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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**

DEFENDANT'S RULE 56.1 STATEMENT OF UNDISPUTED FACTS
IN SUPPORT OF ITS MOTION FOR SUMMARY JUDGMENT

Pursuant to Local Rule 56.1(a) and (d), Defendant Apple Inc. ("Apple") by and through its counsel, respectfully submits the following statement of material undisputed facts that support its motion pursuant to Rule 56 for summary judgment dismissing the Amended and Supplemental Complaint of Plaintiffs J.T. Colby & Company, Inc. d/b/a Brick Tower Press, J. Boylston & Company, Publishers LLC and ipicturebooks, LLC's (collectively, "Plaintiffs"), in its entirety.

I. THE PLAINTIFFS AND THE ALLEGED "ibooks" MARK

A. Plaintiffs

1. Plaintiffs are three publishing companies owned by John Colby. *See* Amended and Supplemental Complaint, dated May 11, 2012 (hereinafter the "Complaint" or "Am. Compl."), ¶ 2; Colby 30(b)(6) Dep.,[1] 8:12-14, 9:11-13, 9:20-24.

2. The "About Us" page of Plaintiffs' website, www.bricktowerpress.com, indicates that Plaintiff J. Boylston & Company, Publishers LLC ("Boylston") publishes books under three imprints, namely, "ibooks," "Milk & Cookies Press" and "Byron Preiss Visual Publications, Inc." *See* Declaration of Bonnie L. Jarrett in Support of Defendant's Motion for Summary Judgment (hereinafter, "Jarrett Dec."), ¶ 83, Ex. 32.

3. The "About Us" page also indicates that Plaintiff J.T. Colby & Co., which does business as Brick Tower Press ("Brick Tower"), publishes books under the Brick Tower Press imprint. *See id.; see also* Am. Compl., ¶ 9.

4. Plaintiffs allege that Boylston owns the common law trademark rights to the word "ibooks." *See* Am. Compl., ¶ 36; *see also id.,* ¶ 14.

[1] Excerpts from depositions are attached to the Declaration of Bonnie L. Jarrett in Support of Defendant's Motion for Summary Judgment behind tabs identifying the name of the witness.

5. Plaintiffs allege that Boylston acquired common law trademark rights in the word "ibooks" in 2006 in the Chapter 7 bankruptcy liquidation of Ibooks, Inc., a publishing company that had been owned by Byron Preiss. *See* Am Compl., ¶¶ 2-3, 13; Colby 30(b)(6) Dep., 43:25-44:3; *see also* Jarrett Dec., ¶ 215, Ex. 80.

B. The "i" in "ibooks" Was Intended to Refer to the Internet

6. An August 18, 1999 press release issued by Mr. Preiss announcing the new "ibooks" imprint stated that "ibooks" was "the first publishing imprint designed to take full advantage of the promotional and distribution potential of the internet." *See* Jarrett Dec., ¶ 133, Ex. 51.

7. A May 24, 1999 *Publishers Weekly* article stated that Mr. Preiss was launching "ibooks," "a new imprint . . . that will focus on books with content appropriate for marketing on the Internet." *See* Jarrett Dec., ¶ 216, Ex. 81.

8. The *Publishers Weekly* article also stated: "According to Preiss, the imprint [was] actively looking for . . . works that can benefit from the relationship between print and the Internet." *See id.*

9. A May 17, 2000 memo to investors from Mr. Preiss explained that "ibooks is the first English language publisher to publish simultaneously in print and online. . . ." *See* Jarrett Dec., ¶ 133, Ex. 52.

10. Plaintiffs' only 30(b)(6) witness was Mr. Colby, who testified that he was not aware of any documents that show that the "i" in "ibooks" stands for something other than internet. *See* Colby 30(b)(6) Dep., 317:5-9, 319:4-8.

II. LACK OF CONSUMER RECOGNITION OF PLAINTIFFS' ALLEGED "ibooks" MARK

A. Survey and Other Expert Evidence

11. Plaintiffs have not submitted any survey evidence showing that the alleged "ibooks" mark has acquired secondary meaning. *See* Jarrett Dec., ¶ 16.

12. On September 17, 2012, Apple submitted the report of Dr. Gregory S. Carpenter, the James Farley/Booz Allen Hamilton Professor of Marketing Strategy and Director of the Center for Market Leadership at the Kellogg School of Management at Northwestern University (the "Carpenter Report"). *See* Jarrett Dec., ¶ 17, Ex. 13.

13. The Carpenter Report is 43 pages long and includes 78 exhibits. *See* Jarrett Dec., ¶ 18, Ex. 13.

14. Dr. Carpenter concluded that neither Mr. Preiss nor Plaintiffs took the actions necessary for "ibooks" to become a brand that consumers recognize and associate with a particular source. *See* Jarrett Dec., ¶ 19, Ex. 13, at 3.

15. Plaintiffs offered the opinions of Mr. Mike Shatzkin to rebut Dr. Carpenter. *See* Jarrett Dec., ¶ 20.

16. Mr. Shatzkin does not dispute any of the facts upon which Dr. Carpenter based his opinions. *See* Jarrett Dec., ¶ 21, Ex. 14.

17. Mr. Shatzkin does not assert that consumers recognized the "ibooks" imprint in January 2010, when Apple adopted the iBooks mark. *See* Jarrett Dec., ¶ 21, Ex. 14.

18. Mr. Shatzkin testified that the Plaintiffs have not taken the steps necessary to develop a brand. *See* Shatzkin Dep., 191:18-192:4; 223:7-224:16.

19. Mr. Shatzkin testified that Plaintiffs have not engaged in any consumer-directed activities that could have served to build a brand. *See* Shatzkin Dep., 171:18-176:23.

20. Mr. Shatzkin testified that he has worked in the publishing industry for 50 years, and has "interacted on a professional basis with most of the significant publishers in the English speaking world." *See* Shatzkin Dep., 47:11-22; 193:13; 201:18-19.

21. Mr. Shatzkin testified that he had never heard of Plaintiffs or Mr. Colby prior to this litigation. *See* Shatzkin Dep., 25:7-17.

22. Mr. Shatzkin testified that he never mentioned Mr. Preiss, "ibooks" or the Plaintiffs in any of the hundreds of blog posts that he has written about the publishing industry since February 2009. *See* Shatzkin Dep., 214:12-215:3.

23. Mr. Shatzkin stated in his report and at his deposition that publishing brands do not matter to end consumers of books. *See* Jarrett Dec., ¶ 21, Ex. 14; *see also* Shatzkin Dep., 91:7-13.

B. Lack of Sales of "ibooks" Books

24. Plaintiffs' 30(b)(6) witness, Mr. Colby, testified that he never worked for Ibooks, Inc. during the Preiss period (*i.e.,* from 1999 to 2006), and only engaged in one business transaction with Ibooks, Inc. during that time. *See* Colby 30(b)(6) Dep 24:12, 25:21.

25. In Mr. Colby's single transaction with Ibooks, Inc., it purchased the rights to *The Way of the Pirate* by Robert Downie, which had originally been published under Plaintiffs' Brick Tower Press imprint. *See id.*

26. Plaintiffs have no personal knowledge of sales or any other activities involving the "ibooks" imprint during the Preiss period. *See id.*

27. Plaintiffs' 30(b)(6) witness, Mr. Colby, did not know whether Ibooks, Inc. or ipicturebooks LLC received revenues from sales of e-books bearing either the "ibooks" or "ipicturebooks" imprint during the Preiss period (*i.e.,* from 1999 to 2006). *See* Colby 30(b)(6) Dep., 189:18-22.

28. Plaintiffs' knowledge of sales during the Preiss period is based solely on documents that Plaintiffs acquired when they purchased the assets of Ibooks, Inc. out of bankruptcy in 2006, including a spreadsheet that purports to reflect sales by Ibooks, Inc.'s distributor, Simon & Schuster, from 1999 to 2005. *See* Colby 30(b)(6) Dep., 128:23-134:22.

29. Plaintiffs do not have any ordinary course of business documents that reflect sales information from the Preiss period (*i.e.,* from 1999 to 2006). *See* Colby 30(b)(6) Dep., 134:16-22.

30. In response to interrogatories propounded by Apple, Plaintiffs produced one set of spreadsheets in mid-July 2012, two days before Apple was scheduled to depose Mr. Colby as Plaintiffs' 30(b)(6) witness (the "July Spreadsheets"). *See* Jarrett Dec., ¶ 31, Ex. 22.

31. The July Spreadsheets purport to reflect, among other things, sales and returns of "ibooks" and "ipicturebooks" from September 1999 to May 2012. *See id.*

32. The July Spreadsheets were created by Mr. Colby. *See* Colby 30(b)(6) Dep., 138:14-22.

33. Mr. Colby did not use any preexisting business records of Ibooks, Inc. to create the July Spreadsheets. *See* Colby 30(b)(6) Dep., 133:17-21.

34. To create the July spreadsheets, Mr. Colby relied on a sales spreadsheet he obtained from the bankruptcy trustee that purports to reflect sales of "ibooks" by Simon & Schuster from 1999 to 2005. *See* Colby 30(b)(6) Dep., 131:11-25.

35. Plaintiffs' 30(b)(6) witness, Mr. Colby, did not know who created the Simon & Schuster sales spreadsheet upon which he relied to determine sales of "ibooks" books during the Preiss period, when that spreadsheet was created, or how it was created. *See* Colby 30(b)(6) Dep., 283:4-23.

36. On August 20, 2012, Plaintiffs produced a second set of spreadsheets (the "August Spreadsheets"). *See* Jarrett Dec., ¶ 39, Ex. 23.

37. In contrast to the July Spreadsheets, which showed sales of both hard copy and electronic "ibooks" and "ipicturebooks" from 1999 to 2011 of [redacted], the August Spreadsheets showed sales of [redacted] for those same products during that same period—a difference of nearly [redacted]. *See* Jarrett Dec., ¶ 42.

38. The August Spreadsheets purport to show that net sales to distributors by Ibooks, Inc. during the Preiss period were as follows:

YEAR	NET SALES
1999	[redacted]
2000	
2001	
2002	
2003	
2004	
2005	
2006	

See Jarrett Dec., ¶ 39, Ex. 23.

39. Plaintiffs' 30(b)(6) witness, Mr. Colby, testified that it is the practice in the publishing industry to allow returns by distributors for up to two years if the books do not sell through to consumers. *See* Colby 30(b)(6) Dep., 162:3-21.

40. Plaintiffs' 30(b)(6) witness, Mr. Colby, testified that: "if there is a large gross shipments [sic] for '03, there follows there would be large returns in '04 and '05" if the books shipped to distributors do not sell through to consumers *See* Colby 30(b)(6) Dep., 162:19-21.

41. Plaintiffs' 30(b)(6) witness, Mr. Colby, testified that he did not know the amount of any returns that occurred before August 2005. *See* Colby 30(b)(6) Dep., 144:14-18; 251:21-252:5.

42. Mr. Colby testified that by 2004 and 2005, many of the "ibooks" books that had been sold by Ibooks, Inc. in 2003 had begun to be returned. *See* Mr. Colby Dep., 104:5-10.

43. By early 2005, Ibooks, Inc. was on the verge of bankruptcy. *See* Jarrett Dec., ¶¶ 217 and 218, Exs. 82 and 83.

44. On July 9, 2005, Mr. Preiss died in a car accident. *See* Colby 30(b)(6) Dep., 166:14-15; *see also* Mr. Colby Dep., 115:23-25.

45. Plaintiffs' 30(b)(6) witness, Mr. Colby, testified that sales of "ibooks" books dropped in 2006 because "the returns from '03, '04, '05 came back to haunt '06." *See* Colby 30(b)(6) Dep., 165:11-21.

46. On February 22, 2006, Ibooks, Inc. filed for Chapter 7 bankruptcy liquidation. *See* Jarrett Dec., ¶ 219, Ex. 84.

47. Byron Preiss Visual Publications, Inc. ("BPVP"), which also was owned by Byron Priess, the owner of Ibooks, Inc., also filed for Chapter 7 bankruptcy liquidation on February 22, 2006. *See* Jarrett Dec., ¶ 220, Ex. 85.

48. Plaintiffs acquired the assets of both Ibooks, Inc. and BPVP on or about December 13, 2006. *See* Jarrett Dec., ¶ 215, Ex. 80.

49. Plaintiffs paid $125,000 to acquire all the assets of both Ibooks, Inc. and BPVP, including all publishing rights, copyrights, trademarks, rights and licenses to software programs, computer hardware, manuscripts, as well as more than 300,000 unsold copies of physical books. *See* Jarrett Dec., ¶ 215, Ex. 80; *see also* Mr. Colby Dep., 32:8-11.

50. The August Spreadsheets purport to show that net sales to distributors by Ibooks, Inc. from 2007 to 2009 were as follows:

YEAR	NET SALES
2007	[redacted]
2008	[redacted]
2009	[redacted]

See Jarrett Dec., ¶ 39, Ex. 23.

51. The August Spreadsheets show that in 2008, sales of "ibooks" books were negative [redacted]. *See id*.

52. Distributor sales of "ibooks" books averaged less than [redacted] per year in each of the three years before Apple began using the iBooks mark (*i.e.*, 2007 through 2009). *See* Jarrett Dec., ¶ 58.

53. Plaintiffs' sales have not decreased since Apple announced its iBooks software app on January 27, 2010. *See* Jarrett Dec., ¶ 39, Ex. 23.

54. The August spreadsheets show that sales of "ibooks" books to distributors were [redacted] in 2010 and [redacted] in 2011. *See* Jarrett Dec., ¶ 39, Ex. 23.

55. Net sales of "ibooks" books to distributors from 1999 to 2011 are reflected in the chart below:

See Jarrett Dec. ¶ 61.

56. Mr. Colby testified that since Plaintiffs acquired the "ibooks" business in 2006, he has destroyed "a lot" of books bearing the alleged "ibooks" mark because his "distributor didn't want to sell them any more." *See* Mr. Colby Dep., 33:10-34:3.

57. In 2010, Plaintiffs destroyed worth of "ibooks" books that could not be sold. *See* Colby 30(b)(6) Dep., 241:20-242:4.

58. In 2011, Plaintiffs destroyed worth of "ibooks" books that could not be sold. *See* Colby 30(b)(6) Dep., 238:11-240:2.

59. In 2011, Plaintiffs' distributor, NBN, was having trouble selling print copies of its "ibooks" books. *See* Colby 30(b)(6) Dep., 239:25-240:2.

C. Consumer Advertising Depicting the Alleged "ibooks" Mark

60. Plaintiffs' knowledge of advertising and marketing activities during the Preiss period is based solely on documents that Plaintiffs acquired when they purchased the assets of Ibooks, Inc. out of bankruptcy, including a spreadsheet that purports to show that Ibooks, Inc. spent [redacted] on marketing for both "ibooks" and "ipicturebooks" during that time. *See* Colby 30(b)(6) Dep., 253:6-256:11; *see also id.,* 131:11-15; 146:14-147:14.

1. Advertising and Marketing from 1999 to 2006

61. According to the August Spreadsheets, from 1999 through 2006, Ibooks, Inc. spent [redacted] on marketing activities. *See* Jarrett Dec., ¶ 39, Ex. 23.

62. The August Spreadsheets do not identify how the [redacted] was spent, or how much of that money was spent on "ibooks" and how much was spent on "ipicturebooks." *See id.*

63. Plaintiffs' 30(b)(6) witness, Mr. Colby, did not know whether any radio ads featuring the alleged "ibooks" mark were ever aired during the Preiss period (*i.e.*, from 1999 through 2006). Colby 30(b)(6) Dep., 261:10-13.

64. Plaintiffs did not produce copies of any radio ads that aired during the Preiss period (*i.e.*, from 1999 through 2006) featuring the alleged "ibooks" mark. *See* Jarrett Dec., ¶ 73.

65. Plaintiffs' 30(b)(6) witness, Mr. Colby, did not know whether the alleged "ibooks" mark was ever featured at the Comic-Con comic book convention show or the Book Expo publishing trade show during the Preiss period (*i.e.*, from 1999 through 2006). *See* Colby 30(b)(6) Dep., 273:13-274:3.

66. Plaintiffs' 30(b)(6) witness, Mr. Colby, was unable to identify any stores in which "ibooks" books were promoted during the Preiss period (*i.e.*, from 1999 through 2006). *See* Colby 30(b)(6) Dep., 277:18-278:24.

2. Advertising and Marketing from 2007 to 2011

67. The August Spreadsheets show that from 2007 to 2011, Plaintiffs spent a total of less than [redacted] on marketing activities for both the "ibooks" and "ipicturebooks" imprints. *See* Jarrett Dec., ¶ 39, Ex. 23.

68. Plaintiffs have not produced any documents showing how the money that they spent on marketing from 2007 to 2011 was spent, or how much was spent on each of the "ibooks" and "ipicturebooks" imprints. *See* Jarrett Dec., ¶ 66.

69. Plaintiffs' 30(b)(6) witness, Mr. Colby, testified that any advertising was "book-specific." *See* Colby 30(b)(6) Dep., 149:6-9.

70. Plaintiffs' 30(b)(6) witness, Mr. Colby, could not identify any print ads depicting the alleged "ibooks" mark that have been placed since 2007, other than two ads in local newspapers promoting specific books in their authors' hometowns. *See* Colby 30(b)(6) Dep., 257:3-259:16.

71. Plaintiffs' 30(b)(6) witness, Mr. Colby, could not identify any radio ads mentioning the alleged "ibooks" mark that have been aired since 2007, other than ads that promoted specific books in their authors' hometowns. *See* Colby 30(b)(6) Dep., 260:2-261:9.

72. Plaintiffs did not produce copies of their alleged radio ads promoting specific books in their authors' hometowns that aired since 2007. *See* Jarrett Dec., ¶ 73.

73. Plaintiffs chose not to pay the fees required for inclusion of the "ibooks" imprint in the publishing directories Literary Market Place and Writer's Market. *See* Mr. Colby Dep., 184:5-188:24.

74. During the Preiss period (*i.e.*, from 1999 through 2006), Ibooks, Inc. owned two domain names: www.ibooksinc.com and www.ibooks.net. *See* Jarrett Dec., ¶ 75.

75. Plaintiffs' 30(b)(6) witness, Mr. Colby, was not aware of how many unique visitors ever visited the websites located at www.ibooksinc.com and www.ibooks.net. Colby 30(b)(6) Dep., 295:24-296:2.

76. Documents produced by Plaintiffs indicate that the www.ibooksinc.com and the www.ibooks.net domain names became inactive in the mid-2000s. *See* Jarrett Dec., ¶ 75, Ex. 28.

77. Plaintiffs' 30(b)(6) witness, Mr. Colby, did not know when the www.ibooksinc.com website ceased being active. *See* Colby 30(b)(6) Dep., 295:21-23.

78. Mr. Colby did not know whether the www.ibooks.net site was active as of September 2005. *See* Mr. Colby Dep., 117:3-6.

79. Mr. Colby is "unsure how to effectively market a web strategy." *See* Colby 30(b)(6) Dep., 300:8-11.

80. Plaintiffs acquired the domain name www.ibooksinc.com in the bankruptcy. *See* Colby 30(b)(6) Dep., 294:9-14.

81. Plaintiffs' 30(b)(6) witness, Mr. Colby, testified that he does not know what happened when a user typed in the domain name www.ibooksinc.com, stating that "I don't know. There might be a to-be-built message or something like that." *See* Colby 30(b)(6) Dep., 294:21-295:5.

82. Plaintiffs' 30(b)(6) witness, Mr. Colby, testified that there is no content on the website located at www.ibooksinc.com:

> Q. And isn't it true that you have never put any content on the domain iBooksInc.com since you acquired the domain name?
>
> A. That's true.

See id.

83. It was not until after the deposition of their 30(b)(6) witness, Mr. Colby, that Plaintiffs directed the www.ibooksinc.com domain name to their Brick Tower Press website, which is used for Plaintiffs' primary publishing business. *See* Jarrett Dec., ¶ 77.

84. In 2007, Mr. Colby changed the Brick Tower Press website to feature the alleged "ibooks" mark "less prominently." *See* Colby 30(b)(6) Dep., 314:6-14.

85. There is no mention of "ibooks" on the Brick Tower Press home page. Jarrett Dec., ¶ 78, Ex. 29.

3. Interrogatory Response

86. Apple propounded an interrogatory asking Plaintiffs to identify what advertisements depicting the alleged "ibooks" and "ipicturebooks" marks had ever been done. *See* Jarrett Dec., ¶ 67.

87. In response to an interrogatory propounded by Apple asking Plaintiffs to identify what advertisements depicting the alleged "ibooks" and "ipicturebooks" marks had ever been done, Plaintiffs produced a DVD labeled "J.T. Colby & Co., Inc., et al. v. Apple Inc., No. 11 cv 4060, Plaintiffs' Supplemental Response to Interrogatory No. 11, September 11, 2012." *See* Jarrett Dec., ¶ 68.

88. The DVD that Plaintiffs produced in response to Apple's interrogatory asking Plaintiffs to identify what advertisements depicting the alleged "ibooks" and "ipicturebooks" marks had ever been done, did not contain any consumer advertisements depicting the alleged "ibooks" mark." *See* Jarrett Dec., ¶ 69.

89. The only documents that Plaintiffs produced in response to Apple's interrogatory, asking Plaintiffs to identify what advertisements depicting the alleged "ibooks" and

"ipicturebooks" marks had ever been done that depicted the "ibooks" mark, consisted of catalogs and sell sheets. *See* Jarrett Dec., ¶ 70.

90. The catalogs and sell sheets that Plaintiffs produced in response to Apple's interrogatory include information about the book, such as the author, book title and subject matter, in addition to the imprint. *See* Jarrett Dec., ¶ 70.

91. Plaintiffs did not produce any documents showing how many catalogs and sell sheets depicting their alleged "ibooks" mark were printed or sent, or when, or to whom they were directed. *See* Jarrett Dec., ¶ 74.

92. Plaintiffs' 30(b)(6) witness, Mr. Colby, testified that catalogs and sell sheets depicting the alleged "ibooks" mark were not distributed to consumers. *See* Colby 30(b)(6) Dep., 273:2-5.

93. In addition to catalogs and sell sheets, the DVD that Plaintiffs produced in response to Apple's interrogatory asking Plaintiffs to identify what advertisements depicting the alleged "ibooks" and "ipicturebooks" marks had ever been done contained draft press releases, images of book covers, and materials that do not depict the alleged "ibooks" mark. *See* Jarrett Dec., ¶ 72.

4. <u>Trademark Searches</u>

94. Trademark searches by Apple's outside trademark counsel, Dechert LLP, as part of Apple's trademark clearance process for IBOOKS in January 2010 did not reveal the existence of the Plaintiffs. *See* Borden Dep., 163:13-164:12; Gundersen Dep., 287:13-25; 288:18-289:6; 291:11-22; 295:23-296:15; *see also* Hampton Dec., ¶ 2, Ex. 1 at 6.

95. A Thomson Compumark common law search conducted in February 2012, after this litigation commenced, revealed no mention of Plaintiffs or the "ibooks" imprint. *See* Jarrett Dec., ¶ 80, Ex. 30.

5. Plaintiffs' Offices

96. Plaintiffs allege in their Complaint that they have business locations at 1230 Park Avenue in New York and 5 Dering Woods Road in Shelter Island. *See* Am. Compl. ¶¶ 10-11.

97. There is no signage outside either the Park Avenue building or the Shelter Island building alleged in the Complaint, indicating the name of any of the Plaintiffs or depicting the "ibooks" imprint. *See* Mr. Colby Dep., 15:4-16:5; 22:18-23:7. Photos of the buildings are included in the Paragraphs 88 and 91 of the Jarrett Declaration.

D. Evidence of Coverage in Consumer Media

98. Plaintiffs have not produced any articles about the "ibooks" imprint that appeared in any consumer newspaper or magazine. *See* Jarrett Dec. ¶ 91.

99. The only articles about the "ibooks" imprint that Plaintiffs have produced appeared in *Publishers Weekly*, a trade publication. *See* Jarrett Dec. ¶ 93; *see also id.*, Ex. 33.

100. Most of the *Publishers Weekly* articles about the "ibooks" imprint that Plaintiffs have produced are from the Preiss period, *i.e.,* from 1999 to 2006. *See* Jarrett Dec. ¶ 94.

101. Several of the *Publishers Weekly* articles from 1999 to 2006 that Plaintiffs produced have nothing to do with the "ibooks" imprint or Ibooks, Inc., but instead are about a Texas-based company called ibooks.com. *See* Jarrett Dec., ¶ 100, Ex. 38.

102. Plaintiffs produced four *Publishers Weekly* articles that are dated between 2007 and 2009. *See* Jarrett Dec. ¶ 95.

103. Plaintiffs produced an article dated April 30, 2007, that lists "iBooks" as an exhibitor at BEA, a publishing trade show. *See* Jarrett Dec., ¶ 96, Ex. 34.

104. Plaintiffs produced an article dated August 14, 2007, that describes "a company called iBooks" that "went bankrupt." *See* Jarrett Dec., ¶ 97, Ex. 35.

105. Plaintiffs produced an article dated November 25, 2008, that describes a series of comic book collections published in book form "by the now defunct ibooks. . . ." *See* Jarrett Dec., ¶ 98, Ex. 36.

106. Plaintiffs produced an article dated March 10, 2009, that notes that certain graphic novels that were "out of print and next to impossible to find" had been published by "iBooks." *See* Jarrett Dec., ¶ 99, Ex. 37.

107. Plaintiffs did not produce any *Publishers Weekly* articles about the "ibooks" imprint that were dated after March 10, 2009. *See* Jarrett Dec., ¶ 101.

E. Lack of Evidence of Copying

108. Plaintiffs have not produced any documents or other information showing that any third parties have copied Plaintiffs' alleged "ibooks" mark. *See* Jarrett Dec. ¶ 102.

F. Lack of Evidence of Exclusive Use

109. As of January 2010, 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. *See* Jarrett Dec., ¶ 103, Ex. 39.

110. The publishing company ABDO Publishing used the name "ABDO iBooks" in connection with interactive books for young readers in 2010 and 2011. *See* Jarrett Dec., ¶ 104, Ex. 40.

111. A Texas-based company used the domain name "ibooks.com" in 2000. *See* Jarrett Dec., ¶ 105, Ex. 38.

112. Family Systems owned a trademark registration for the mark IBOOK, with a priority date of October 8, 1996. *See* Jarrett Dec., ¶ 106, Ex. 42.

113. Apple owns a trademark registration for the mark IBOOK, with a priority date of November 6, 1998. *See* Jarrett Dec., ¶ 108, Ex. 43.

III. APPLE HAS PRIORITY

A. The Consent Agreement Between Apple and Family Systems

114. In 1997, Apple began developing a laptop computer that it considered calling the iBook. *See* Taylor Dep., 41:22-42:4.

115. On November 6, 1998, Apple filed an intent-to-use trademark application (an "ITU") for IBOOK for computers and certain related goods. *See* Jarrett Dec., ¶ 108, Ex. 43.

116. At the time it filed the ITU for IBOOK, 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." *See* Jarrett Dec., ¶ 108; Lupo Dep., 24:20-25:11.

117. Apple approached Family Systems in 1999 about the parties' respective uses of IBOOK. *See* Lupo Dep., 24:20-25:11.

118. Apple and Family Systems negotiated a Consent Agreement, dated as of May 7, 1999 (the "Consent Agreement"), pursuant to which each party agreed to limit its use of IBOOK to the goods set forth in its trademark application. *See* Jarrett Dec., ¶ 223, Ex. 88.

119. The PTO issued Registration No. 2,470,147 for IBOOK to Apple on July 17, 2001, with a priority date of November 6, 1998 and a first use date of July 21, 1999 (the "'147 Registration"). *See* Jarrett Dec., ¶ 108, Ex. 43.

120. The goods set forth in the '147 Registration at the time of registration were: "computers, computer hardware, computer peripherals and users manuals sold therewith." *See* Jarrett Dec., ¶ 108, Ex. 43.

121. On March 20, 2012, the goods set forth in the '147 Registration were amended to cover "computer hardware." *See* Jarrett Dec., ¶ 224, Ex. 89.

122. The PTO issued Registration No. 2,446,634 for IBOOK to Family Systems on April 24, 2001, with a priority date of October 8, 1996 (the "'634 Registration"). *See* Jarrett Dec., ¶ 106, Ex. 42.

123. The goods set forth in the '634 Registration at the time of registration were: "Computer hardware and software used to support and create interactive, user-modifiable electronic books." *See* Jarrett Dec., ¶ 106, Ex. 42.

124. 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 in the trademark registration. *See* Jarrett Dec., ¶ 225, Ex. 90.

125. The PTO granted Family Systems' request to amend the '634 Registration on May 25, 2007, amending the goods to:

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

See Jarrett Dec., ¶ 226, Ex. 91.

B. Ibooks, Inc.'s Abandoned Trademark Application for "IBOOKS"

126. Ibooks, Inc. began using the "ibooks" imprint in September 1999. *See* Am. Compl., ¶ 13.

127. In 1999, Ibooks, Inc. filed an application, Serial No. 75/786,491, to register IBOOKS with the PTO (the "'491 Application"). *See* Jarrett Dec., ¶ 110, Ex. 44.

128. In 1999, Ibooks, Inc. filed an application, Serial No. 75/786,490 to register IBOOKSINC.COM with the PTO (collectively, with the '491 Application, the "Abandoned Applications"). *See* Jarrett Dec., ¶ 111, Ex. 45.

129. Complete sets of the PTO's files related to the Abandoned Applications are not available from the PTO's website, and the PTO has destroyed the complete file wrappers. *See* Jarrett Dec., ¶ 112.

130. Because office action responses are contained in the files for the Abandoned Applications, it appears that the PTO issued office actions, refusing to register the Abandoned Applications. *See* Jarrett Dec., ¶ 113.

131. Based on Ibooks, Inc.'s September 4, 2002 office action responses, it appears that the PTO rejected the Abandoned Applications based, in part, on Family Systems' and the University of Illinois' prior registrations for IBOOK. *See* Jarrett Dec. ¶ 114, Ex. 46.

132. In addition to rejecting Ibooks, Inc.'s application for IBOOKS because of the prior registrations for IBOOK, the PTO rejected that application as deceptively misdescriptive. *See* Jarrett Dec. ¶ 115, Ex. 46.

133. In addition to rejecting Ibooks, Inc.'s application for IBOOKSINC.COM because of the prior registrations for IBOOK, the PTO rejected that application as merely descriptive. *See* Jarrett Dec. ¶ 115, Ex. 46.

134. In the two office action responses that it submitted to the PTO, Ibooks, Inc. argued that confusion with Family Systems' product was not likely because the alleged "ibooks" mark "has nothing to do with . . . computer hardware and software used to support and create interactive, user-modifiable electronic books." *See* Jarrett Dec., ¶ 116, Ex. 46.

135. In the two office action responses that Ibooks, Inc. submitted to the PTO, it stated that "there has been no actual confusion." *See* Jarrett Dec., ¶ 117, Ex. 46.

136. In the office action response for the ’491 Application, Ibooks, Inc. stated: “Each company owns the mark for its own particular type of book. Clearly, consumers are able to differentiate between the different IBOOKS marks.” *See* Jarrett Dec., ¶ 118, Ex. 46.

137. In the office action response for the ’491 Application, Ibooks, Inc. stated “that its mark, when used on or in connection with the identified services [*i.e.,* “books; namely, a series of fiction books; non-fiction books in the field of science”], does not so resemble the marks cited by the Examiner as to be likely to cause confusion, to cause mistake, or to deceive.” *See* Jarrett Dec., ¶ 119, Ex. 46.

138. In the office action response for the ’491 Application, Ibooks, Inc. stated: “In this case, consumers, when seeing the mark on the books, will not think it is an electronic book found on the Internet.” *See* Jarrett Dec., ¶ 120, 46.

139. On July 21, 2003, the PTO sent Notices of Abandonment to Ibooks, Inc.’s attorney of record that stated:

> The trademark application identified below was abandoned because a response to the Office Action mailed on 10-30-2002 was not received within the 6-month response period.
>
> If the delay in filing a response was unintentional, you may file a petition to revive the application with a fee. If the abandonment of this application was due to USPTO error, you may file a request for reinstatement. Please note that a petition to revive or request for reinstatement **must be received within two months from the issue date of this notice.**

See Jarrett Dec., ¶ 121, Ex. 47 (emphasis in original).

140. The PTO records do not contain any indication that any petition to revive or request for reinstatement was ever filed for either IBOOKS or IBOOKSINC.COM. *See* Jarrett Dec. ¶ 122.

141. Plaintiffs do not own any pending or active trademark registrations for “ibooks.” *See* Colby 30(b)(6) Dep., 339:12-25; 341:11-342:3; Mr. Colby Dep., 233:18-20.

142. Plaintiffs' 30(b)(6) witness, Mr. Colby, testified that he had not filed trademark applications for "ibooks" and "ipicturebooks" because his "focus was on selling books." *See* Colby 30(b)(6) Dep., 364:2-6.

C. The Assignment Agreement Between Apple and Family Systems

143. "From 2000 through 2010, Family Systems used its IBOOK mark precisely as it was described in both the U.S. trademark registration and the U.S. patent application: to identify a software system that allows users to create, modify, view, critique and comment on interactive electronic books." Am. Compl., ¶ 69.

144. By December 2009, Apple had developed an e-book reader software program. *See* Gedikian Dep., 46:6-18.

145. By mid-January 2010, Apple was considering using iBooks as the name of its e-book reader software. *See* Gundersen Dep., 102:4-10.

146. Apple approached Family Systems on or before January 13, 2010 about whether it would assign the ibook mark and related rights to Apple. *See* Lupo Dep., 59:23-60:17.

147. In mid-January 2010, Apple and Family Systems began negotiating the terms of an assignment. *See id.*

148. During their negotiations in January 2010, Apple told Family Systems that unless they could reach an agreement prior to January 27, 2010, which was the date on which Apple intended to announce the launch of its new e-reader app, Apple would have to choose a different name for that app instead of using iBooks. *See* Lupo Dep., 100:14-101:16; 115:18-116:14; Gundersen Dep., 176:6-178:21.

149. On January 27, 2010, before Apple announced that it would offer e-reader software under the iBooks mark, Apple and Family Systems executed a Trademark and Domain

Name Assignment Agreement (the "Assignment" or the "Assignment Agreement"). *See* Jarrett Dec., ¶ 126, Ex. 50.

150. Among other things, the Assignment provided that:

> Family [Systems] hereby irrevocably transfers and assigns to Apple all right, title and interest in and to the Registrations [*i.e.,* the '634 Registration and Family Systems' 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 throughout the world, including without limitation any common law rights, and all goodwill associated therewith (collectively, the "Trademark Rights").

See id., ¶ 1.

151. Pursuant to the Assignment, Apple paid Family Systems [redacted]. *See id.*, ¶ 2.

152. The domain names that Family Systems assigned to Apple were IBOOK.COM, IBOOK.NET, IBOOK.ORG, I-BOOK.COM, I-BOOK.NET, and I-BOOK.ORG. *See id.,* ¶ A.

153. After the assignment, Apple redirected (and still redirects) each of the assigned domains to a page on its website featuring Apple's iBooks software. *See* Jarrett Dec., ¶ 124, Ex. 48.

154. As required by the Assignment, Family Systems no longer uses the ibook mark, instead offering its goods under the brand VERBOL, which it started using for its e-reader product after the assignment. *See* Jarrett Dec., ¶ 125, Ex. 49.

155. Dr. Richard Goldhor helped develop the Family Systems ibook software. *See* Goldhor Dep., 19:12-20:1.

156. Dr. Goldhor testified at his deposition in this case that users could download the ibook software from a website onto a device in order to read content created by other people. *See* Goldhor Dep., 76:11-78:15; 81:21-82:1.

157. Dr. Goldhor testified that users could add notes to content they found. *See* Goldhor Dep., 81:14-20.

158. Dr. Goldhor testified that the Family Systems software could have been used by commercial publishers to make their books available to others. *See* Goldhor Dep., 79:5-15.

159. Steve Gedikian is the product line manager for Apple's iBooks software. *See* Gedikian Dep., 30:9-24.

160. Mr. Gedikian testified that Apple's iBooks software allows users to download books and other kinds of content created by other people. *See* Gedikian Dep., 164:10-16.

161. Mr. Gedikian testified that, among other things, a user of Apple's iBooks software "can add commentary in the form of notes and highlights." *See* Gedikian Dep., 219:12-23.

162. Since Family Systems assigned the IBOOK mark to Apple, there has not been any reported confusion as to the source Apple's e-reader software application. *See* Jarrett Dec., ¶ 123.

D. Apple Announces its iBooks Software

163. On January 27, 2010, after the Assignment was executed, "Apple . . . announced the new iBooks app." *See* Jarrett Dec., ¶ 231, Ex. 96.

164. Apple's announcement of the iBooks app received "an enormous amount of publicity." *See* Am. Compl., ¶ 38.

165. The iBooks app was launched in April 2010. *See* Jarrett Dec., ¶ 235.

E. Apple's Filings with the PTO

166. On February 4, 2010, after Family Systems assigned the IBOOK mark to Apple, Apple recorded the assignment with the PTO. *See* Jarrett Dec., ¶ 227, Ex. 92.

167. On May 17, 2010, Apple filed a Request to Amend the '634 Registration from IBOOK to the plural IBOOKS (the "Amendment Request"). *See* Jarrett Dec., ¶ 228, Ex. 93.

168. In the Amendment Request, Apple argued:

> The proposed amendment to the mark does not materially alter the character of the mark in the registration and does not render it sufficiently different to require republication. The new form of the mark has the same meaning as, and contains the essence of, the original mark. The addition of 'S'—changing the mark from IBOOK to IBOOKS—creates the same impression of being essentially the same mark, so that consumers will readily understand the mark to be [the] same.

See id.

169. Apple included in the Amendment Request a specimen that accurately depicted its current use of the mark IBOOKS in connection with the goods. *See* Jarrett Dec., ¶ 228, Ex. 93; *see also* Widup Dep., 122:6-15.

170. The PTO granted Apple's request on May 22, 2010. *See* Jarrett Dec., ¶ 236, Ex. 101.

171. Plaintiffs' expert, Robert Scherer, has acknowledged that the Amendment Request was not fraudulent. *See* Scherer Dep., 146:24-147:9.

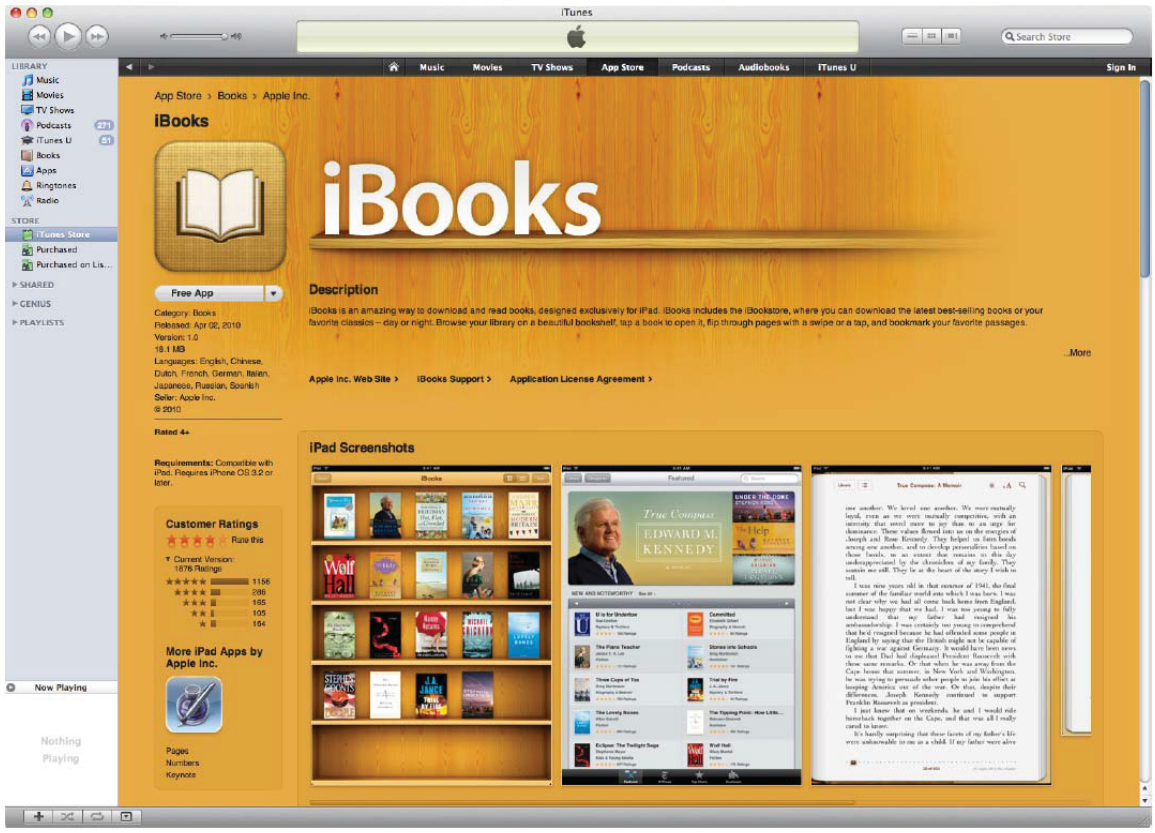
172. On June 7, 2010, Apple filed a Combined Declaration of Use and Renewal for the '634 Registration (the "Renewal") with the PTO. *See* Jarrett Dec., ¶ 229, Ex. 94.

173. The Renewal included Apple's declaration 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." *See id.* (emphasis in original).

174. Apple included in the Renewal a specimen that accurately depicted its current use of the mark IBOOKS in connection with its goods, as required by Trademark Manual of Examining Procedure ("TMEP") § 1604.12. *See* Jarrett Dec., ¶ 229, Ex. 94; *see also* Widup Dep., 209:23-211:5; Hampton Dec., ¶ 2, Ex. 1 at 17.

175. The specimen consisted of a screenshot from Apple's ITUNES desktop software showing the page where customers can download the iBooks e-reader software application. *See* Jarrett Dec., ¶ 229, Ex. 94.

176. The specimen is depicted below:



177. The specimen contains a description of that software application, which states that "iBooks is an amazing way to download and read books" and that the iBooks app allows users to "tap a book to open it, flip through pages with a swipe or a tap, and bookmark [their] favorite passages." *See* Jarrett Dec., ¶ 229, Ex. 94.

IV. LIKELIHOOD OF CONFUSION

A. Saturation of the Market

178. Apple is a technology company, and offers hardware and software products. . *See* Jarrett Dec., ¶ 140.

179. Apple does not use its iBooks mark on physical or electronic books. *See* Mr. Colby Dep., 227:8-11.

180. Plaintiffs' experts, Dr. Jacob Jacoby and Dr. Susan Schwartz McDonald, testified that Apple is not perceived as a publisher. *See* Jacoby Dep., 262:23-264:3; McDonald Dep., 281:14-21.

181. Plaintiffs do not make e-reader software. *See* Jarrett Dec., ¶ 144.

B. The Marks Are Not Similar

182. Plaintiffs historically have displayed their "ibooks" imprint in all lowercase letters. *See* Jarrett Dec. ¶ 130.

183. When Mr. Colby wrote to Apple on January 29, 2010 (as discussed below), he referred to the imprint as "ibooks," in all lower case, each of the five times he mentioned the imprint. *See* Jarrett Dec., ¶ 134, Ex. 53.

184. In their Complaint, Plaintiffs allege their mark is "ibooks"—in all lowercase. *See* Am. Compl. ¶¶ 2-4, 13-19, 25, 28, 30-37, 45, 49, 51, 65, 79, 82, 84-85, 87-89, and 98.

185. In addition, the "About Us" page of Plaintiffs' website depicts the alleged mark as "ibooks." *See* Jarrett Dec., ¶ 83, Ex. 32.

186. Plaintiffs' alleged "ibooks" mark generally appears below an "i" in a light bulb, as shown below.

See Jarrett Dec., ¶ 135.

187. Apple places its mark next to an open book against a wood-colored background, as shown below.

See Jarrett Dec., ¶ 128.

188. Plaintiffs' light bulb logo appears on every hard copy of books published under the "ibooks" imprint. *See* Colby 30(b)(6) Dep., 319:12-320:9; *see also* Jarrett Dec., ¶ 136, Ex. 54.

189. Plaintiffs' light bulb logo appears in copies of Plaintiffs' electronic books. *See* Jarrett Dec., ¶ 137, Ex. 67; *see also* Mr. Colby Dep., 219:16-221:17.

190. The font Plaintiffs use for their alleged "ibooks" mark differs from the font Apple uses, such that the "i" in Plaintiffs' alleged "ibooks" mark has a "flag" at the top, whereas the "i" in Apple's mark does not. *See* Jarrett Dec. ¶ 129.

191. The print books published under the "ibooks" imprint contain contextual information that identifies the source of the book. Although the exact information varies from book to book, the copyright and title pages of Plaintiffs' print books include such information as Plaintiffs' 1230 Park Avenue address; the e-mail address bricktower@aol.com; the website

address www.BrickTowerPress.com; and the statement "Printed in the United States by J. Boylston & Company, Publishers, New York." *See* Jarrett Dec. ¶ 138.

192. The electronic books published under the "ibooks" imprint contain contextual information that identifies the source of the book. Although the exact information varies from book to book, the copyright and title pages of Plaintiffs' electronic books include such information as Plaintiffs' 1230 Park Avenue address; the e-mail address bricktower@aol.com; and the website address www.BrickTowerPress.com." *See* Jarrett Dec. ¶ 138; *see also* McDonald Dep., 175:14-182:11.

193. Apple displays its federally registered trademark "iBooks" in a manner consistent with its other i-formative marks—with a lowercase "i" followed by a capital "B." *See* Jarrett Dec. ¶ 127.

194. In November 2010, nearly 10 months after Apple's January 2010 adoption of its "iBooks" mark, Plaintiffs began depicting their imprint as "iBooks." *See* Jarrett Dec., ¶ 174.

C. The Products Are Not Proximate

195. Apple uses iBooks for its downloadable e-reader software. *See* Jarrett Dec., ¶ 228, Ex. 93, at 24.

196. Apple's iBooks software is only available pre-installed on Apple devices or for download from Apple's App Store online service for use solely on Apple-branded devices. *See* Jarrett Dec., ¶ 141.

197. Apple's iBooks software is not available in brick and mortar stores or on third-party websites (*e.g.*, Amazon.com and BarnesandNoble.com). *See* Jarrett Dec., ¶ 143.

198. Plaintiffs use "ibooks" as an imprint for books. *See* Am. Compl., ¶ 1.

199. Plaintiffs' books are not available on Apple's website, the iTunes Store, or Apple's iBookstore. *See* Colby 30(b)(6) Dep., 194:24-195:2.

200. Plaintiffs' products are available in unspecified brick and mortar stores and on third-party websites (*e.g.*, Amazon.com and BarnesandNoble.com). *See* Am. Compl., ¶ 14.

201. The July Spreadsheets—which, unlike the August Spreadsheets, distinguish between sales of hard copy and electronic books—show that [redacted] of the books that Plaintiffs have sold under the "ibooks" and "ipicturebooks" imprints from 1999 through May 2012 have consisted of print books, and only [redacted] of the books that Plaintiffs sold under those imprints during that period have consisted of electronic books. *See* Jarrett Dec., ¶ 38, Ex. 22.

D. <u>There Is No Evidence Plaintiffs Intend to Bridge the Gap.</u>

202. Plaintiffs have not produced any documents or any other information indicating that they intend to sell e-book reading software, or that consumers believe Plaintiffs will enter this market. *See* Jarrett Dec. ¶ 146.

E. <u>There is No Actual Confusion</u>

203. Plaintiffs produced e-mails sent to Mr. Colby from his own friends and associates in January and February 2010, discussing the fact that Apple had recently announced that its e-book reader software would be called iBooks. *See* Jarrett Dec., ¶ 147, Exs. 55-58.

204. The e-mails that Mr. Colby received from his friends and associates discussing Apple's iBooks software indicate that they knew Plaintiffs were the source of the "ibooks" books, and that Apple was the source of its iBooks software. *See* Jarrett Dec., ¶ 148.

205. Mr. Colby testified that none of the friends and associates who e-mailed him about Apple's iBooks software thought that Plaintiffs were copying Apple by using their "ibooks" imprint. *See* Mr. Colby Dep., 211:7-213:16.

206. Plaintiffs' 30(b)(6) witness, Mr. Colby, was not aware of any instance in which someone thought Plaintiffs had copied Apple's iBooks mark. *See* Colby 30(b)(6) Dep., 229:12-19.

207. Plaintiffs submitted a survey designed by Dr. Susan Schwartz McDonald. *See* Jarrett Dec., ¶ 149, Ex. 59.

208. Dr. McDonald did not use one of Plaintiffs' actual books (whether in hard copy or electronic form) or listing for such a book on Amazon.com or BarnesandNoble.com as a stimulus. *See* Jarrett Dec., ¶ 150.

209. Dr. McDonald's survey used a "conceptual stimulus," by asking respondents to "envision" the stimulus. *See* Jarrett Dec., ¶ 151.

210. Dr. McDonald's survey (which was conducted online) stated:

> Please envision the following scenario, involving a digital/electronic book.
>
> In the scenario we'd like you to envision, you are looking at the particular "page" of a digital/electronic book that contains information about the book—such as the date of publication, the publisher, the Library of Congress number, etc.
>
> If, on that page, you see the word "iBooks" what company or companies would you think had made the book available? Please enter your response in the box below. The box will expand as you type.
>
> If you think you would have no idea, please feel free to say so.

See Jarrett Dec., ¶ 149, Ex. 59.

211. Apple submitted two surveys, both of which showed respondents actual stimuli. *See* Jarrett Dec., ¶ 152.

212. Dr. Deborah Jay's survey used listings for Plaintiffs' books available on Amazon.com and BarnesandNoble.com. *See* Jay Dec., ¶ 5; *see also id.* ¶ 3, Ex. 1.

213. Dr. Jay's survey found a confusion rate of less than 1%. *See* Jay Dec., ¶ 6; *see also id.* ¶ 3, Ex. 1.

214. In rebuttal to Dr. McDonald, Dr. Stephen Nowlis conducted a survey using a physical copy of one of Plaintiffs' books (*The Raven Deception*). *See* Nowlis Dec., ¶ 3, *see also id.* ¶ 5, Ex. 1.

215. Dr. Nowlis's survey showed a confusion rate of 1.49%. *See* Nowlis Dec., ¶ 4, *see also id.* ¶ 5, Ex. 1.

F. Good Faith

216. In early January 2010, as part of its clearance process, Apple had its outside counsel, Arent Fox LLP, negotiate the acquisition of Family Systems' rights to the IBOOK mark. *See* Gundersen Dep., 160:21-164:10; La Perle Dep., 92:9-23; Lupo Dep., 59:23-60:17.

217. Apple had its outside counsel, Dechert LLP ("Dechert"), conduct trademark searches and follow-up investigations based on the results of those searches as part of Apple's clearance process for the IBOOKS mark. *See* Gundersen Dep., 107:11-16; 126:18-127:3; *see also* La Perle Dep., 55:21-57:21.

218. None of the searches that Dechert conducted in connection with the clearance of the IBOOKS mark revealed Plaintiffs' existence or any current use of "ibooks" by Plaintiffs. *See* Borden Dep., 163:13-164:12; Gundersen Dep., 287:13-25; 288:18-289:6; 291:11-22; 295:23-296:15; *see also* Hampton Dec., ¶ 2, Ex. 1 at 6; Jarrett Decs., Ex. 61-65..

1. SAEGIS Searches and Follow-Up Investigation

219. Dechert conducted searches through SAEGIS, a third party database of U.S. federal and state trademark records, as part of its clearance of the IBOOKS mark. *See* Borden Dep., 184:12-185:6; Gundersen Dep., 327:6-13; *see also* Jarrett Dec., ¶ 159, Exs. 61-64.

220. As part of the clearance of IBOOKS, Dechert searched the SAEGIS database for marks that were similar to, variant spellings of, and phonetic equivalents of IBOOK. *See* Jarrett Dec., ¶ 159, Ex. 64.

221. Dechert conducted a "wild card" search for "?book" that captured other marks in the SAEGIS database ending in "book." *See* Jarrett Dec., ¶ 159, Exs. 61-64.

222. Dechert's SAEGIS searches uncovered more than 1,200 federal and state trademark records for third-party marks including IBOOX, MIBOK, MYBOOK, VERIBOOKS, UBOOK, and A+BOOKS. *See* Jarrett Dec., ¶ 160, Exs. 61-64.

223. Dechert's SAEGIS searches revealed Ibooks, Inc.'s Abandoned Applications. *See* Gundersen Dep., 284:21-285:7; *see also* Jarrett Dec., ¶ 163, Ex. 64 at APPLE-IBOOKS0000996 and 1015-16.

224. Dechert conducted an investigation to determine whether the "ibooks" marks reflected in Ibooks, Inc.'s Abandoned Application were being used in January 2010. *See* Gundersen Dep., 287:21-25; 340:24-342:12.

225. Dechert's investigation regarding the Abandoned Applications revealed that Byron Preiss, the founder of Ibooks, Inc., had died, that Ibooks, Inc. had been liquidated in Chapter 7 bankruptcy proceedings, and that there were no active websites for that company. *See* Gundersen Dep., 284:17-285:25; 340:24-342:12; 345:11-22.

226. No record of Plaintiffs was found in the SAEGIS searches. *See* Borden Dep., 108:17-109:23; Gundersen Dep., 284:17-285:25; 340:24-342:12; 345:11-22.

2. <u>Google Searches</u>

227. In addition to SAEGIS searches, Dechert also conducted searches through Google as part of its clearance of the IBOOKS mark. *See* Borden Dep., 184:12-185:6; Gundersen Dep., 327:14-18; *see also* Jarrett Dec., ¶ 166, Ex. 65.

228. Dechert searched Google for the terms "ibook," "ebook," "e-book," "eyebook," "eye-book," "mybook," and "my-book," among others. *See* Jarrett Dec., ¶ 167, Ex. 65, at APPLE-IBOOKS0001569, 1591, 1616, 1625, 1631, 1640, 1648, and 1655.

229. In its Google clearance searches for IBOOKS, Dechert used search terms that were intended to exclude Apple's use of its iBook mark for laptop computers. *See* Borden Dep.,

208:7-20; *see also* Jarrett Dec., ¶ 168, Ex. 65 at APPLE-IBOOKS00001516, 1526, 1535, 1544, 1553 and 23957.

230. Dechert's Google clearance searches yielded nearly 1,800 website links. *See* Jarrett Dec., ¶ 169, Ex. 65.

231. None of these Google searches revealed Plaintiffs. *See* Gundersen Dep., 107:11-16; 126:18-127:3; *see also* Jarrett Dec., ¶ 170, Ex. 65.

3. Trademark.com Domain Name Database Search

232. Dechert searched the trademark.com domain name database as part of its clearance of IBOOKS. *See* Borden Dep., 184:12-185:6; Gundersen Dep., 280:18-25; 327:19-23.

233. Dechert's trademark.com domain name database search did not reveal any active websites owned by Ibooks, Inc. or the Plaintiffs. *See* Gundersen Dep., 107:11-16; 126:18-127:3.

G. Other Evidence of Apple's Good Faith

234. Plaintiffs' 30(b)(6) witness, Mr. Colby, did not have any information that Apple was aware of the alleged "ibooks" mark before Apple announced its iBooks mark on January 27, 2010. *See* Colby 30(b)(6) Dep., 360:17-361:1.

235. Plaintiffs' 30(b)(6) witness, Mr. Colby, did not know the basis for Plaintiffs' claim that Apple's selection of the iBooks mark was willful. *See id.*

236. It was not until Friday, January 29, 2010—two days after Apple announced that it would soon offer e-book reader software called iBooks—that Apple learned about Plaintiffs. *See* La Perle Dep., 190:11-192:20; 287:9-13.

237. Apple learned about Plaintiffs when Mr. Colby e-mailed Steve Dowling, a Public Relations Director at Apple, on January 29, 2010. *See id*; *see also* Jarrett Dec., ¶ 134, Ex. 53.

238. Mr. Colby testified that "the basis for [his] inquiry" to Mr. Dowling was to sell Plaintiffs' books via Apple's new iBooks app. *See* Mr. Colby Dep., 251:16-21.

239. Mr. Colby's January 29, 2010, e-mail to Apple did not request that Apple cease using the iBooks mark, nor did it state that Apple was infringing Plaintiffs' alleged "ibooks" mark. *See* Jarrett Dec., ¶ 134, Ex. 53.

240. Mr. Colby's January 29, 2010, e-mail to Apple asked it to contact him "to discuss [Plaintiffs'] ibooks brand and ebook titles for use on the new iPad." *See id.*

241. Mr. Colby's e-mail signature in his January 29, 2010, message to Apple did not mention "ibooks" or "ipicturebooks," but instead referred to "J. Boylston & Company, Publishers" and the websites BrickTowerPress.com, bookmanuscript.com and cyberwookwords.com. *See id.*

242. On Monday, February 1, 2010, Apple's outside counsel, Glenn Gundersen, telephoned Mr. Colby about his Friday, January 29, 2010 e-mail to Apple. *See* Mr. Colby Dep., 253:23-254:6.

243. Mr. Colby testified that during his February 1, 2010, call with Mr. Gundersen, he told Mr. Gundersen that his primary concern was getting Plaintiffs' books on the iPad "under the ibooks mark." *See id.*, 254:7-16.

244. After the February 1, 2010 call between Messrs. Colby and Gundersen, Apple did not hear from Plaintiffs or Mr. Colby again until May 12, 2010, more than one month after Apple began offering its iBooks software to the public. *See* Jarrett Dec., ¶ 172.

245. On May 12, 2010, Plaintiffs, through their counsel, Thomas C. Morrison, alleged for the first time that Apple's use of its iBooks mark infringed their alleged marks. *See* Jarrett Dec., ¶ 172.

V. IPICTUREBOOKS

246. As part of the bankruptcy proceedings involving Ibooks, Inc., Boylston acquired ipicturebooks, LLC in a public auction in 2007 for $12,000. *See* Mr. Colby Dep., 95:11-13; *see also* Am. Compl., ¶ 11.

247. Plaintiffs allege that Boylston is the owner of the alleged "ipicturebooks" mark, as well as the alleged "ibooks" mark. *See* Am. Compl., ¶ 36.

248. Plaintiffs' 30(b)(6) witness, Mr. Colby, testified that ipicturebooks, LLC owns the alleged "ipicturebooks" mark. *See* Colby 30(b)(6) Dep., 98:25-99:19.

249. Plaintiffs do not own any pending or active trademark registrations for "ipicturebooks." *See* Colby 30(b)(6) Dep., 364:7-11.

250. Plaintiffs allege that ipicturebooks, LLC began using that imprint in 2002. *See* Am. Compl. ¶ 13.

251. The August sales spreadsheets suggest that the "ipicturebooks" mark was first used in 2001. *See* Jarrett Dec., ¶ 39, Ex. 23.

252. A press release dated May 31, 2000, states that "ipicturebooks intends to launch with over 100 books in its ebooks library. . . ." *See* Jarrett Dec., ¶ 230, Ex. 95.

253. Mr. Colby testified that the "ipicturebooks" imprint was originally intended to be used for children's picture books. *See* Mr. Colby Dep., 236:18-21.

254. Plaintiffs' 30(b)(6) witness, Mr. Colby, did not know who selected the alleged mark "ipicturebooks," how that mark was selected, or what the "i" stands for. *See* Colby 30(b)(6) Dep., 345:20-346:3.

255. None of Plaintiffs' experts offered any opinions regarding "ipicturebooks." *See* Jarrett Dec. ¶ 200.

256. Plaintiffs have not offered any survey evidence indicating that "ipicturebooks" "ipicturebooks" has acquired secondary meaning. *See* Jarrett Dec. ¶ 201.

257. Plaintiffs have not offered any expert opinion indicating that "ipicturebooks" has acquired secondary meaning. *See* Jarrett Dec., ¶ 202.

258. Dr. Carpenter concluded that neither Mr. Preiss nor Plaintiffs took the actions necessary for "ipicturebooks" to become a brand that consumers recognize and associate with a particular source. *See* Jarrett Dec., ¶ 207, Ex. 13, at 3.

259. Mr. Shatzkin did not refer to ipicturebooks, LLC or the "ipicturebooks" imprint in his rebuttal of Dr. Carpenter. *See* Jarrett Dec., ¶ 208, Ex. 14.

260. Mr. Shatzkin testified that his "focus was on iBooks." *See* Shatzkin Dep., 72:22-73:4.

261. Plaintiffs' 30(b)(6) witness, Mr. Colby, was not aware of any facts that show that consumers are aware of the alleged "ipicturebooks" mark. *See* Colby 30(b)(6) Dep., 294:3-8.

262. According to the January 29, 2010 e-mail from Mr. Colby to Mr. Dowling of Apple, Plaintiffs' electronic books are sold under the "ipicturebooks entity." *See* Jarrett Dec., ¶ 134, Ex. 53.

263. According to the August Spreadsheets, sales of "ipicturebooks" books to distributors were (1) [redacted] in 2001; (2) [redacted] in 2002; (3) [redacted] in 2003; (4) [redacted] in 2004; (5) [redacted] in 2005; (6) [redacted] in 2006; (7) [redacted] in 2007; (8) [redacted] in 2008; (9) [redacted] in 2009; (10) [redacted] in 2010; and (11) [redacted] in 2011. *See* Jarrett Dec., ¶ 39, Ex. 23.

264. Mr. Colby testified that the 2001 sales were for "just one book under ipicturebooks." *See* Colby 30(b)(6) Dep., 185:6-11.

265. The book that Plaintiffs sold under the "ipicturebooks" imprint in 2001 was a single *Shrek* electronic book that was a tie-in to the movie of the same name. *See id*., 185:12-24.

266. Net sales of "ipicturebooks" books to distributors from 2001 to 2011 are reflected in the chart below:

See Jarrett Dec., ¶ 204.

267. Mr. Preiss established a website at www.ipicturebooks.com, which apparently was abandoned in November 2001. *See* Jarrett Dec., ¶ 232, Ex. 97.

268. Today, there is no active website at the www.ipicturebooks.com web address. *See* Jarrett Dec., ¶ 233, Ex. 98.

269. Plaintiffs' 30(b)(6) witness, Mr. Colby, did not know how many books were sold via the ipicturebooks.com site, how long books were sold at that website, or when that site was active. *See* Colby 30(b)(6) Dep., 266:7-269:18.

270. On June 22, 2011, one week after this litigation was filed, Plaintiffs registered the domain name www.ipicturebooks.net, but there is no active website associated with that domain name. *See* Jarrett Dec., ¶ 234, Ex. 99.

271. Plaintiffs did not produce any consumer advertising depicting the alleged "ipicturebooks" mark. *See* Jarrett Dec. ¶ 205.

272. Plaintiffs' 30(b)(6) witness, Mr. Colby, did not know what marketing depicted the ipicturebooks mark during the Preiss period. *See* Colby 30(b)(6) Dep., 279:20-280:9.

273. Plaintiffs' 30(b)(6) witness, Mr. Colby, was not aware of any marketing or advertising using the alleged "ipicturebooks" mark during either the Preiss period or the Colby period. *See* Colby 30(b)(6) Dep., 270:9-14; 281:5-8.

274. The "ipicturebooks" imprint is not listed in the publishing directories Literary Market Place and Writer's Market. *See* Mr. Colby Dep., 184:5-188:24; 190:4-191:11.

275. Neither the home page nor the "About Us" page on the Brick Tower Press website mentions "ipicturebooks." *See* Jarrett Dec., ¶ 206, Ex. 29 and 32; *see also* Mr. Colby Dep., 11:4-7.

276. Plaintiffs did not submit a confusion survey for the alleged "ipicturebooks" mark. *See* Jarrett Dec. ¶ 210.

277. Ibooks, Inc. applied to register the mark IPICTUREBOOKS.COM with the PTO on August 2, 2001. *See* Jarrett Dec., ¶ 198, Ex. 79.

278. The IPICTUREBOOKS.COM mark was registered on the Supplemental Register on May 20, 2003. *See* Jarrett Dec., ¶ 198, Ex. 79.

279. The PTO cancelled the registration for IPICTUREBOOKS.COM on the Supplemental Register on December 26, 2009. *See* Jarrett Dec., ¶ 198, Ex. 79.

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Respectfully submitted,

s/ Dale M. Cendali

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