, *20 (citation omitted). Here, Plaintiffs claim that Ibooks, Inc. began using the alleged “ibooks” mark in September 1999, but such use has never been exclusive. (*See* Am. Compl. ¶ 2; SUF ¶¶ 111-113.) In fact, as discussed below, Family Systems applied to register IBOOK for its e-reader software in October 1996, obtained the registration in 2001, and used that mark until Apple acquired it in January 2010. (SUF ¶¶ 112, 122-123, 143; *see also* Am. Compl., ¶¶ 69, 72.) Similarly, Apple began using iBook for its famous line of portable computers in July 1999. (SUF ¶ 119.) The University of Illinois owned two federal

trademark registrations, for I BOOK and ILLINI I BOOK, for “calendar handbooks,” with first use dates of August 1988 and August 1991, respectively. (SUF ¶ 109.) A Texas-based company used the domain name <ibooks.com>. (SUF ¶ 111.) The publishing company ABDO Publishing used the name “ABDO iBooks” in connection with interactive books for young readers. (SUF ¶ 110.)

Such third party uses of “ibooks,” and variations thereof, cut against secondary meaning. *Rockland Exposition*, 2012 WL 4049958, *20-21; *Morgans Group*, 2012 WL 1098276, *8 (“third-party uses of significant elements of [plaintiffs’] marks, both separately and in combination,” for similar services weighs against secondary meaning).

* * *

In sum, Plaintiffs cannot establish any protectable rights in the alleged “ibooks” mark because all of the secondary meaning factors either favor Apple or are neutral. For this reason alone, the Court should grant Apple’s motion for summary judgment.

III. APPLE’S REGISTERED ‘IBOOKS TRADEMARK HAS PRIORITY

A. Apple Is The Senior User.

Even if Plaintiffs can establish that their “ibooks” imprint is a protectable trademark (and they cannot), their claims still must fail for the independent reason that Apple has priority over Plaintiffs. *See Hawaii-Pac. Apparel*, 418 F. Supp. 2d at 509 (granting summary judgment dismissing infringement and unfair competition claims because defendant had priority).

Apple acquired from Family Systems the ibook trademark, including the incontestable federal registration for the mark for “computer software used to support and create interactive, user-modifiable electronic books.” (SUF ¶¶ 149-150.) The registration’s priority date is October 8, 1996. (SUF ¶ 122.) Ibooks, Inc. did not begin using the “ibooks” imprint until September

1999. (See Am. Compl. ¶ 13.) Because Apple’s iBooks mark⁹ has priority over Plaintiffs’ alleged mark, their claims must be dismissed. See *Hawaii-Pac.*, 418 F. Supp. 2d at 509.

B. Apple’s iBooks Mark Is Valid.

Apple’s incontestable registration for IBOOKS is *prima facie* evidence of the mark’s validity. See 15 U.S.C. § 1057(b). Thus, to prevail, Plaintiffs must show that Apple’s IBOOKS registration is invalid. See 15 U.S.C. § 1057. Faced with Apple’s incontestable registration, which has a “strong presumption of validity,” and the fact that they have the burden of overcoming that presumption, Plaintiffs have contrived two arguments: (1) that the Family Systems assignment was an invalid assignment in gross, and (2) that Apple committed fraud on the PTO. *Abercrombie & Fitch*, 537 F.2d at 14. Neither argument has any merit.

1. Apple’s Dealings With Family Systems Show That The Parties Intended To Transfer The Goodwill In The iBook Mark And Family Systems Ceased Using The Mark.

In 1997, Apple began developing a laptop computer that it considered calling the iBook. (SUF ¶ 114.) On November 6, 1998, Apple filed an intent-to-use application (an “ITU”) to register IBOOK for computers and certain related goods. (SUF ¶ 115.) At that time, Apple was aware that, on October 8, 1996, Family Systems had filed its own ITU to register IBOOK for “computer hardware and software used to support and create interactive, user-modifiable electronic books.” (SUF ¶ 116.) Apple approached Family Systems, and they then negotiated a Consent Agreement, pursuant to which each party agreed to limit its use of its respective mark to the goods set forth in its application. (SUF ¶¶ 117-118.) Apple was issued Registration No. 2,470,147 for IBOOK on July 17, 2001, with a priority date of November 6, 1998. (SUF ¶ 119.)

⁹ The PTO granted Apple’s request to amend the registration for IBOOK to include an “s” shortly after Apple acquired the registration. (SUF ¶ 170.)

Family Systems obtained its registration for IBOOK on April 24, 2001, with a priority date of October 8, 1996.¹⁰ (SUF ¶ 122.) On April 27, 2007, Family Systems filed with the PTO a request to renew its IBOOK registration and to amend the goods description set forth therein. (SUF ¶ 124.) The PTO granted the request on May 25, 2007, amending the goods to:

Computer software used to support and create interactive, user-modifiable electronic books.

(SUF ¶ 125.)

For the next several years, Family Systems and Apple used their marks for their respective products. (SUF ¶ 121, 143.) In 2009, Apple developed an e-book reader software program. (SUF ¶ 144.) By mid-January 2010, Apple was considering calling its software “iBooks.” (SUF ¶ 145.) Because the Consent Agreement barred Apple from using IBOOK for the goods in the Family Systems registration, Apple approached Family Systems on or before January 13, 2010, about whether it would assign the iBook mark and related rights to Apple. (SUF ¶ 146.) They began negotiating the terms of an Assignment Agreement, and Apple told Family Systems that unless they could reach agreement prior to January 27, 2010, when Apple intended to announce the launch of its new e-reader app, Apple would have to choose another name for that app. (SUF ¶¶ 147-148.) The Assignment, which was signed on January 27, 2010, before the new app launch was announced, provided that Family Systems transferred to Apple:

[A]ll right, title and interest in and to the Registrations [*i.e.*, Family Systems’ U.S., Japanese and Jamaican trademark registrations] and the Domains [*i.e.*, that use some form of IBOOK], and any other rights or registrations that Family may have or may claim in the mark and trade name IBOOK in all jurisdictions

¹⁰ In 2001, Ibooks, Inc. filed an application to register “IBOOKS,” which was rejected by the PTO, citing the Family Systems registration and that of another third party and stating that the mark was misdescriptive. (SUF ¶¶ 127, 131-132.) Ibooks, Inc. responded to the PTO’s office action—noting there was no likelihood of confusion between its mark and Family Systems’ iBook mark—but ultimately abandoned the application in 2003. (SUF ¶¶ 134-140.) No other trademark applications relating to Plaintiffs’ alleged mark have been filed. (SUF ¶¶ 141-142.)

throughout the world, including without limitation any common law rights, and all goodwill associated therewith (collectively, the “Trademark Rights”).

(SUF ¶ 150.) In exchange, Apple paid Family Systems ██████████. (SUF ¶ 151.)

2. The Assignment From Family Systems To Apple Is Valid.

Plaintiffs have the burden of establishing their claim that Family Systems’ assignment of the ibook mark to Apple was an “invalid assignment in gross.” (*See* Am. Compl. ¶ 74.) *See Defiance Button Mach. Co. v. C & C Metal Prods. Corp.*, 759 F.2d 1053, 1062-63 (2d Cir. 1985). To do so, they must show that Family Systems assigned ibook to Apple without the associated goodwill. *See id.* at 1062-63. Because Plaintiffs cannot do this, their claim must fail.

The “central purpose” of the anti-assignment in gross rule “is protection against consumer confusion” *Syntex Labs., Inc. v. Norwich Pharmacal Co.*, 315 F. Supp. 45, 54 (S.D.N.Y. 1970). The rule “is not . . . intended to be a mechanistic tool for invalidating assignments which do not satisfy a stereo-typed set of formalities.” *Dial-A-Mattress Operating Corp. v. Mattress Madness, Inc.*, 841 F. Supp. 1339, 1350 (E.D.N.Y. 1994). Thus, courts have considered several factors in determining whether an assignment is valid, including (1) whether the agreement recites that goodwill is transferred (*see eMachines, Inc. v. Ready Access Memory, Inc.*, No. EDCV 00-00374-VAPEEX, 2001 WL 456404, at *11 (C.D. Cal. Mar. 5, 2001)); (2) whether the assignor continues to use the mark (*see Syntex Labs.*, 315 F. Supp. at 55-56); (3) whether any assets other than the mark were transferred (*see Dial-A-Mattress*, 841 F. Supp. at 1350); and (4) whether “the assignee is producing a product . . . substantially similar to that of the assignor [such that] consumers would not be deceived or harmed.” *Defiance Button Machine Co. v. C & C Metal Prods. Corp.*, 759 F.2d 1053, 1059 (2d Cir. 1985) (citation omitted; alteration in original). An examination of the undisputed facts relating to each of these factors establishes that Plaintiffs cannot meet their burden to invalidate the Family Systems assignment.

First, the Assignment explicitly states that “Family Systems hereby irrevocably transfers and assigns to Apple all rights, title and interest in and to the Registrations and the Domains . . . and all goodwill associated therewith.” (SUF ¶ 150.) This language evidences the parties’ clear intent to transfer the goodwill associated with the mark. *See eMachines*, 2001 WL 456404, at *11 (on summary judgment, finding assignment was valid where agreement showed the parties “intended goodwill to be assigned with the mark”); *Main Street Outfitters, Inc. v. Federated Dept. Stores, Inc.*, 730 F. Supp. 289, 291 (D. Minn. 1989) (assignment was valid where assignee intended to obtain the goodwill associated with the mark).

Second, as required by the Assignment, Family Systems no longer uses the iBook mark, instead offering its e-reader product under the brand VERBOL. (SUF ¶ 154.) This fact further supports the validity of the assignment. *See Syntex Labs.*, 315 F. Supp. at 55-56 (assignment allowing assignor to use mark until assignee began marketing products with that mark was valid); *see also Hy-Cross Hatchery, Inc. v. Osborne*, 303 F.2d 947, 950 (C.C.P.A. 1962) (assignment was valid because, *inter alia*, assignor gave up right to use mark in the future).

Third, Apple acquired not only worldwide rights to IBOOK, but also the web-based Family Systems’ domain names, which Apple redirected to a page on its website featuring its iBooks software. (SUF ¶¶ 152-153.) Since then, any Family Systems customers searching for its software under its old mark have been, and still are, pointed to Apple’s iBooks software. (SUF ¶ 153.) While “a transfer of assets is not essential to consummate an assignment,” this fact also shows the assignment’s validity. *See Dial-A-Mattress*, 841 F. Supp. at 1350.

Fourth, Apple’s and Family Systems’ software are substantially similar in that they are both free, downloadable, interactive, e-book-reader software applications. Dr. Richard Goldhor, who helped develop Family Systems’ software, testified that users could download it from a

website onto a device in order to read content created by others and add notes to that content. (SUF ¶¶ 155-157.) He also testified that the Family Systems software could have been used by commercial publishers. (SUF ¶ 158.) Similarly, Steve Gedikian, the iBooks software product line manager, testified that Apple’s software allows users to download content, including books, created by others, and to, among other things, “add commentary in the form of notes and highlights.” (SUF ¶¶ 159-161.) In other words, both products are “computer software used to support and create interactive, user-modifiable electronic books,” as described in the ’634 Registration. Because Apple “continues to produce goods of the same quality and nature previously associated with the mark,” the assignment is valid. *See Defiance Button*, 759 F.2d at 1059.

Nor are consumers likely to be deceived or harmed by the assignment, as it is apparent that Apple is the source of the iBooks e-reader app, which is available exclusively from Apple-branded environments. *See Becoming, Inc. v. Avon Prods., Inc.*, No. 01 Civ. 5863, 2001 WL 930794, at *5 (S.D.N.Y. Aug. 15, 2001) (consumers were not likely to be deceived or harmed because the assignee put its house mark on the product). In fact, there has *not* been a *single instance* of confusion as to the source of Apple’s e-reader software application. (Carpenter Dec.; SUF ¶ 162.)

3. Apple Did Not Commit Fraud on the PTO.

In an effort to buttress their attack on Apple’s iBooks mark, Plaintiffs also make the far-fetched claim that the registration should be cancelled because Apple committed fraud on the PTO. (*See Am. Compl.*, ¶¶ 75-80.) Fraud on the PTO occurs when “the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO.” *In re Bose Corp.*, 580 F.3d 1240, 1245 (Fed. Cir. 2009); *see also Quality Serv. Grp. v. LJMJR Corp.*, 831 F. Supp. 2d 705, 710 (S.D.N.Y. 2011). The party asserting fraud must prove the elements by clear

and convincing evidence. *See De Beers LV Trademark Ltd. v. DeBeers Diamond Syndicate, Inc.*, 440 F. Supp. 2d 249, 266 (S.D.N.Y. 2006). “[T]his is a heavy burden that requires the opposing party to present proof that leaves nothing to speculation, conjecture, or surmise. Should there be any doubt, it must be resolved against the party making the claim.” *Id.* (citation omitted).

Apple recorded the IBOOK assignment with the PTO on February 4, 2010. (SUF ¶ 166.) The recordation provided notice to the PTO and the world that Family Systems had assigned to Apple the mark and its associated goodwill.¹¹ On June 7, 2010, Apple filed a Combined Declaration of Use and Renewal for the ’634 Registration (the “Renewal”) with the PTO. (SUF ¶ 172.) In it, Apple declared that “the mark is in use in commerce on or in connection with all goods or services listed in the existing registration for this specific class”—namely, “computer software used to support and create interactive, user-modifiable electronic books.” (SUF ¶ 173.)

Plaintiffs allege that the Renewal was fraudulent because: “[n]owhere in [the Renewal] did Apple disclose that the ‘iBooks’ mark that it was using . . . was materially different from the IBOOK mark previously utilized by Family Systems and that Apple was not utilizing the good will of the Family Systems ibook product and mark in connection with its new ‘iBooks’ product and mark.” (Am. Compl., ¶ 78.) In fact, however, Apple made a full and accurate disclosure to the PTO regarding its use, including (1) stating that it had acquired the mark from Family

¹¹ On May 17, 2010, Apple filed a Request to Amend the ’634 Registration to the plural IBOOKS (the “Amendment”). (SUF ¶ 167.) Plaintiffs allege Apple committed fraud on the PTO in connection with the Amendment (*see* Am. Compl., ¶ 3, p. 38), but even their own expert acknowledged that the Amendment was not fraudulent. (SUF ¶ 171.) It thus appears Plaintiffs no longer are pursuing this claim. In any event, the Amendment was not fraudulent. *First*, the specimen submitted with the Amendment accurately reflected Apple’s use of the mark. (SUF ¶ 174.) *Second*, Apple did not make any false, material representations of fact to the PTO, but merely argued, consistent with the TMEP, that adding an “s” was not a material alteration of the mark. *See* TMEP § 1609.02. *Finally*, there is no evidence that Apple intended to deceive the PTO. (Jarrett Decl., ¶ __.) *See Bose*, 580 F.3d at 1246 (no fraud where applicant did not act with intent to deceive). The PTO was free to accept or reject Apple’s arguments, and ultimately decided to permit the amendment. *See De Beers*, 440 F. Supp. 2d at 267-68 (no fraud where statements were not false and applicant disclosed all the information the PTO requested).

Systems and (2) submitting a specimen showing its use of the mark for the goods listed in the registration. It is undisputed that the specimen in the Renewal, which consisted of a screenshot from Apple's iTunes desktop software showing the page where customers can "purchase" Apple's free iBooks interactive e-reader software application, accurately depicted Apple's use of iBooks in connection with its goods. (SUF ¶ 174-176.) The specimen also contains a description of that app, stating that "iBooks is an amazing way to download and read books" and that the app allows users to "tap a book to open it, flip through pages with a swipe or a tap, and bookmark [their] favorite passages." (SUF ¶ 177.) The PTO reviewed Apple's submission, independently determined that the mark was still in use for the goods identified in the registration, and renewed the '634 Registration. (Kane Dec., ¶ 2, Ex. 1 at 16-17.) *See De Beers*, 440 F. Supp. 2d at 267-68; *Dial-A-Mattress*, 841 F. Supp. at 1353 (no fraud as description of goods was accurate).

Apple properly disclosed its use, and there simply is no evidence suggesting that Apple said anything false, let alone intended to deceive the PTO.¹² *See E. Gluck Corp. v. Rothenhaus*, 585 F. Supp. 2d 505, 513 (S.D.N.Y. 2008) (on preliminary injunction motion, finding defendant unlikely to prevail on fraud claim where mark owner submitted accurate specimen and, even if it did not, the party asserting the fraud claim could not prove intent).

IV. THERE IS NO LIKELIHOOD OF CONFUSION.

Finally, Plaintiffs' claims also fail for the additional, independent reason that they cannot meet their burden of establishing a likelihood of confusion. Reverse confusion occurs when "[t]he public comes to assume the senior user's products are really the junior user's or that the

¹² In fact, the evidence is to the contrary. (SUF ¶ 174.) *See Bose*, 580 F.3d at 1246.

former has become somehow connected to the latter.” *First Nat’l Bank*, 2004 WL 1575396, at *12 (citation omitted). To prevail, Plaintiffs “must demonstrate ‘a probability of confusion, not a mere possibility.’” *O’Keefe v. Ogilvy & Mather Worldwide, Inc.*, 590 F. Supp. 2d 500, 519 (S.D.N.Y. 2008) (quoting *Star Indus., Inc. v. Bacardi & Co.*, 412 F.3d 373, 383 (2d Cir. 2005)).

Courts in this Circuit routinely grant summary judgment where no likelihood of confusion exists. *See, e.g., SLY Magazine, LLC v. Weider Publ’ns L.L.C.*, 346 F. App’x 721 (2d Cir. 2009) (affirming summary judgment where no likelihood of confusion); *Nora Beverages, Inc. v. Perrier Grp. of Am.*, 269 F.3d 114, 125 (2d Cir. 2001) (same); *Lang v. Ret. Living Publ’g Co.*, 949 F.2d 576, 584 (2d Cir. 1991) (same); *Universal City Studios, Inc. v. Nintendo Co.*, 746 F.2d 112, 120 (2d Cir. 1984) (same); *THOIP v. Walt Disney Co.*, 788 F. Supp. 2d 168, 191 (S.D.N.Y. 2011) (granting summary judgment where no reasonable juror could find confusion); *Advance Magazine Publishers, Inc. v. Norris*, 627 F. Supp. 2d 103, 123 (S.D.N.Y. 2008) (same); *O’Keefe*, 590 F. Supp. 2d at 526 (same); *Brockmeyer v. Hearst Corp.*, 248 F. Supp. 2d 281, 300 (S.D.N.Y. 2003) (same); *Mejia & Assocs., Inc. v. Int’l Bus. Machs. Corp.*, 920 F. Supp. 540, 553 (S.D.N.Y. 1996) (same).

A. Apple Is Not Likely To Saturate Plaintiffs’ Market

As this Court has noted, a “factual predicate” to a reverse confusion claim is that the defendant is likely to “saturate the consumer market with [its] mark.” *First Nat’l Bank*, 2004 WL 1575396, at *12-13. There is no evidence that such saturation is likely here because Apple and Plaintiffs operate in very different markets. Apple, a technology company, offers hardware and software and, as Plaintiffs’ own experts admit, is not perceived as a publisher. (SUF ¶ 180.) Plaintiffs are not technology companies and do not offer computer software. Indeed, as Ibooks, Inc. argued in 2002 to the PTO, confusion between its “ibooks” mark for books and the IBOOK mark for e-reader hardware and software was not likely because the “ibooks” imprint “has

nothing to do with computer hardware and software used to support and create interactive, user-modifiable electronic books.” (SUF ¶ 134.) Consistent with this assertion, Apple’s use seems to have had no effect on Plaintiffs’ business. In fact, their sales figures, although still *de minimus*, have shown a modest increase since Apple’s launch of its eBooks app. (SUF ¶¶ 50, 53.)

B. Plaintiffs Cannot Satisfy The Polaroid Test.

Even if Plaintiffs could show that Apple saturated the market for books (as opposed to e-reader software) with its eBooks mark, which they cannot, Plaintiffs still cannot succeed on their reverse confusion claim because they cannot satisfy any of the factors set forth in *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.1961) . See *First Nat’l Bank*, 2004 WL 1575396, at *12 (courts considering whether a likelihood of reverse confusion exists apply the *Polaroid* factors). “Triable factual issues relating to any individual factor are relevant to the analysis, but they do not preclude a finding that summary judgment is appropriate with respect to the existence of a likelihood of confusion.” *Advance Magazine*, 627 F. Supp. 2d at 113.

1. Plaintiffs’ Alleged “ibooks” Mark Is Weak.

The first *Polaroid* factor, the strength of the plaintiff’s mark, focuses on “the distinctiveness of the mark, or more precisely, its tendency to identify the goods’ as coming from a particular source.” *Lang*, 949 F.2d at 581 (quoting *McGregor-Doniger Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1131 (2d Cir. 1979)). “In gauging a mark’s strength, a court must consider the inherent distinctiveness of the mark along with the mark’s distinctiveness in the marketplace.” *Brockmeyer*, 248 F. Supp. 2d at 294. As discussed above, there is no doubt that Plaintiffs’ alleged mark, assuming it even exists, is both conceptually and commercially weak.

First, as explained above at 5-7, the alleged “ibooks” mark is merely descriptive, and thus is conceptually weak. See *id.* (explaining the classification of trademarks). In both forward and reverse confusion cases, “a plaintiff with a conceptually weak mark is less likely to prevail.”

First Nat'l Bank, 2004 WL 1575396, at *12; *see also Advance Magazine*, 627 F. Supp. 2d at 116 (TASTEMAKERS was descriptive and therefore weak).

Second, as explained above at 7-15, Plaintiffs' alleged "ibooks" mark has not acquired secondary meaning. In other words, not only is their alleged mark commercially weak, but it is not recognized by consumers at all and thus is not really a mark. Furthermore, while in certain reverse confusion cases, the commercial weakness of a plaintiff's mark favors a finding of confusion (*see, e.g., O'Keefe*, 590 F. Supp. 2d at 520; *First Nat'l Bank*, 2004 WL 1575396, *12), that should not be the case here, where Plaintiffs' alleged mark at best has *de minimus* strength. Because courts are sensitive to the possibility of legal opportunism in such situations,¹³ the alleged mark's weakness instead favors the *defendant*. *See, e.g., Freedom Card, Inc. v. JPMorgan Chase & Co.*, 432 F.3d 463, 477 (3d Cir. 2005) (plaintiff "failed to produce any evidence of the commercial strength of its mark"); *Kinbook, LLC v. Microsoft Corp.*, 866 F. Supp. 2d 453, 466-67 (E.D. Pa. 2012) (plaintiff "failed to provide any evidence that its [alleged] marks have any sort of marketplace recognition"). In fact, even marks with far more commercial recognition than Plaintiffs' alleged mark have been found to be weak, such that this factor favored the defendant. *See Lang*, 949 F.2d at 581 (plaintiff's mark was weak because sales were low, many third parties used the mark, and media coverage and marketing were limited); *SLY Magazine, LLC v. Weider Publ'ns., L.L.C.*, 529 F. Supp. 2d 425, 438 (S.D.N.Y. 2007) ("lack of evidence that there [was] widespread commercial recognition of the plaintiff's mark

¹³ Even Plaintiffs' purported publishing expert does not believe Plaintiffs have taken the steps necessary to develop a brand, and he had not even heard of Plaintiffs before this case (SUF ¶¶ 20-21), which further shows that Plaintiffs' mark is "extremely weak." *See Oxford Indus., Inc. v. JBJ Fabrics, Inc.*, 6 U.S.P.Q. 2d 1756, 1760 (S.D.N.Y. 1988) (mark was "extremely weak" where industry expert was unaware of the mark).

demonstrate[d] that the ‘SLY’ mark [was] a weak mark”); *Brockmeyer*, 248 F. Supp. 2d at 295 (plaintiffs’ mark was commercially weak, which cut against finding of reverse confusion).

2. Plaintiffs’ Alleged Mark And Apple’s Mark Are Not Similar.

The second *Polaroid* factor “looks to whether the similarity of the marks is likely to provoke confusion among prospective purchasers.” *Lang*, 949 F.2d at 581. “[M]arks are not ‘similar’ for purposes of assessing likelihood of confusion simply because they contain an identical or nearly identical word.” *Mejia*, 920 F. Supp. at 547 (EDUQUEST marks not similar as used in commerce). “Rather, a court must analyze how the marks are viewed in the context of the marketplace, maintaining focus on the ultimate issue of the likelihood of consumer confusion.” *O’Keefe*, 590 F. Supp. 2d at 521-22 (“My Card. My Work.” and “My Life. My Card.” were not similar as used in commerce); *see also Brockmeyer*, 248 F. Supp. 2d at 295-96 (<<O>> trademark for magazine was not similar to O THE OPRAH MAGAZINE). By considering the marks in context, courts can determine whether the differences between the marks are “likely to be memorable enough to dispel confusion on serial viewing” *Louis Vuitton Malletier v. Dooney & Bourke, Inc.*, 454 F.3d 108, 118 (2d Cir. 2006).

Here, the marks are very different. Apple displays “iBooks” in a manner consistent with its family of well-known “i”-formative marks, with a lowercase “i” and a capital “B.” (SUF ¶ 193.) Plaintiffs, however, historically displayed the “ibooks” imprint in all lowercase letters. (SUF ¶ 182.) Significantly, only after Apple began using its iBooks mark did Plaintiffs begin using the “iBooks” formulation, deliberately moving closer to Apple’s usage.¹⁴ (SUF ¶ 194.) Furthermore, as shown below, Plaintiffs’ mark generally appears below an “i” in a light bulb,

¹⁴ For example, books originally published under the “ibooks” imprint were reprinted using the “iBooks” formulation after Apple began using its mark in January 2010. (Jarrett Dec., ¶¶ 173-194.)

while Apple’s mark is next to an open book against a wood-colored background. (SUF ¶¶ 186-187.)



The font Plaintiffs use also differs from Apple’s font, such that the “i” in Plaintiffs’ mark has a “flag” at the top, whereas the “i” in Apple’s mark does not. (SUF ¶ 190.) This difference is particularly noticeable because Plaintiffs’ “i” with the flag appears twice in their logo—once in the word “iBooks” and again in the light bulb depicted above the word. Further, Plaintiffs’ alleged mark appears in all black, whereas Apple’s mark often is displayed in all white. These myriad differences in the marks’ visual appearances cut against a finding of confusion. *See SLY Magazine*, 529 F. Supp. 2d at 439 (granting summary judgment for defendant where both parties used SLY for magazines, as differences in font and addition of tagline on plaintiffs’ magazine differentiated marks,); *Brockmeyer*, 248 F. Supp. 2d at 296 (granting summary judgment for defendant where two magazines used the letter “O” but plaintiff’s O always appeared as <<O>> whereas defendant’s always appeared with “The Oprah Magazine”).

Lastly, when considering whether trademarks are similar, “[t]he prominent use of a brand name alongside a trademark can serve to dispel [sic] confusion as to the source of a product.” *First Nat’l Bank*, 2004 WL 1575396, at *9. Here, consumers only encounter Apple’s iBooks software in an Apple-branded environment on an Apple-branded device. (SUF ¶ 196.) Plaintiffs, for their part, often use the corporate name “iBooks, Inc.” along with their Park Avenue address—*i.e.*, not Apple’s Cupertino, California address. (SUF ¶¶ 191-192.) Plaintiffs’ books also include a notice that they are printed by “J. Boylston & Co., Publishers, New York.” (SUF ¶ 191.) Because the parties use house marks and other information to identify their

products, this factor weighs in favor of Apple. *See Mejia*, 920 F. Supp. at 547 (EDUQUEST marks were not similar because defendant displayed the mark IBM in close proximity to its EDUQUEST mark).

3. The Products Are Not Proximate Because They Do Not Compete.

“In considering the proximity of the products, a court should ‘consider whether the two products compete with each other.’” *Gameologist Grp., LLC v. Scientific Games Int'l, Inc.*, 838 F. Supp. 2d 141, 161 (S.D.N.Y. 2011) (quoting *W.W.W. Pharm. Co., Inc. v. Gillette Co.*, 984 F.2d 567, 573 (2d Cir. 1993)). Here, the parties offer two completely different products. Plaintiffs use “ibooks” as an imprint for books, whereas Apple uses iBooks for its downloadable e-reader software. (SUF ¶¶ 195, 198.) Because the two products are not similar and do not compete, they are not proximate.¹⁵ *See Estee Lauder Inc. v. The Gap, Inc.*, 108 F.3d 1503, 1511-12 (2d Cir. 1997) (district court “erred in weighing the similarity of the products against their differences and the disparate channels through which they are distributed” where plaintiff sold 1.7 ounces of moisturizer for \$32.50 at upscale department stores and defendant sold line of personal care products in various sizes for much lower prices only at Old Navy stores); *SLY Magazine*, 529 F. Supp. 2d at 439 (magazines did not compete where one targeted men over age 40 and other targeted young women in metropolitan areas); *Brockmeyer*, 248 F. Supp. 2d at 297 (magazines did not compete where one was directed to “readers interested in fetish culture and erotic photography” and other appealed to “women interested in contemporary issues”).

¹⁵ Although both products may be broadly categorized as related to books, “this does not render them proximate.” *Lang*, 949 F.2d at 582 (two magazines “in the field of publishing” were not proximate.”); *see also Mejia*, 920 F. Supp. at 548 (describing both services as “educational services” was “so broad as to be meaningless for purposes of determining that the products are proximate”).

In addition, the products are sold through different channels. Apple’s software is only available pre-installed on Apple devices or for download from Apple’s App Store online service for use solely on Apple devices. (SUF ¶ 196.) Plaintiffs’ books are not available on Apple’s website, the iTunes store or Apple’s iBookstore. (SUF ¶ 199.) Instead, their books are available only through a limited number of unidentified brick-and-mortar stores and on third party websites (*e.g.*, Amazon.com and BarnesandNoble.com).¹⁶ (SUF ¶ 200.) Thus, there is no likelihood that consumers would encounter the products in close proximity. *See SLY Magazine*, 529 F. Supp. 2d at 439 (magazines were not proximate because they would “never appear side-by-side on the newsstand”). In short, this factor favors Apple. *See Brockmeyer*, 248 F. Supp. 2d at 300 (factor “weigh[ed] strongly” in favor of defendant where magazines did not compete).

4. There Is No Evidence Plaintiffs Intend To Bridge The Gap.

Plaintiffs have offered no evidence that they intend to sell e-book reading software, nor is there any evidence that consumers believe Plaintiffs will enter this market. (SUF ¶ 202.) Thus, the “bridging the gap” factor also favors Apple. *See Brockmeyer*, 248 F. Supp. 2d at 297.

5. There Is No Evidence Of Actual Confusion.

There is no evidence of any actual confusion here. Plaintiffs’ 30(b)(6) witness, Mr. Colby, cited a handful of e-mails from his own friends and associates discussing Apple’s announcement that its e-reader software would be called iBooks, but those show a *lack* of confusion. (SUF ¶ 204-205.) *First*, the likelihood of confusion inquiry “focuses on the consuming public as a whole, not interested parties already familiar with the plaintiff’s mark

¹⁶ Sales spreadsheets produced by Plaintiffs show that from 1999 to 2011, ████████ of Plaintiffs’ sales for books sold under the ibooks and ipicturebooks imprints have been print books, and ████████ of Plaintiffs’ sales for books sold under the ibooks and ipicturebooks imprints have been for electronic books. (SUF ¶ 201.)

through personal connections.” *Gameologist Grp.*, 838 F. Supp. 2d at 162 (“confusion on the part of friends and family members” did not raise a material issue of fact).

Second, the authors of the e-mails clearly understood that Plaintiffs, and not Apple, were the source of the “iBooks” books, and thus were not confused. *See Nora Beverages*, 269 F.3d at 124 (no confusion where an inquiry was “premised upon a *lack* of confusion between the products”) (emphasis in original). In fact, Plaintiffs’ 30(b)(6) witness, Mr. Colby, was not aware of a single instance in which someone thought Plaintiffs had copied Apple’s iBooks mark. (SUF ¶ 206.)

Nor can Plaintiffs offer survey evidence as a proxy for confusion. Further indicating Plaintiffs’ strained efforts to establish a claim, they submitted a breathtakingly deficient survey designed by Dr. Susan McDonald that wholly failed to replicate actual marketplace conditions, instead asking respondents to “envision” (*i.e.*, imagine) a “conceptual stimulus.” (SUF ¶ 209.) As is detailed in Apple’s motion to exclude the survey, this fundamental flaw was compounded by numerous other errors, including the failure to ask a legally probative question, use a proper control, and validate the survey. (*See Memorandum of Law in Support of Defendant’s Motion to Exclude Any Testimony, Argument or Evidence Regarding the Expert Reports and Opinions of Susan Schwartz McDonald*, at 1-4.)

In contrast, Apple’s two surveys, both of which used long-accepted “*Eveready*” methodology,¹⁷ showed respondents actual stimuli, and otherwise replicated market conditions. Dr. Deborah Jay’s survey, which mirrored the online purchasing environment for “iBooks” books, found a confusion rate of less than 1%. (Jay Dec. ¶ 6.) Rebutting Dr. McDonald’s

¹⁷ *See Union Carbide Corp. v. Ever-Ready Inc.*, 531 F.2d 366 (7th Cir. 1976).

deficient survey, Dr. Stephen Nowlis conducted a survey that replicated the market for brick-and-mortar “ibooks” book purchases and showed a confusion rate of 1.49%.¹⁸ (Nowlis Dec. ¶ 4.) These strikingly low rates of confusion are strong evidence that no confusion actually exists. *See Paco Sport, Ltd. v. Paco Rabanne Parfums*, 86 F. Supp. 2d 305, 321 (S.D.N.Y. 2000) *aff’d sub nom. Paco Sport, Ltd. v. Paco Rabanne Perfumes*, 234 F.3d 1262 (2d Cir. 2000) (granting summary judgment; confusion rate of under 5% was “negligibly low”); *Brockmeyer*, 248 F. Supp. 2d at 298 (granting summary judgment where survey showed less than 3% confusion); 6 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 32:189 (4th ed.) (“When the percentage results of a confusion survey dip below 10%, they can become evidence which will indicate that confusion is not likely.”).

6. Apple Adopted Its iBooks Mark In Good Faith.

“This factor looks to whether the defendant adopted its mark with the intention of capitalizing on plaintiff’s reputation and goodwill and any confusion between his and the senior user’s product.” *Lang*, 949 F.2d 576, 583 (citation omitted). “Selection of a mark that reflects the product’s characteristics [and] request for a trademark search . . . are factors that support a finding of good faith.” *Id.* In the reverse confusion context, good faith is “less relevant” because “it is unlikely that a larger and better known junior user intends to trade on the reputation of the lesser-known plaintiff.” *First Nat’l Bank*, 2004 WL 1575396, at *12.

Here, it is absurd to suggest that Apple would have sought to use Plaintiffs’ mark to take advantage of their ██████████ in annual sales during the 2007 to 2009 period. (SUF ¶ 52.) In fact,

¹⁸ As this Court has recognized, a survey that tests post-sale confusion typically should not ask respondents to look at the stimulus as if they were considering purchasing the product. *See Juicy Couture, Inc. v. L’Oreal USA, Inc.*, No. 04 Civ. 7203 (DLC), 2006 WL 1012939, at *26 (S.D.N.Y. Apr. 19, 2006). As Dr. Nowlis explained, his survey is applicable to post-sale confusion because Plaintiffs’ books look exactly the same, and consumers view them the same way, in both the point-of-sale and post-sale environments. (Jarrett Dec., ¶ 153.)

Plaintiffs “ha[ve] no reputation or good will on which [Apple] could attempt to trade,” which “weighs heavily against an inference that [Apple] acted in bad faith.” *Gameologist Grp.*, 838 F. Supp. 2d at 163 (defendant acted in good faith where plaintiff’s use of the mark was sporadic).

The absence of any bad faith on Apple’s part is further demonstrated by the fact that Apple cleared the iBooks mark before announcing its e-reader software. (SUF ¶¶ 216-233.) As explained above, it had its outside counsel (1) negotiate the acquisition of Family Systems’ rights and (2) conduct comprehensive full searches and follow-up investigations based on the results of those searches.¹⁹ (SUF ¶¶ 216-217.) Because Plaintiffs engaged in little to no commercial activity using the “ibooks” imprint, none of the searches revealed Plaintiffs or their alleged use of the imprint. (SUF ¶ 218.) Instead, the searches merely revealed that Ibooks, Inc. had abandoned trademark applications for IBOOKS and IBOOKSINC.COM in 2003. (SUF ¶ 223.) Further investigation by Apple’s counsel showed that the owner of Ibooks, Inc. died, Ibooks, Inc. filed for Chapter 7 bankruptcy, and that there was no longer an active website. (SUF ¶¶ 224-225.) In other words, nothing was found to indicate that “ibooks” was currently being used as a mark by anyone, and there is no evidence to suggest that Apple intended to trade off Plaintiffs’ reputation. In fact, it was not until two days after Apple announced with huge fanfare that it would soon offer e-book reader software called iBooks that Apple learned about Plaintiffs when it received an e-mail from Mr. Colby.²⁰ (SUF ¶ 236.) Thus, the evidence shows that unlike

¹⁹ Plaintiffs’ expert witness, Robert Scherer, a trademark lawyer who retired from practice more than seven years ago, suggests that Apple’s trademark search was inadequate. Even if the search was inadequate (and it was not), this cannot support a finding of bad faith. *See O’Keefe*, 590 F. Supp. 2d at 524-25 (defendant did not act in bad faith because there was no evidence it copied, or even knew about, plaintiff’s mark).

²⁰ Mr. Colby’s e-mail, which was sent on Friday, January 29, 2010, did not ask Apple to cease its use of iBooks, nor did it claim Apple was infringing Plaintiffs’ alleged marks. (SUF ¶ 239.) In fact, Mr. Colby testified that “the basis” for his e-mail was to sell Plaintiffs’ books through Apple. (SUF ¶ 238.) Apple’s outside counsel contacted Mr. Colby about his e-mail on Monday, February 1, 2010. (SUF ¶ 242.) Mr. Colby testified that during that call, he
(Continued...)

Plaintiffs themselves, Apple acted in good faith. *See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 969 F. Supp. 901, 904-5 (S.D.N.Y. 1997) (defendant acted in good faith because it requested a trademark search and adopted a mark that reflected characteristics of its bar); *see also SLY Magazine*, 529 F. Supp. 2d at 441 (factor favored defendant where evidence indicated name SLY was selected because Sylvester Stallone was the magazine's creator, not because defendant sought to capitalize on confusion).²¹

It cannot be overemphasized that, in sharp contrast to Apple's good faith in hiring outside counsel to clear the iBooks mark and negotiating a deal with Family Systems for what it believed to be the only potentially conflicting rights, Plaintiffs have acted in bad faith. Book after book shows that, after Plaintiffs learned that Apple had adopted the "iBooks" mark, Plaintiffs made a calculated attempt to create confusion by changing their imprint from "ibooks" to "iBooks," to emulate Apple's well-known formulation "iBooks." (Jarrett Dec., ¶ 173-194.) Plaintiffs even provided their experts with newer books that use the "iBooks" formulation, although they allege throughout their Complaint that their mark is "ibooks." Noting the discrepancy, Apple tracked down prior editions of Plaintiffs' books and found that the imprint was changed in November

told Mr. Gundersen that his primary concern was getting Plaintiffs' books on the iPad "under the ibooks mark." (SUF ¶ 243.) It was not until May 2010—more than one month after Apple began offering its iBooks software to the public—that Plaintiffs claimed that Apple was infringing their alleged marks. (SUF ¶¶ 244-245.) Apple was not required to cease using its iBooks mark based on any of its communications with Plaintiffs or their counsel. As this Court has recognized, "even full knowledge of a prior use of a protected mark is not necessarily inconsistent with a finding of good faith, particularly where the alleged infringer is unsure as to the scope of the protection." *Juicy Couture*, 2006 WL 1012939, at *27 (citation omitted).

²¹ The facts that are relevant to good faith are also relevant to whether willful infringement occurred, and for these same reasons Plaintiffs cannot show that Apple willfully infringed Plaintiffs' alleged marks. *See Ringling Bros.*, 969 F. Supp. at 904; *see also Gucci Am., Inc. v. Guess?, Inc.*, 843 F. Supp. 2d 412, 430 (S.D.N.Y. 2012) (whether mark was adopted in good faith is "a critical factor in determining whether an accounting of profits is warranted"). Therefore, Plaintiffs' request for Apple's profits should be dismissed. "Under the Lanham Act, a plaintiff must prove that an infringer acted with willful deception before the infringer's profits are recoverable by way of an accounting." *Ringling Bros.*, 969 F. Supp. at 904 (dismissing claim for an accounting where defendant conducted a trademark search and selected a name that reflected the characteristics of its product).

2010—nearly 10 months after Apple adopted its “iBooks” mark. (SUF ¶ 194.) Such bad faith further warrants the dismissal of Plaintiffs’ claims.²² See *Kendall-Jackson Winery, Ltd v. E. & J. Gallo Winery*, 150 F.3d 1042, 1052-53 (9th Cir. 1998) (plaintiff acted inequitably by changing its trade dress to “resemble more closely” that of defendant).

7. There Is No Evidence That Apple’s Products Are Low Quality.

Plaintiffs have offered no evidence that Apple’s iBooks software is low quality. (Jarrett Dec., 195.) To the contrary, Apple is well known for the high quality of its products, and the iBooks software is among them. Thus, this factor is neutral. See *SLY Magazine*, 346 F. App’x at 723.

8. Plaintiffs’ Customers Are Sophisticated.

This factor weighs in Apple’s favor because courts have recognized that book purchasers are sophisticated. See, e.g., *Charles Atlas, Ltd. v. DC Comics, Inc.*, 112 F. Supp. 2d 330, 339-40 (S.D.N.Y. 2000) (comic book readers are sophisticated); *Merriam-Webster, Inc. v. Random House, Inc.*, 35 F.3d 65, 72-73 (S.D.N.Y. 1994) (retail book sellers and individual purchasers of dictionaries are sophisticated); *Girl Scouts of the United States of Am. v. Bantam Doubleday Dell Publ’g Grp., Inc.*, 808 F. Supp. 1112, 1129-30 (S.D.N.Y. 1992) (consumers of low-priced children’s books are sophisticated).²³

²² For example, when *This Immortal* by Roger Zelazny was printed in November 2004, the mark was depicted as “ibooks.” However, when Plaintiffs printed *This Immortal* in November 2011, they used the “iBooks” formulation. In addition, when *You Caught Me Kissing* by Dorothy Bridges was printed in January 2005, the alleged mark was depicted as “ibooks.” When *You Caught Me Kissing* was printed by Plaintiffs in November 2011, the alleged mark was depicted as “iBooks.” And when Plaintiffs first published *Code Black* by Philip Donlay in 2007 in hard cover, the alleged mark was depicted as “ibooks.” A later, undated paperback edition of that book uses “ibooks” on the spine, but uses “iBooks” on the title and cover pages. Moreover, the later editions of *This Immortal* misleadingly refers to “First iBooks Printing, November 2004” even though the November 2004 edition uses the “ibooks” formulation. See Jarrett Dec., ¶¶ 173-194, Exs. 17, 66-78.

²³ While the Complaint also asserts claims based on Plaintiffs’ alleged “ipicturebooks” mark, Plaintiffs have done nothing to develop those claims. Among other things, none of Plaintiffs’ experts offered any opinions regarding
(Continued...)

CONCLUSION

For the foregoing reasons, Apple respectfully request that the Court grant Apple's motion for summary judgment on all of Plaintiffs' claims and requests for relief.

Date: December 21, 2012

Respectfully submitted,

s/ Dale M. Cendali

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“ipicturebooks”—likely because their claims regarding “ipicturebooks” are even weaker than their claims related to “ibooks.” Plaintiffs acquired all of the assets of ipicturebooks, LLC in 2007 for only \$12,000. (SUF ¶ 246.) Plaintiffs do not own any pending or active trademark registrations for “ipicturebooks.” (SUF ¶ 249.) Like “ibooks,” the alleged “ipicturebooks” mark is descriptive because it indicates to consumers that the picture books are available online. (SUF ¶ 252.) (In fact, Ibooks, Inc. applied to register the mark IPICTUREBOOKS.COM with the PTO on August 2, 2001. Because the mark is merely descriptive, it was registered on the Supplemental Register. That registration was allowed to lapse, and the PTO cancelled the registration on December 26, 2009. (Jarrett Dec. ¶ 198.)) As detailed in Dr. Carpenter’s report, that alleged mark has not achieved any consumer recognition. Sales of books bearing the “ipicturebooks” imprint have been virtually non-existent. Specifically, while sales of “ipicturebooks” books to distributors were ██████ in 2001, those were only sales of a single “Shrek” electronic book. (SUF ¶ 263-265.) From 2002 to 2006, annual distributor sales averaged ██████. (Jarrett Dec., ¶ 203.) From 2007 to 2009, sales have not exceeded ██████ in any year. (SUF ¶ 263.) Plaintiffs did not produce any consumer advertising depicting the alleged “ipicturebooks” mark. (SUF ¶ 271.) The imprint is not listed in any publishing directories, such as Literary Marketplace. (SUF ¶ 274.) There has not been an active website associated with the “ipicturebooks” mark since November 2001. (SUF ¶ 267-268.) Plaintiffs did not rebut any of Dr. Carpenter’s analysis regarding “ipicturebooks.” (SUF ¶ 260.) Furthermore, Apple has priority because ipicturebooks, LLC did not use that imprint until 2001. (SUF ¶ 251.) Finally, Plaintiffs did not submit a confusion survey for the alleged “ipicturebooks” mark – not even a flawed one – and there is no other evidence of confusion. (SUF ¶ 276.) As is obvious from the differences between the “ipicturebooks” imprint and Apple’s IBOOKS mark, the words themselves are distinct and are presented with contextual information as to the source—such as Plaintiffs’ name and address—that would dispel confusion. Summary judgment is warranted.