

156. Apple also 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 prior to Apple announcing its new iBooks app on January 27, 2010. *See* Gundersen Dep., 107:11-16; 126:18-127:3; *see also* La Perle Dep., 55:21-57:21.

157. Apple produced more than 700 pages of documents that reflect the searches conducted by Dechert in January 2010, examples of which are attached hereto as Exhibits 61-65.

158. As discussed below, none of the searches that Apple’s outside counsel conducted revealed Plaintiffs’ existence or any current use of “ibooks” by Plaintiffs. *See* Gundersen Dep., 107:11-16; 126:18-127:3; *see also* La Perle Dep., 55:21-57:21.

#### **1. SAEGIS Searches and Follow-Up Investigation**

159. Dechert conducted searches through SAEGIS, a third party database of U.S. federal and state trademark records. *See* Borden Dep. 184:12-185:6; Gundersen Dep., 327:6-13. Specifically, Dechert searched the SAEGIS database for marks that were similar to, variant spellings of, and phonetic equivalents of IBOOK. Dechert also conducted “wild card” searches for “?book” that captured other marks in the SAEGIS database ending in “book.” *See* Exs. 62 and 63.

160. 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, e.g.,* Exs. 61-64.

161. None of the SAEGIS searches revealed Plaintiffs’ existence or any current use of “ibooks” by Plaintiffs. *See* Exs. 61-64; *see also* Gundersen Dep., 107:11-16; 126:18-127:3; *see also* La Perle Dep., 55:21-57:21..

162. The SAEGIS searches revealed Ibooks, Inc.’s Abandoned Applications from 2003. *See* Gundersen Dep., 284:21-285:7; Ex. 64 at APPLE-IBOOKS0000996 and 1015-16.

163. Dechert conducted an investigation to determine whether the IBOOKS and IBOOKSINC.COM marks reflected in Ibooks, Inc.'s Abandoned Applications were being used in January 2010. *See* Gundersen Dep., 287:21-25; 340:24-342:12.

164. Dechert's investigation revealed that Byron Preiss, the founder of Ibooks, Inc., had died, that the company had been liquidated in Chapter 7 bankruptcy proceedings and that there were no active websites. *See* Borden Dep., 108:17-109:23; Gundersen Dep., 284:17-285:25; 340:24-342:12; 345:11-22.

## **2. Google Searches**

165. In addition to SAEGIS searches of federal and state trademark records, Dechert also conducted searches through Google, examples of which are attached hereto as Exhibit 65. *See* Borden Dep., 327:14-18; Gundersen Dep., 184:12-185:6.

166. Dechert not only searched Google for the term "ibook," but also searched for the terms "ebook," "e-book," "eyebook," "eye-book," "mybook," and "my-book." *See* Ex. 65, at APPLE-IBOOKS0001569, 1591, 1616, 1625, 1631, 1640, 1648, and 1655.

167. In connection with its Google searches, 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* Ex. 65 at APPLE-IBOOKS0001516, 1526, 1535, 1544, 1553, and 23957.

168. Dechert's Google searches yielded nearly 1,800 website links. *See* Ex. 65.

169. None of Dechert's Google searches revealed Plaintiffs' existence or any current use of "ibooks" by Plaintiffs. *See* Ex. 65; Gundersen Dep., 107:11-16; 126:18-127:3.

## **3. Trademark.com Domain Name Database Search**

170. In addition to searching the SAEGIS database of federal and state trademark records and conducting Google searches, Dechert also searched the trademark.com domain name database. *See* Borden Dep., 184:12-185:6; Gundersen Dep., 280:18-25; 327:19-23.

171. The 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; *see also* La Perle Dep., 55:21-57:21.

**G. Other Evidence of Apple’s Good Faith**

172. 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. After that call, 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. 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.

**H. Plaintiffs Acted in Bad Faith by Changing Their Alleged “ibooks” Mark to Copy Apple’s iBooks Mark.**

173. I am not aware of any use of the “iBooks” formulation of the “ibooks” imprint by Plaintiffs until November 2010—10 months after Apple adopted the iBooks mark for its app.

174. Based on my review of certain books published under the “ibooks” imprint, as well as exhibits to the report of Plaintiffs’ expert, Dr. Jack Jacoby, Plaintiffs began using the formulation “iBooks”—which is identical to Apple’s formulation of its federally registered trademark—in November 2010, after Apple adopted its iBooks mark. A spreadsheet listing hard copy books either produced by Plaintiffs in this case or obtained by Apple in connection with this litigation, describing the title, printing date and depiction of the alleged “ibooks” mark, is attached hereto as Exhibit 66 (the “Books Spreadsheet”).

175. Appendices D-H to the Rebuttal Report of Plaintiffs’ Expert, Jacob Jacoby, Ph.D., dated October 26, 2012 (the “Jacoby Report”) consist of excerpts from various books published under the “ibooks” imprint. Those excerpts show that it was not until November 2010—10



months after Apple announced its iBooks software app—that Plaintiffs began using the “iBooks” formulation. True and correct copy of Appendices D-H to the Jacoby Report are attached hereto as Exhibit 67.

176. The Books Spreadsheet lists 151 books that bear the alleged “ibooks” mark, only 18 of which use the “iBooks” formulation. Based on my review of those books, all 18 appear to have been printed after November 2010, while all of the books listed on the spreadsheet that were printed before November 2010 depict the alleged mark as “ibooks.” *See* Ex. 66.

177. At least nine of the 18 books that use “iBooks” are not first editions, but instead had previously been printed. The earlier editions of those nine books all use “ibooks.” *See* Ex. 66.

178. For example, *Samurai!* by Saburo Sakai was printed in January 2001 and used the “ibooks” imprint, but in November 2011, it was reprinted using the “iBooks” formulation. True and correct copies of the front cover, spine, back cover and title and copyright pages of each book are attached hereto as Exhibit 68.

179. When *Ancient Rome* by Robert Payne was printed in July 2001, the imprint was depicted as “ibooks.” But when the same book was reprinted in August 2011, the “iBooks” formulation was used. True and correct copies of the front cover, spine, back cover and title and copyright pages of each book are attached hereto as Exhibit 69.

180. Similarly, when *Roger Zelazny’s The Dawn of Amber* by John Gregory Betancourt was printed in September 2002, the imprint “ibooks” was used. In March 2012, however, “ibooks” was used on the spine and back cover, while “iBooks” was used on the title and copyright page. True and correct copies of the front cover, spine, back cover and title and copyright pages of each book are attached hereto as Exhibit 70.

181. The electronic version of *Roger Zelazny's The Dawn of Amber* that is dated November 2010 also uses "iBooks." See Ex. 67 (Appendix E to the Jacoby Report).

182. When *This Immortal* by Roger Zelazny was printed in November 2004, the mark was depicted as "ibooks." When Plaintiffs printed *This Immortal* in November 2011, however, they used the "iBooks" formulation. A copy of each version of *This Immortal* will be lodged with the Court, and true and correct copies of the front cover, spine, back cover and title and copyright pages of each book are attached hereto as Exhibit 71.

183. The quality of the 2011 edition of *This Immortal* is very poor. The print is blurry and looks like a photocopy. The print is dark on some pages, and light and faded on others, as seen on pages 68, 69, 76, 77, 90, 91, 162 and 163. The margins of the text are also inconsistent, as seen on pages 144, 145, 148, 149, 166, 167, and 170-173.

184. 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 reprinted by Plaintiffs in November 2011, the alleged mark was depicted as "iBooks." A copy of each version of *You Caught Me Kissing* will be lodged with the Court, and true and correct copies of the front cover, spine, back cover and title and copyright pages of each book are attached hereto as Exhibit 72.

185. Another example is *Every Mother's Nightmare* by Mark Thomas, which was first printed under the "ibooks" imprint in December 2005. When it was reprinted in November 2011, however, the imprint was depicted as "iBooks." True and correct copies of the front cover, spine, back cover and title and copyright pages of each book are attached hereto as Exhibit 73.

186. When Plaintiffs first published *Code Black* by Philip Donlay in hard cover 2007, the alleged mark was depicted as "ibooks." An undated edition of a paperback version of the



same book uses “ibooks” on the spine, but uses “iBooks” on the title and cover pages. True and correct copies of the front cover, spine, back cover and title and copyright pages of each book are attached hereto as Exhibit 74.

187. Another example is *Like, Mad: Anniversary Edition* by William M. Gaines. A version of that book with the printing date of January 2004 depicts the alleged mark as “ibooks” and includes a corporate address for “ibooks, inc.” at 24 West 25<sup>th</sup> Street in New York, which I understand was the address for Ibooks, Inc. during the Preiss period (*i.e.*, 1999 through 2006).

188. Another copy of *Like, Mad* also lists a printing date of January 2004, but must have been printed after that date, because the book lists Plaintiffs’ 1230 Park Avenue address even though Plaintiffs did not own the “ibooks” imprint until late 2006. That book depicts the alleged mark as “iBooks.” True and correct copies of the front cover, spine, back cover and title and copyright pages of each version of *Like, Mad* are attached hereto as Exhibit 75.

189. Finally, *UV Advantage* by Michael Holick and Mark Jenkins lists a printing date of April 2009 and depicts the alleged mark as “iBooks” on the spine and back cover. The title page and the copyright page, however, depict the alleged mark as “ibooks.” True and correct copies of the front cover, spine, back cover and title and copyright pages of *UV Advantage* are attached hereto as Exhibit 76.

190. As with *Like, Mad*, it appears that the printing date listed on *UV Advantage* is incorrect because the book uses the “iBooks” formulation. The printing date of *UV Advantage* also appears to be incorrect because Plaintiffs produced an electronic proof sheet for the front cover, spine and back cover of *UV Advantage* that is dated October 31, 2011 and depicts the alleged mark as “iBooks.” It appears that the October 31, 2011 proof sheet was intended to be used by Plaintiffs’ printer, Lightning Source (*see* Mr. Colby Dep., 27:3-4), to create new

versions of *UV Advantage*. A true and correct copy of that proof sheet is attached hereto as Exhibit 77.

191. In addition, in the second printing of some of Plaintiffs' books, Plaintiffs list the first printing date, but instead of accurately saying "First Printing ibooks," they say "iBooks," giving the misleading impression that the old mark was "iBooks" when it was not. *See e.g.*, Ex. 67, 70 and 71 (excerpts from *This Immortal* and *Roger Zelazney's The Dawn of Amber*).

192. Apple requested that Plaintiffs produce first editions of all of Plaintiffs' books that currently bear the imprint "iBooks." Plaintiffs refused to do so, arguing that they had already produced "many boxes of their books bearing the iBooks imprint." True and correct copies of the parties' correspondence regarding Apple's request are attached hereto as Exhibit 78.

193. I also reviewed the Amazon.com and BarnesandNoble.com listings for 60 books published under the "ibooks" imprint, or identified in Plaintiffs' Complaint as being published under the "ibooks" imprint. A spreadsheet reflecting the results of those searches and true and correct copies of the listings themselves are attached hereto as Exhibit 17.

194. As the spreadsheet attached as Exhibit 17 shows, only three of those books use the "iBooks" formulation, and all have a publication date of 2011 or 2012.

#### **I. Quality of the Product**

195. Plaintiffs have not produced any documents or other information suggesting that Apple's iBooks software is low quality.

### **VI. IPICTUREBOOKS**

196. Plaintiff J. Boylston & Co., Publishers LLC ("Boylston") acquired Plaintiff ipicturebooks, LLC in 2007 for \$12,000. *See Mr. Colby Dep.*, 95:11-13; *see also Am. Compl.*, ¶ 11.

197. While Plaintiffs allege that ipicturebooks, LLC began using the “ipicturebooks” imprint in 2002, the July and August Spreadsheets suggest that the “ipicturebooks” mark was first used in 2001. *See* Exs. 22-24.

198. Ibooks, Inc. applied to register the mark IPICTUREBOOKS.COM with the PTO on August 2, 2001. Because the mark is merely descriptive, it was not registered on the Principal Register, but instead, was registered on the Supplemental Register on May 20, 2003. That registration was allowed to lapse, and the PTO cancelled the registration on December 26, 2009. A true and correct copy of the PTO’s online record for IPICTUREBOOKS.COM is attached hereto as Exhibit 79.

199. Mr. Colby testified that while the “ipicturebooks” imprint was originally intended to be used for children’s picture books, he has recently published books for adults under that imprint. *See* Mr. Colby Dep., 236:18-20; 238:7-10.

200. None of Plaintiffs’ experts offered any opinions regarding “ipicturebooks.”

201. Plaintiffs have not offered any survey evidence that “ipicturebooks” has acquired secondary meaning.

202. Plaintiffs have not offered any expert opinion that “ipicturebooks” has acquired secondary meaning.

203. According to the August Spreadsheets, sales of “ipicturebooks” books to distributors were: (1) ██████████ in 2001; (2) ████████ in 2002; (3) ████████ in 2003; (4) ████████ in 2004; (5) ████████ in 2005; (6) ████████ in 2006; (7) ████████ in 2007; (8) ████████ in 2008; (9) ████████ in 2009; (10) ██████████ in 2010; and (11) ██████████ in 2011. *See* Ex. 23. Thus, annual distributor sales from 2002 to 2006 averaged just ██████████.



204. Net sales of “ipicturebooks” books to distributors from 2001 to 2011 are reflected in the chart below:



205. Plaintiffs did not produce any consumer advertising depicting the alleged “ipicturebooks” mark.

206. Neither the home page nor the “About Us” page on the Brick Tower Press website mentions “ipicturebooks.” *See* Exs. 29 and 32.

207. 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* Ex. 13, at 3.

208. Mr. Shatzkin did not refer to ipicturebooks, LLC or the “ipicturebooks” imprint in his rebuttal of Dr. Carpenter, and did not even attempt to rebut Dr. Carpenter’s opinion that “ipicturebooks” is not recognized by consumers. *See* Ex. 14; *see also, e.g.*, Shatzkin Dep., 72:22-73:4.

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

210. Plaintiffs did not submit a confusion survey for the alleged “ipicturebooks” mark.

**VII. PLAINTIFFS’ CONVERSION CLAIM**

211. Mr. Colby does not know what “conversion” means, and does not understand Paragraph 104 of the Complaint, which alleges: “Apple’s use of the mark ‘iBooks’ as set forth herein constitutes conversion in violation of the common law of New York,” and could not answer the question, “What was it that you believe Apple has converted?” *See* Mr. Colby Dep., 304:15-305:3.

**VIII. PLAINTIFF J.T. COLBY & CO., INC.**

212. Plaintiff J.T. Colby & Co., Inc. (“Brick Tower”) does business as Brick Tower Press. *See* Am. Compl., ¶ 9.

213. Plaintiffs allege that Boylston is the owner of the alleged “ipicturebooks” mark, as well as the alleged “ibooks” mark. *See* Am. Compl., ¶ 36. Plaintiffs’ 30(b)(6) witness, Mr. Colby, however, testified that ipicturebooks, LLC owns the alleged “ipicturebooks” mark. *See* Colby 30(b)(6) Dep., 98:25-99:19.

214. It is not clear what rights Brick Tower is asserting in this case. When asked what rights Brick Tower has with regard to “ibooks” or “ipicturebooks,” Plaintiffs’ 30(b)(6) witness, Mr. Colby, testified that “Brick Tower has an interest in marking sure that both companies continue to publish books.” Plaintiffs’ 30(b)(6) witness (Mr. Colby) also testified that Brick tower does not own either of the alleged marks, and that there is no license allowing Brick Tower to use either of the alleged marks. *See* Colby 30(b)(6) Dep., 99:23-100:13.

**IX. DOCUMENTS AND DEPOSITION EXHIBITS**

215. Attached hereto as Exhibit 80 is a true and correct copy of a May 11, 2007 letter from Mr. Colby to Lisa Barelli of Hyperion, with attachments.

216. Attached hereto as Exhibit 81 is a true and correct copy of the May 24, 1999 *Publishers Weekly* article about the “ibooks” imprint.

217. Attached hereto as Exhibit 82 is a true and correct copy of June 16, 2005 e-mail exchange between Mr. Preiss and Jerry Butler.

218. Attached hereto as Exhibit 83 is a true and correct copy of an e-mail exchange dated July 7-8, 2005, between Mr. Preiss and Paul Kaplan.

219. Attached hereto as Exhibit 84 is a true and correct copy of Ibooks, Inc.’s Voluntary Petition filed in the U.S. Bankruptcy Court for the Southern District of New York, dated Feb. 22, 2006.

220. Attached hereto as Exhibit 85 is a true and correct copy of Byron Preiss Visual Publication, Inc.’s Voluntary Petition filed in the U.S. Bankruptcy Court for the Southern District of New York, dated Feb. 22, 2006.

221. Attached hereto as Exhibit 86 is a true and correct copy of Family Systems’ application to register IBOOK, dated October 8, 1996.

222. Attached hereto as Exhibit 87 is a true and correct copy of Apple’s application to register the mark IBOOK with the PTO, dated November 6, 1998.

223. Attached hereto as Exhibit 88 is a true and correct copy of the Consent Agreement between Apple and Family Systems, dated May 7, 1999.

224. Attached hereto as Exhibit 89 is 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.



225. Attached hereto as Exhibit 90 is a true and correct copy of the Combined Declaration of Use and Incontestability Under Sections 8 & 15, submitted by Family Systems to the PTO on April 27, 2007.

226. Attached hereto as Exhibit 91 is a true and correct copy of the Notice of Acceptance and Notice of Acknowledgement from the PTO to Family Systems, dated May 25, 2007.

227. Attached hereto as Exhibit 92 is the Trademark Assignment form filed by Apple with the PTO on February 4, 2010.

228. Attached hereto as Exhibit 93 is Apple's May 17, 2010 Section 7 Request Form, including the specimen that Apple submitted with that request.

229. Attached hereto as Exhibit 94 is a true and correct copy of the Combined Declaration of Use and Renewal filed by Apple with the PTO for the '634 Registration.

230. Attached hereto as Exhibit 95 is a true and correct copy of the press release for "ipicturebooks" dated May 31, 2000.

231. Attached hereto as Exhibit 96 is a true and correct copy of the January 27, 2010 press release issue by Apple.

232. Attached hereto as Exhibit 97 is a true and correct copy of a January 16, 2002 email from Harold Underdown to Jerry Butler.

233. Attached hereto as Exhibit 98 is a true and correct copy of a screenshot of ipicturebooks.com.

234. Attached hereto as Exhibit 99 is a true and correct copy of the Who Is listing for ipicturebooks.net.

235. Attached hereto as Exhibit 100 is a true and correct copy of the April 5, 2010 press release released by Apple.

236. Attached hereto as Exhibit 101 is a true and correct copy of a Trademark Snapshot Prosecution History for Review Correspondence, showing that Apple's Section 7 Amendment Request was granted on May 22, 2010.

237. Attached hereto behind the tab "Borden Dep." are true and correct copies of excerpts from the transcript of the October 2, 2012 Deposition of Hal Borden, Esq.

238. Attached hereto behind the tab "Colby 30(b)(6) Dep." are true and correct copies of excerpts from the transcript of the July 18, 2012 Deposition of John T. Colby, pursuant to Rule 30(b)(6).

239. Attached hereto behind the tab "Mr. Colby Dep." are true and correct copies of excerpts from the July 20, 2012 Deposition of John T. Colby.

240. Attached hereto behind the tab "Freese Dep." are true and correct copies of excerpts from the transcript of the September 25, 2012 Deposition of Richard Freese.

241. Attached hereto behind the tab "Gedikian Dep." are true and correct copies of excerpts from the transcript of the September 27, 2012 Deposition of Steve Gedikian.

242. Attached hereto behind the tab "Goldhor Dep." are true and correct copies of excerpts from the transcript of the January 31, 2012 Deposition of Richard S. Goldhor, Ph.D.

243. Attached hereto behind the tab "Gundersen Dep." are true and correct copies of excerpts from the transcript of the October 3, 2012 Deposition of Glenn Gundersen, Esq.

244. Attached hereto behind the tab "Jacoby Dep." are true and correct copies of excerpts from the transcript of the December 6, 2012 Deposition of Dr. Jacob Jacoby.

245. Attached hereto behind the tab "La Perle Dep." are true and correct copies of excerpts from the transcript of the September 18, 2012 Deposition of Thomas La Perle.

246. Attached hereto behind the tab "Lupo Dep." are true and correct copies of excerpts from the transcript of the September 26, 2012 Deposition of Anthony Lupo.

247. Attached hereto behind the tab "McDonald Dep." are true and correct copies of excerpts from the transcript of the December 12, 2012 Deposition of Dr. Susan Schwartz McDonald.

248. Attached hereto behind the tab "Scherer Dep." are true and correct excerpts from the transcript of the November 16, 2012 Deposition of Robert Scherer.

249. Attached hereto behind the tab "Shatzkin Dep." are true and correct copies of excerpts from the transcript of the December 4, 2012 Deposition of Mike Shatzkin.

250. Attached hereto behind the tab "Taylor Dep." are true and correct copies of excerpts from the transcript of the October 9, 2012 Deposition of Linda Taylor.

251. Attached hereto behind the tab "Widup Dep." are true and correct copies of excerpts from the transcript of the September 20, 2012 Deposition of Lisa Widup.

Date: December 21, 2012

Respectfully submitted,



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