71. Plaintiffs did not produce any documents that show how many catalogs and sell sheets were printed or sent, or when, or to whom they were directed.

72. The other documents included on the DVD Plaintiffs produced in response to Apple's interrogatory were draft press releases, images of book covers, and materials that do not even depict the alleged "ibooks" mark.

73. Plaintiffs did not produce any copies of radio ads featuring the alleged "ibooks" mark.

74. From 2007 to 2011, Plaintiffs spent a total of less than [redacted] on marketing activities for both the "ibooks" and "ipicturebooks" imprints. *See* Ex. 23. Plaintiffs have not produced any documents showing how that money was spent or how much was spent on each imprint.

2. Advertising on the Internet

75. During the Preiss period (from 1999 to 2006), Ibooks, Inc. owned two domain names: www.ibooksinc.com and www.ibooks.net. *See* Colby 30(b)(6) Dep., 294:9-14; *see also* E-mail from Robin Bader to Roger Cooper at al, dated September 13, 2005, at true and correct copy of which is attached hereto as Exhibit 28.

76. Plaintiffs acquired the domain name www.ibooksinc.com in late 2006 as part of the Ibooks, Inc. bankruptcy. *See* Colby 30(b)(6) Dep., 294:9-14.

77. I went to the www.ibooksinc.com website repeatedly in early to mid-2012 and there was no content on the website associated with that domain name. After this was mentioned to Mr. Colby at his 30(b)(6) deposition on July 18, 2012, Plaintiffs still did not put content at that domain name address, but they did redirect the domain name to their Brick Tower Press website.

78. There is no mention of "ibooks" on the Brick Tower Press home page. A true and correct copy of that home page is attached hereto as Exhibit 29.

Dockets.Justia.com

79. Mr. Colby testified that he did not know how many "ibooks" books were sold through the Brick Tower Press web page in 2011. *See* Mr. Colby Dep., 12:14-13:14.

80. A Thomson Compumark common law search conducted in February 2012, after this litigation commenced, made no mention of Plaintiffs or the "ibooks" imprint. A true and correct copy of that search report is attached hereto as Exhibit 30.

3. Plaintiffs' Offices

81. Plaintiffs allege in their Complaint that (1) they have their "principal office[s] at 5 Dering Woods Road, Shelter Island Heights, New York," (2) in June 2011 (when they filed their original complaint in this action), their "principal office[s] [were] located at 1230 Park Avenue, New York, New York" and (3) they each "still maintain a business location" at the Park Avenue address. *See* Am. Compl., ¶¶ 9-11.

82. In March 19, 2012, e-mails to Apple's counsel, Plaintiffs' counsel admitted that the Park Avenue location is actually Mr. Colby's home address. A true and correct copy of the March 19, 2012 e-mail exchange is attached hereto as Exhibit 32.

83. The "About Us" page on the Brick Tower Press website only lists the Park Avenue address, and does not list the Shelter Island address. A true and correct copy of the "About Us" page is attached hereto as Exhibit 32.

84. Both the Park Avenue address and the Shelter Island address alleged in the Complaint are residential buildings in which Mr. Colby maintains homes. *See* Mr. Colby Dep., 15:4-17:25; 22:18-23:7.

85. On March 7, 2012, Plaintiffs were served with a notice of inspection of Plaintiffs' premises.

86. Plaintiffs opposed this notice, but during the April 27, 2012 Status Conference, this Court granted permission for Apple to inspect Plaintiffs' Park Avenue and Shelter Island locations. *See* Apr. 27, 2012 Tr., 14:12-18.

87. I went to the Park Avenue location on May 3, 2012. The building was an apartment building. There were no signs for any of Plaintiffs' businesses on the building or in the lobby.

88. Pictures of the building are shown below:

89. I went to Plaintiffs' offices in Shelter Island on May 9, 2012.

90. Again, there were no signs for the business outside the building.

91. Pictures of the Shelter Island offices are shown below:

E. <u>There is No Evidence of Any Consumer-Oriented Media Coverage.</u>

92. Plaintiffs have not produced any articles in any consumer newspaper or magazine that mention the "ibooks" imprint.

93. The only articles Plaintiffs have produced that mention the "ibooks" imprint appeared in *Publishers Weekly*, which Plaintiffs admit is "an American weekly trade news magazine targeted at publishers, librarians, booksellers and literary agents." *See* Plaintiffs' Amended Responses and Objections to Defendant Apple Inc.'s Second Set of Requests for Admission, dated May 4, 2012, at 15 (Request for Admission No. 77), a true and correct copy of which is attached hereto as Exhibit 33.

94. Most of the *Publishers Weekly* articles are from the Preiss period (*i.e.,* from 1999 to 2006).

95. Plaintiffs produced four *Publishers Weekly* articles that are dated between 2007 and 2009, each of which is described below.

96. The first of the *Publishers Weekly* articles is dated April 30, 2007, and lists "iBooks" as an exhibitor at BEA, a publishing trade show. A true and correct copy of that article is attached hereto as Exhibit 34.

97. The next article is dated August 14, 2007, and describes "a company called iBooks" that "went bankrupt." A true and correct copy of that article is attached hereto as Exhibit 35.

98. The third article is dated November 25, 2008, and describes a series of comic book collections in book form published "by the now defunct ibooks. . . ." A true and correct copy of that article is attached hereto as Exhibit 36.

99. The fourth and final article is dated March 10, 2009, and notes that certain graphic novels that were "out of print and next to impossible to find" had been published by "iBooks." A true and correct copy of that article is attached hereto as Exhibit 37.

100. Several of the articles have nothing to do with the "ibooks" imprint or Ibooks, Inc., but instead are about a Texas-based company called ibooks.com. True and correct copies of those articles are attached hereto as Exhibit 38.

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

F. <u>There is No Evidence of Any Copying of The Alleged "ibooks" Mark.</u>

102. Plaintiffs have not produced any documents or other information showing that any third parties have copied Plaintiffs' alleged "ibooks" mark.

G. <u>Plaintiffs' Use of "ibooks" Has Not Been Exclusive.</u>

103. 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. True and correct copies of those registrations are attached hereto as Exhibit 39.

104. The publishing company ABDO Publishing used the name "ABDO iBooks" in connection with interactive books for young readers. A true and correct copy of a February 11, 2011 press release regarding ABDO iBooks is attached hereto as Exhibit 40. In addition, a true and correct copy of the results of a Google search conducted on January 12, 2010 that include a link to a web page (on the page bearing the Bates-stamp APPLE-IBOOKS0001520) about "ABDO iBooks" is attached hereto as Exhibit 41.

105. In at least 2000, a Texas-based company used the domain name "ibooks.com." *See* Ex. 38.

106. On October 8, 1996, Family Systems applied to register the mark IBOOK for "computer hardware and software used to support and create interactive, user-modifiable electronic books." A true and correct copy of the certificate for trademark Registration No. 2,446,634 is attached hereto as Exhibit 42.

107. Family Systems began using the ibook mark in commerce on or about October 27, 2000. *See id.*

108. On November 6, 1998, Apple applied to register the mark IBOOK. This mark was registered for "computers, computer hardware, computer peripherals and users manuals sold therewith." A true and correct copy of the original certificate for trademark Registration No. 2,470,147 is attached hereto as Exhibit 43.

109. Apple began using the iBook mark in commerce on or about July 21, 1999. *See id.* Apple has used that mark continuously since then. A true and correct copy of the PTO's

Notice of Acceptance of § 8 Declaration and § 9 Renewal for Registration No. 2,470,147, dated March 20, 2012 is attached hereto as Exhibit 89..

III. IBOOKS, INC.'S ABANDONED TRADEMARK APPLICATIONS FOR "IBOOKS" AND "IBOOKSINC.COM"

110. In 1999, Ibooks, Inc. filed an application, Serial No. 75/786,491, to register IBOOKS with the PTO (the "'491 Application"). A true and correct copy of that application is attached hereto as Exhibit 44.

111. Also 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"). A true and correct copy of that application is attached hereto as Exhibit 45.

112. 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.

113. 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.

114. 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. A true and correct copy of those office action responses are attached hereto as Exhibit 46.

115. The '491 Application for IBOOKS was rejected as deceptively misdescriptive, while the application for IBOOKSINC.COM application was rejected as merely descriptive. *See id.*

116. In the office action responses related to the PTO's refusal to register IBOOKS and IBOOKSINC.COM, Ibooks, Inc. argued that confusion was not likely because the alleged marks

had "nothing to do with . . . computer hardware and software used to support and create interactive, user-modifiable electronic books." *See id.*

117. In these responses, Ibooks, Inc. also stated that "there has been no actual confusion." *See id.*

118. 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 id.*

119. In the office action response for the '491 Application, Ibooks, Inc. also 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 id.*

120. Ibooks, Inc. also 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 id.*

121. 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.

(Emphasis in original.) True and correct copies of the PTO's Notices of Abandonment are attached hereto as Exhibit 47.

122. The PTO records do not contain any indication that any petition to revive was ever filed for either IBOOKS or IBOOKSINC.COM. To the contrary, the PTO records indicate that both applications were abandoned.

IV. THE ASSIGNMENT AGREEMENT BETWEEN FAMILY SYSTEMS AND APPLE.

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

124. After the assignment by Family Systems, Apple redirected each of the Family Systems domain names to a page on Apple's website featuring its iBooks software. Thus, since the assignment, any Family Systems customers searching for its software under its old mark have been, and still are, pointed to Apple's iBooks software. A true and correct copy of a screenshot depicting that page on Apple's website is attached hereto as Exhibit 48.

125. As required by the Assignment Agreement with Apple, 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. A true and correct copy of a screenshot from Family Systems' website, pilot.verbol.com, is attached hereto as Exhibit 49.

126. In addition to acquiring Family Systems' IBOOK mark in the United States, as part of the Assignment Agreement, Apple acquired Family Systems' registered IBOOK mark in Japan and Jamaica as well. A true and correct copy of the Assignment Agreement is attached hereto as Exhibit 50. These were the only countries in which Family Systems' owned a registration for IBOOK.

V. THE LIKELIHOOD OF CONFUSION FACTORS FAVOR APPLE.

A. Apple's iBooks Mark is Not Similar to Plaintiffs' "ibooks" Mark.

127. Apple displays its federally registered iBooks mark in a manner consistent with its other i-formative marks—with a lowercase "i" followed by a capital "B."

128. As shown below, Apple places its iBooks mark next to an open book against a wood-colored background.

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

B. Plaintiffs' Books Contain Other Identifying Information.

130. Plaintiffs historically have displayed their "ibooks" imprint in all lower case letters.

131. 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.

132. Plaintiffs' 30(b)(6) witness, Mr. Colby, testified that he could not think of any other way the alleged mark is ever depicted. *See* Colby 30(b)(6) Dep., 319:23-320:5.

133. The August 18, 1999 press release announcing the "ibooks" imprint used all lower case, as did a May 17, 2000 memo to investors from Mr. Preiss. True and correct copies of the press release and the memo are attached hereto as Exhibits 51 and 52, respectively.

134. Even the January 29, 2010 e-mail Mr. Colby sent to Apple regarding the "ibooks" imprint used all lowercase in both the subject line and the text of the message. A true and correct copy of that e-mail is attached hereto as Exhibit 53.

135. As shown below, Plaintiffs' mark generally appears below an "i" in a light bulb (the "Light Bulb Logo").

136. The Light Bulb Logo appears on every hard copy book published under the "ibooks" imprint. *See* Plaintiffs' Answers to Apple's First Set of Requests for Admission, dated November 16, 2011, at 5 (Request for Admission No. 19), a true and correct copy of which is attached hereto as Exhibit 54.

137. The Light Bulb Logo also is supposed to appear in copies of Plaintiffs' electronic books. *See* Mr. Colby Dep., 219:7-221:17. An excerpt from one of Plaintiffs' electronic books (*Sniper Shot*) is attached hereto as Exhibit 67.

138. The print and electronic books published under the "ibooks" imprint contain contextual information that clearly identifies the source of the book. Although the exact information varies from book to book, the copyright and title pages of Plaintiffs' print and electronic books frequently include such source identifying 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." True and correct copies of excerpts from various copies of Plaintiffs' print and electronic books are attached hereto as Exhibits 18-21 and 67-76.

139. Apple's corporate address is One Infinite Loop, Cupertino, California. *See* Answer and Affirmative Defenses of Defendant, Apple Inc., dated May 25, 2012, ¶ 12.

C. The Parties' Products Are Not Proximate.

140. Apple is a technology company, and offers hardware and software products.

141. Apple's iBooks software is only available from Apple's website and its iTunes Store, and can only be used on Apple-branded devices.

142. Consumers only encounter Apple's iBooks software in an Apple-branded environment on an Apple-branded device.

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

144. Plaintiffs are book publishers. They do not make e-reader software.

145. Plaintiffs' books are not available from iTunes, Apple's website, or Apple's iBookstore.

D. Plaintiffs Are Not Likely to "Bridge the Gap."

146. 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.

E. There is No Actual Confusion.

147. Plaintiffs produced copies of a handful of e-mails that Mr. Colby received 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. True and correct copies of those e-mails are attached hereto as Exhibits 55-58.

148. Those e-mails indicate that Mr. Colby's friends and associates knew that Plaintiffs were the source of the "ibooks" books, and that Apple was the source of its iBooks software.

149. Plaintiffs submitted a survey designed by Dr. Susan Schwartz McDonald. A true and correct copy of Dr. McDonald's expert report is attached hereto as Exhibit 59.

150. Dr. McDonald did not use one of Plaintiffs' actual books (whether in hard copy or electronic form), or a listing for such a book on Amazon.com or BarnesandNoble.com, as a stimulus for the survey. *See id.,* at 2.

151. Rather, Dr. McDonald's survey used a "conceptual stimulus," asking respondents to "envision" the stimulus. *See id.*

152. Apple submitted two surveys, both of which showed respondents actual stimuli.

153. Dr. Stephen Nowlis's survey, which was submitted in rebuttal to Dr. McDonald's survey, used physical copies of Plaintiffs' book *The Raven Deception*. A copy of the test stimulus for Dr. Nowlis' survey (bearing the "ibooks" mark) and the control stimulus (bearing the "ilit" mark) will be lodged with the Court, and copies of the front cover, spine, back cover and title and copyright pages of each book are attached hereto as Exhibit 60. Dr. Nowlis testified that his survey is applicable to post-sale confusion because Plaintiffs' books look exactly the same in both the point-of-sale and post-sale environments, and because consumers view the books in the same way in both contexts. *See* Nowlis Dep., 25:25-27:11.

F. <u>Apple Acted in Good Faith.</u>

154. Plaintiffs have not produced any documents or other information that suggests that Apple intended to trade off Plaintiffs' reputation.

155. 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 prior to Apple announcing its new iBooks app on January 27, 2010. *See* Gundersen Dep., 160:21-164:10; La Perle Dep., 92:9-23; Lupo Dep., 59:23-60:17.