

Dale M. Cendali  
Claudia Ray  
Bonnie L. Jarrett  
KIRKLAND & ELLIS LLP  
601 Lexington Avenue  
New York, New York 10022

Perry J. Viscounty  
LATHAM & WATKINS LLP  
140 Scott Drive  
Menlo Park, CA 94025

Jennifer L. Barry  
LATHAM & WATKINS LLP  
600 West Broadway, Suite 1800  
San Diego, CA 92101-3375

*Attorneys for Defendant*  
APPLE INC.

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

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

Plaintiffs,

- against -

APPLE INC.,

Defendant.

Case No. 11-CIV-4060 (DLC)

ECF Case

**REDACTED**

**MEMORANDUM OF LAW IN OPPOSITION TO  
PLAINTIFFS' MOTION FOR PARTIAL SUMMARY JUDGMENT**

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Defendant Apple Inc. (“Apple”) respectfully submits this memorandum of law in opposition to Plaintiffs’ Motion for Partial Summary Judgment (“Plaintiffs’ Motion”).

### **PRELIMINARY STATEMENT**

Apple owns an incontestable federal trademark registration for iBooks, with a priority date of 1996. In contrast, Plaintiffs’ purported common law trademark rights in the term “ibooks” have an earliest possible priority date of 1999, the same year Ibooks, Inc.—the company from which Plaintiffs allegedly acquired the purported mark in bankruptcy—allegedly commenced use of the “ibooks” imprint. Recognizing that Apple’s prior trademark registration would require the Court to dismiss all of their claims, Plaintiffs have now moved for partial summary judgment, seeking to invalidate that registration. In support of their motion, Plaintiffs argue that when Apple acquired the IBOOK mark from Family Systems, Ltd. (“Family Systems”) in 2010, including the federal registration for that mark, it failed to acquire the goodwill associated with that mark and registration and, as a result, the assignment constituted an invalid assignment in gross.<sup>1</sup> Plaintiffs bear a heavy burden in seeking to invalidate Apple’s federal registration on these grounds. Based on the undisputed facts in this case, which demonstrate that Apple acquired both Family Systems’ trademark and the associated goodwill, Plaintiffs simply cannot meet this heavy burden.

Much of Plaintiffs’ brief focuses not on the Family Systems assignment but rather on an attempt to portray Apple as a “bad actor” who cavalierly adopted the iBooks mark without any purported regard for the rights of Family Systems and others. As discussed in detail below, however, the undisputed facts show that Apple in fact acted properly and that, when it legally

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<sup>1</sup> Tellingly, Plaintiffs have limited their motion for partial summary judgment to the assignment in gross issue and have made no attempt to establish that they even own a protectable mark for “ibooks”—a fundamental issue in this case—or that there is any likelihood that their alleged mark will be confused with Apple’s iBooks mark.

acquired and used that mark, it showed its respect for the rights of Family Systems and others every step of the way.

In 1999, after Apple discovered that Family Systems had applied to register the mark IBOOK for certain computer hardware and software products, Apple approached Family Systems and negotiated an agreement to allow Apple to use the mark IBOOK for its laptop computers. As Plaintiffs acknowledge in their brief, that agreement “created a potential future conflict if Apple ever decided to use the IBOOK mark in connection with software.” Thus, in January 2010, when Apple was considering using IBOOKS for its e-reader software, it reached out to Family Systems, who had been using the IBOOK mark in connection with such software, to discuss a possible assignment to Apple of that mark. During those negotiations, Apple explained to Family Systems that if the parties could not reach an agreement, Apple would abandon its plan to use IBOOK and instead use another mark. Apple also investigated the Family Systems’ website, which was the interface through which consumers downloaded the free ibook software, to determine how Family Systems used the IBOOK mark on its website. At the same time that it was negotiating with Family Systems, Apple also was conducting a trademark clearance search for IBOOKS, including an extensive review of hundreds of federal and state trademark records and nearly 1,800 website links—none of which revealed any use of the term “ibooks” by the Plaintiffs.

Ultimately, Apple and Family Systems were able to negotiate an agreement, pursuant to which Apple paid Family Systems ██████████ for its rights to the IBOOK mark, the goodwill associated with such rights worldwide, the domain names that Family Systems used with that mark; and Family Systems commitment to cease all use of the IBOOK mark. Shortly thereafter, Apple filed the assignment with the United States Patent and Trademark Office (“PTO”) and

successfully sought to amend the registration for IBOOK to include the immaterial addition of the letter “S” so that the registration covered the mark IBOOKS, not IBOOK. In June 2010, the PTO renewed Apple’s registration for the IBOOK mark, based on its independent examination of the specimen Apple submitted illustrating its use of the mark. In granting Apple’s renewal request, the PTO necessarily determined that Apple was continuing to use the mark for the same goods for which Family Systems had used, and registered, the mark—*i.e.*, “computer software used to support and create interactive, user-modifiable electronic books.” In this factual context, there is no doubt as to the assignment’s validity.

In evaluating whether a trademark assignment is in fact valid, courts often apply two alternative tests: (1) whether the assignee continues the business of the assignor, *or* (2) whether the assignee offers substantially similar products to those of the assignor, such that consumers will not be confused. Plaintiffs place great emphasis on what they call the “continuity test,” asserting that there was no transfer of goodwill because Apple did not acquire the underlying Family Systems business. This argument, however, is an obvious red herring as Apple has never argued, and does not argue now, that it continued the business of Family Systems. Rather, Apple has always contended that its software product is substantially similar to that of Family Systems. As discussed below, the undisputed facts show that the Apple and Family Systems products were both free, downloadable e-reader software programs that offer users the same essential functionality, including the ability to read content created by others, to modify that content, and to share it. Such similarity is more than sufficient to dispose of Plaintiffs’ motion.

In addition to continuity and substantial similarity, courts in this District and elsewhere have looked to other factors to assess whether good will was transferred, such as: (1) the language of the assignment agreement itself, (2) whether the assignor continues to use its former



mark, and (3) whether any assets other than the mark were transferred as part of the assignment. In this case, the undisputed facts show that each of these factors also supports the conclusion that Family Systems transferred to Apple not only its IBOOK mark but also the goodwill associated with that mark. Specifically, (1) the assignment transferring the IBOOK mark to Apple expressly stated that Family Systems was transferring the goodwill, (2) Family Systems stopped using IBOOK and adopted a new name, VERBOL, for its software, as required by the parties' Assignment Agreement, and (2) Apple acquired, and continues to use, key assets associated with Family Systems' software product, namely the IBOOK-related domain names, all of which now point to Apple's website.

As for Plaintiffs' assertion that the assignment was invalid because Apple did not acquire patents, customer lists and the like from Family Systems, this argument is directly contrary to the applicable law, which makes clear that such an acquisition is unnecessary—particularly in light of Apple's acquisition of other relevant Family Systems assets such as the IBOOK domain names and registrations. Plaintiffs' reliance on the testimony of Robert Scherer, a retired trademark lawyer who Plaintiffs have offered as an expert and whose report and testimony Apple has moved to exclude, to support their motion is unfounded. Most importantly, because the validity of the assignment is a legal issue, Mr. Scherer's opinion as to that ultimate issue is both improper and irrelevant, and should be disregarded in its entirety. In addition, his testimony does not consider many of the relevant facts, such as the assignment to Apple of the IBOOK-related domain names and the absence of any consumer confusion following the assignment. In contrast to Mr. Scherer's approach, Apple's independent expert, Dr. Gregory Carpenter, analyzed the factual question regarding the assignment of goodwill from a marketing perspective and properly concluded that such goodwill had indeed been transferred based on these facts, among others.

In sum, Apple acted properly in clearing, acquiring and renewing its iBooks mark. Because its of that registered mark is substantially similar to Family Systems prior use of that mark, and because the other factors that courts consider in evaluating the validity of trademark assignments also favor Apple’s position regarding the validity of the assignment, this Court should deny Plaintiffs’ Motion in its entirety. In addition, for the reasons set forth in Apple’s Motion for Summary Judgment, this Court should issue an order dismissing all of Plaintiffs’ claims.

### **FACTUAL BACKGROUND**

#### **A. Family Systems’ IBOOK E-Reader Software.**

In the mid-1990s, Family Systems began developing an e-reader software product. (Cendali Dec., Goldhor Dep., at 13:3–15; 19:12–20:1.<sup>2</sup>) On October 8, 1996, Family Systems filed an intent-to-use application (an “ITU”) with the PTO to register its IBOOK mark for that software. (Apple SUF ¶ 116; Plaintiffs SUF ¶ 1.) In that application, Family Systems identified its intended goods and services as “computer hardware and software used to support and create interactive, user-modifiable electronic books.” (*Id.*) Based on that application, 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”). (Apple SUF ¶ 122.) As Plaintiffs admit, “[f]rom 2000 through 2010, Family Systems used its IBOOK mark precisely as it was described in both

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<sup>2</sup> As used herein, “Apple SUF” refers to the refers to Defendant’s Rule 56.1 Statement of Undisputed Facts in Support of its Motion for Summary Judgment, dated Dec. 21, 2012; “Plaintiffs SUF” refers to Plaintiffs’ Local Rule 56.1 Statement, dated Dec. 21, 2012; “Cendali Dec.” refers to the Declaration of Dale M. Cendali in Opposition to Plaintiffs’ Motion for Partial Summary Judgment, dated Jan. 25, 2013; “Jarrett Dec.” refers to the Declaration of Bonnie L. Jarrett in Support of Defendant’s Motion for Summary Judgment, dated Dec. 21, 2012; “Carpenter Dec.” refers to the Declaration of Gregory S. Carpenter in Support of Defendant’s Motion for Summary Judgment, dated Dec. 21, 2012; “Kane Dec.” refers to the Declaration of Siegrun D. Kane in Support of Defendant’s Motion for Summary Judgment, dated Dec. 21, 2012; and “Chattoraj Dec.” refers to the Attorney Declaration of Partha P. Chattoraj, dated Dec. 21, 2012. In addition, the deposition testimony cited herein is attached to the Cendali Declaration behind tabs labeled with the deponents name (*e.g.*, “Goldhor Dep.”).

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; *see also* Apple SUF ¶¶ 156–158.) In its web-based IBOOK business, Family Systems also used domain names incorporating variations on the IBOOK mark: <ibook.com>; <ibook.net>; <ibook.org>; <i-book.com>; <i-book.net>; and <i-book.org> (collectively, the “IBOOK Domain Names”).

On April 27, 2007, Family Systems filed with the PTO a request to renew its IBOOK registration and to delete “hardware” from the goods description set forth therein (Apple SUF ¶ 124; Plaintiffs SUF ¶ 8), presumably because, as Dr. Richard Goldhor, who helped create the ibook software, explained, “[t]he hardware technology was never implemented.” (Cendali Dec., Goldhor Dep., at 62:10–63:18.) The PTO granted the request on May 25, 2007, amending the goods to:

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

(Apple SUF ¶ 125.)

Consistent with this identification of goods, Dr. Goldhor testified that the ibook software could be used to support and to create user-modifiable electronic books. (Cendali Dec., Goldhor Dep., at 80:19–24; *see also id.*, at 72:14–73:18 (“everything” Family Systems “did with the mark” while Dr. Goldhor worked for Family Systems fell “comfortably under [the] description” of “computer software used to support and create interactive, user-modifiable electronic books”).) He also testified that users could download the ibook software on a device and use it to read content and add notes. (Apple SUF ¶¶ 155–157.) The software could also be used by commercial publishers to make their books available. (Apple SUF ¶ 158.) Indeed, although Mr. Reynolds was not personally interested in using the ibook software for pre-existing content such

as e-books, Dr. Goldhor testified that he would have been “perfectly happy” and “pleased” if others used it for that purpose. (Cendali Dec., Goldhor Dep., at 46:19–47:3.)

Family Systems obtained patents for an e-reader software, but the extent to which it practiced those patents in the software it actually offered is unknown. In fact, its website explained that, as of February 2006, it had “implemented only about half the functionality in the actual patent description.” (Cendali Dec., Ex. 1.) For example, although one of Family Systems’ patents explained that software apps would be used for revenue collection, revenue distribution, and advertising in connection with the ibook software (*see* Chatteraj Dec., Ex. 4, at 2), the software actually was distributed as a free download (Cendali Dec., Goldhor Dep., at 36:25–37:9 (explaining that users did not pay for the ibook software)) and thus no revenue was collected.

**B. Family Systems’ Assignment Of Its IBOOK Mark To Apple.**

At the same time that Family Systems was developing an e-reader software product, Apple was developing a laptop computer that it considered calling the iBook. (Apple SUF ¶ 114.) On November 6, 1998, Apple filed an ITU application to register IBOOK for computers and related goods. (Apple SUF ¶ 115.) Apple was aware of Family Systems’ ITU for IBOOK, and approached Family Systems. (Apple SUF ¶¶ 116–117.) The parties negotiated a Consent Agreement, pursuant to which each party agreed to limit its use of its IBOOK mark to the goods set forth in its trademark application. (Apple SUF ¶ 118.) Apple was issued Registration No. 2,470,147 for IBOOK on July 17, 2001, with a November 6, 1998 priority date. (Apple SUF ¶ 119.) Family Systems’ registration for IBOOK issued on April 24, 2001, with a priority date of October 8, 1996, and a first use date of October 27, 2000. (Apple SUF ¶ 122; Plaintiffs SUF ¶ 1.)

For the next several years, Family Systems and Apple used their marks for their

respective products. (Apple SUF ¶¶ 121, 143.) In 2009, Apple started developing its own e-book reader software. (Apple SUF ¶ 144.) By mid-January 2010, Apple was, subject to a trademark clearance search, considering calling its anticipated new e-reader software “iBooks.” (Apple SUF ¶ 145; Cendali Dec., La Perle Dep. at 48:11–49:2.) As Plaintiffs acknowledge, the Consent Agreement with Family Systems “created a potential future conflict if Apple ever decided to use the IBOOK mark in connection with software.” (Memorandum of Law in Support of Plaintiffs’ Motion for Partial Summary Judgment Against Defendant Apple Inc. (“Pl. Br.”), at 10.) Therefore, Apple approached Family Systems, on or before January 13, 2010, to see whether it would agree to assign the ibook e-reader software mark and related rights to Apple, thereby eliminating the restriction in the Consent Agreement. (Apple SUF ¶ 146.) Apple and Family Systems then began negotiating the terms of an assignment of the Family Systems mark. The parties reached agreement and signed a document reflecting that agreement on January 27, 2010 (the “Assignment Agreement”). (Apple SUF ¶¶ 146–148.) Contrary to Plaintiffs’ claim that Apple “needed nothing from Family Systems, other than perhaps its registered trademark” (Pl. Br., at 5), during these negotiations Apple made it clear that it was interested in *all* of Family Systems’ trademark rights in ibook and *all* of Family Systems’ domain names incorporating the mark, and that it needed Family Systems to cease its use of the IBOOK mark. (See Chatteraj Dec., Ex. 16 (APPLE-IBOOKS0022063–4; APPLE-IBOOKS0022066).) Only *after* the Assignment Agreement was signed and a trademark clearance search had been conducted by experienced outside counsel did Apple’s former CEO, Steve Jobs, announce the iBooks software application to the public. (See Chatteraj Dec., Ex. 8 & 21; Apple SUF ¶¶ 217–233.)

Through that Assignment Agreement, Family Systems expressly transferred to Apple:

[A]ll right, title and interest in and to the Registrations [i.e., Family Systems’ U.S., Japanese and Jamaican trademark registrations] and the Domains [i.e., the IBOOK Domain Names, namely <i-book.com>; <i-book.net>; <i-book.org>; <i-book.com>; <i-book.net>; and <i-book.org>], 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”).

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

(Apple SUF ¶ 151.)

As noted above, the Assignment Agreement also required Family Systems to cease all use of the IBOOK mark. Specifically, the Assignment Agreement provided that Family Systems had ten days “to phase out its use of IBOOK and its web sites under the registered domain name i-book.com and host names containing i-book.com.” (Jarrett Dec., Ex. 50, ¶ 6.) Family Systems also agreed not to “directly or indirectly . . . incorporate[] any form of the term IBOOK together with other words, characters, designs, or devices, . . . use any IBOOK mark . . . , or . . . register or apply for registration of any mark or domain name consisting of or incorporating any IBOOK Mark.” (*Id.*, ¶ 5.) Family Systems also agreed not to use IBOOK “as the name of any software or other product or service, as a corporate name or business name.” (*Id.*) Family Systems has complied with its obligations under the Assignment Agreement, having adopted the mark VERBOL for its software product. (Cendali Dec., La Perle Dep., at 262:7–263:1.)

The assets that Apple acquired from Family Systems included the IBOOK Domain Names, which now point to a page on Apple’s website featuring its iBooks software. (Apple SUF ¶¶ 152–153.) Since 2010, any Family Systems customers searching for Family Systems’ software using these domain names have been, and still are, pointed to Apple’s iBooks software. (Apple SUF ¶ 153.) There is no evidence that any consumers have been deceived or harmed by Family Systems’ assignment of its trademark rights in IBOOK to Apple. (Carpenter Dec., Ex. 2,

¶ 49; Apple SUF ¶ 162.)

**C. Apple’s PTO Filings Regarding The IBOOK Mark.**

Apple recorded the IBOOK assignment with the PTO on February 4, 2010. (Apple SUF ¶ 166.) On May 17, 2010, Apple filed a Request to Amend the ’634 Registration from the singular IBOOK to the plural IBOOKS. (See Apple SUF ¶ 167). The PTO granted Apple’s request on May 22, 2010. (See Apple SUF ¶ 170). On June 7, 2010, Apple filed a Combined Declaration of Use and Renewal for the ’634 Registration (the “Renewal”). (Apple SUF ¶ 172.) As part of the Renewal, Apple submitted a specimen consisting of a screenshot from Apple’s iTunes desktop software showing the page where customers can “purchase” Apple’s free iBooks interactive e-reader software app. (Apple SUF ¶¶ 174–176.) The specimen also contained a description that stated that “iBooks is an amazing way to download and read books” and that the app allows users to “tap a book to open it, flip through pages with a swipe or a tap, and bookmark [their] favorite passages.” (Apple SUF ¶ 177.)

Apple declared in the Renewal 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.” (Apple SUF ¶ 173 (emphasis in original).) The PTO accepted Apple’s submission and renewed the ’634 Registration. (Kane Dec., ¶ 2, Ex. 1 at 16–17.)

**ARGUMENT**

**I. LEGAL STANDARD.**

Summary judgment is appropriate when no genuine issue as to any material fact exists such that a movant is entitled to judgment as a matter of law. See Fed. R. Civ. P. 56(c); *Celotex Corp. v. Catrett*, 477 U.S. 317, 322–23 (1986). Where, as here, the parties have filed competing motions for summary judgment, the “court must consider each motion independently of the other

and, when evaluating each, the court must consider the facts in the light most favorable to the non-moving party.” *See Toni & Guy (USA) Ltd. v. Nature’s Therapy, Inc.*, No. 03 CV 2420, 2006 WL 1153354, at \*3 (S.D.N.Y. May 1, 2006) (citation and quotation marks omitted).

Here, as discussed below, the facts show that Apple acquired from Family Systems the IBOOK trademark, including an incontestable federal registration for the mark for “computer software used to support and create interactive, user-modifiable electronic books,” with a priority date of October 8, 1996. (Apple SUF ¶¶ 122, 149–150.) Apple’s incontestable registration for IBOOKS is *prima facie* evidence of the mark’s validity. *See* 15 U.S.C. § 1057(b). Thus, to prevail, Plaintiffs bear the burden to overcome the “strong presumption” of the mark’s validity, and to show that the Family Systems assignment was an invalid assignment in gross. *See Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 14 (2d Cir. 1976); *see also Defiance Button Mach. Co. v. C & C Metal Prods. Corp.*, 759 F.2d 1053, 1062–63 (2d Cir. 1985); *Aluminum Fabricating Co. of Pittsburgh v. Season-All Window Corp.*, 259 F.2d 314, 316 (2d Cir. 1958). Because the undisputed facts show that the assignment is valid, this Court should deny Plaintiffs’ Motion in its entirety and grant Apple’s motion for summary judgment based on its senior rights in the IBOOKS mark under the ’634 Registration.

**II. THE ASSIGNMENT FROM FAMILY SYSTEMS IS VALID BECAUSE THE APPLE AND FAMILY SYSTEMS SOFTWARE IS SUBSTANTIALLY SIMILAR.**

The “central purpose” of the anti-assignment in gross rule “is protection against consumer confusion.” *Syntex Labs., Inc. v. Norwich Pharmacal Co.*, 315 F. Supp. 45, 54 (S.D.N.Y. 1970). The anti-assignment in gross rule “is not . . . intended to be a mechanistic tool for invalidating assignments which do not satisfy a stereo-typed set of formalities.” *Fitzpatrick v. Sony-BMG Music Entm’t, Inc.*, No. 07 Civ. 2933, 2010 WL 3377500, at \*3 (S.D.N.Y. Aug. 24, 2010) (finding assignment valid on summary judgment); *see also* 3 MCCARTHY ON



TRADEMARKS AND UNFAIR COMPETITION § 18:24 (4th ed.). Plaintiffs ask this Court to do just that, however, by placing far greater emphasis on whether Apple continued Family Systems’ business—a red herring as Apple has never claimed it has done so—and applying the alternative substantial similarity test in far too rigid a manner. To be clear, courts uphold trademark assignments where the assignee merely “continues to produce goods of the same quality and nature previously associated with the mark.” *Defiance Button*, 759 F.2d at 1059; *see also Topps Co. v. Cadbury Stani S.A.I.C.*, 526 F.3d 63, 70 (2d Cir. 2008); *Fitzpatrick*, 2010 WL 3377500, at \*3 (finding assignment valid because assignee used the mark “for the same purposes intended by [the assignor] at the time of his trademark application”). Thus, even if the assignee does not continue the assignor’s business or use the mark in connection with an identical product, an assignment will still be valid if the assignee’s products offered in connection with the assigned mark are “substantially similar” such that “consumers would not be deceived or harmed.”<sup>3</sup> *Topps Co. v. Cadbury Stani S.A.I.C.*, 526 F.3d 63, 70 (2d Cir. 2008) (citing *Marshak v. Green*, 746 F.2d 927, 930 (2d Cir. 1984)); *see also Defiance Button*, 759 F.2d 1053 (same).

As discussed below, here, the undisputed facts make clear that Apple’s iBooks app is in fact substantially similar to the Family Systems ibook software, and thus the Family Systems assignment of its IBOOK mark was valid.

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<sup>3</sup> There is no factual support whatsoever for Plaintiffs’ bald assertion that “[a] consumer who attempted to access ibook.com to download or utilize the Family Systems ibook product following the assignment would be confused on many accounts.” (Pl. Br., at 29.) Indeed, Plaintiffs do not—and cannot—point to any actual evidence of such confusion between consumers of Apple’s iBooks software and consumers of the Family Systems ibook software, such as a consumer survey (no matter how flawed) or consumer complaints, even though, as Plaintiffs acknowledge, “Family Systems built goodwill in connection with the IBOOK mark over the course of at least ten years. . . .” (Pl. Br., at 9.) Indeed, Apple’s expert, Gregory S. Carpenter, opined that “consumers would likely perceive the Family Systems and Apple products as substantially similar interactive e-reader software.” (Carpenter Dec., Ex. 2, ¶ 55.) Given the lack of any support for Plaintiffs’ claim that confusion resulted from the assignment, this Court should wholly disregard it.

**A. The Apple And Family Systems Products Offer Users The Same Features And Functionality.**

The undisputed facts in this case show that Apple and Family Systems both offered free, downloadable e-reader software applications that allowed commercial publishers and others to make content available, and allowed users of the software to read that content and to modify it, including by adding notes to the content.

As explained by Dr. Richard Goldhor, who helped develop Family Systems' iBook software, and whose testimony Plaintiffs do not dispute, users of the Family Systems e-reader product could download the software from a website onto a device in order to read content created by others and add notes to that content. (Apple SUF ¶¶ 155–157; Cendali Dec., Goldhor Dep., at 43:8–23, 80:25–81:13.) For example, “[i]f someone had created a novel and put it up in—using the iBook technology, then [iBook users] could read that.” (Cendali Dec., Goldhor Dep., at 78:4–11.) In addition to reading content, users also could modify the content they read, including by adding notes to that content. (Cendali Dec., Goldhor Dep., at 81:14–20) Dr. Goldhor testified that in addition to individuals and businesses who wanted to make content available to others, the software could be used by commercial publishers to make their books available. (Apple SUF ¶ 158; Cendali Dec., Goldhor Dep., at 79:5–10.)

Dr. Goldhor's testimony is consistent with Family Systems' own statements about its product. For example, in a March 12, 2002 press release, Family Systems stated that its iBook software “*provides interactive Web books* for anyone with access to a Web browser, a text editor, and the Internet.” (Chattoraj Dec., Ex. 6 (emphasis added).) Similarly, in May 2006, Family Systems described its iBook software as providing users with the ability to “[c]reate and manage interactive books on private and public webs.” (Cendali Dec., Ex. 2.) A “Memo To All Users,” on its website as of May 2006, likewise explained that “[t]he content in an iBook system

typically consists of information on web pages but can also include *any electronic document, photograph, or file.*” (Cendali Dec., Ex. 3 (emphasis added).) In August 2001, Family Systems stated that its iBook software was “a way for non-technical users to become instant website publishers and *share their work product with others.*” (Chattoraj Dec., Ex. 45 (emphasis added).)

As with the Family Systems product, Apple’s iBooks app also is a software application that users download from a website onto a device. (Apple SUF ¶ 31.) Like the Family Systems product, the iBooks app allows users to download content, including books, created by others. (Apple SUF ¶¶ 159–161; Plaintiffs SUF ¶ 32.) The software also creates virtual books from electronic data that a user can then read like a regular book. (*See* Widup Dec., at 209:23-210:16; 211:6-212:5.) Furthermore, as Steve Gedikian, the iBooks software product line manager, explained, Apple’s iBooks software allows users to interact with the contents of a book, including by swiping through pages; changing the background, font and point size; and adding commentary in the form of notes and highlights. (Cendali Dec., Gedikian Dep., at 219:12–23.) As Mr. La Perle testified: “What Family Systems’ iBooks was was E-book reading and creation software, and that’s exactly what Apple’s iBook[s] is.” (Cendali Dec., La Perle Dep., at 147:15–148:2.)

Since the iBooks software app was first released, Apple has continued to update its features and functionality, including by launching iBooks Author. (Cendali Dec., Gedikian Dep. at 71:14–72:11 (explaining that the original iBooks software application is no longer available, and describing features that were added in the second version of the software).) The added functionality includes: (1) allowing users to share “annotations, notes, comments, [and] passages” that they have added to their electronic books via e-mail and other mechanisms

(Cendali Dec., Gedikian Dep., at 219:12–229:2)—a fact that Plaintiffs do not dispute (*see* Pl. Br., at 19), (2) allowing books to be read aloud from a device (Cendali Dec., Gedikian Dep., at 196:19–197:12), and (3) using iBooks Author to create a work, including formatting its content, and “put it on a Web site if they wish and make it available to anybody.” (Cendali Dec., Gedikian Dep., at 68:9–69:10; 77:22–78:9).

In an effort to show that the Apple and Family Systems products are different, Plaintiffs assert that the Family Systems software was “collaborative” or a “collaboration system,” whereas Apple’s iBooks software app purportedly does not provide such functionality.<sup>4</sup> (Pl. Br., at 28–29.) In support of this assertion, they mischaracterize the testimony of Grace Kvamme, who is responsible for certain marketing activities for Apple’s iBooks software, claiming she testified that she “wouldn’t characterize” the iBooks app “as a collaborative system.” (Pl. Br., at 28.) Plaintiffs’ partial quotation of Ms. Kvamme, however, is misleading and does not reflect the true scope of her testimony. At Ms. Kvamme’s deposition, Plaintiffs’ counsel asked her whether Apple marketed iBooks as “an interactive Web collaborative system,” to which she responded that Apple does not “use [the] words [interactive Web collaborative system] . . . all together like that.” (Cendali Dec., Kvamme Dep., at 62:20–63:4.) Rather, as she further explained, Apple “talk[s] about sharing bits and pieces of a book with another and maybe sharing your notes, but I wouldn’t characterize it as a collaborative system.” (*Id.*, 63:5–11.) This is not surprising. As Mr. Gedikian noted, Apple typically does not use terms like “collaborative” when

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<sup>4</sup> Plaintiffs seem to be trying unilaterally to substitute their own characterization of the Family Systems e-reader software product for the description of goods and services that Family Systems originally formulated for its e-reader software product. As noted above, however, the ’634 Registration states that the goods and services for which the IBOOKS mark is used consist of “computer software used to support and create interactive, user-modifiable electronic books.” (Apple SUF ¶ 125.) Nowhere in this description is the word “collaborative” used, and Plaintiffs should not be permitted effectively to insert it there.

describing its products:

“Collaborative” is a bit of a technical or techie term. We usually use synonyms for technical terms. We try to make things simple for people to understand. So words like “sharing” is—is a more appropriate term from a customer’s perspective to describe the things that you can do in the context of collaboration.

(Cendali Dec., Gedikian Dep., at 233:10–234:23.) Nevertheless, as Mr. Gedikian testified, Apple’s iBooks app “could be interpreted” as “an interactive web collaboration system” because, as noted above, users can use the app to interact with a book’s content. (Cendali Dec., Gedikian Dep., at 219:12–23.) Thus, the fact that Apple may not use the term “collaborative” in marketing its iBooks software has no bearing on the product’s features and functionality. To the contrary, all this marketing approach reflects is Apple’s consistent philosophy with respect to all of its products: “make things simple for people to understand.” (*Id.*)

Finally, it is wholly irrelevant whether the Family Systems and Apple products are “web-based” or not, or whether they make use of the functionality offered by today’s sophisticated handheld devices. As courts have recognized, the issue is whether the products offer the same features and functions, not whether they employ the same formulations or processes in doing so. *See Bambu Sales*, 683 F. Supp. at 905–06 (finding assignment valid where assignee’s cigarette paper was thinner than that produced by the assignor); *Glamorene Prods.*, 538 F.2d at 895 (holding assignment valid where the assignee “had been actively working on its own dry cleaning detergent” for several years before acquiring the mark from the assignor to use on that detergent); *Beech-Nut Packing Co. v. P. Lorillard Co.*, 299 F. 834, 849 (D.N.J. 1924) (holding that assignee of mark used for tobacco could adopt “a new formula” without losing priority).

Further, the undisputed facts show that Family Systems would have used Apple’s devices to operate its software if it could have. Indeed, according to Dr. Goldhor, Mr. Reynolds, had “always” intended that:

there would be hardware that would act as a platform for the software. Today you would describe it as a—as smart phone or tablet technology that would enable you to do all this neat stuff, holding something that was specifically designed to support the ibook technology as opposed to being a general purpose computer with a keyboard and so on.

(Cendali Dec., Goldhor Dep., at 63:5–18.) Although Dr. Goldhor testified that Mr. Reynolds would have sought to utilize such devices, had they existed, smart phones like Apple’s iPhone and tablet devices like Apple’s iPad did not exist when the Family Systems software was created, and thus the hardware that Mr. Reynolds envisioned was never implemented. (*See id.*, at 77:13–78:3 (explaining that although “smart phones and tablets” did not exist when the Family Systems software was developed, Mr. Reynolds “was very interested in something that would be easy to walk around with and would be optimized for this use, as opposed to being a general purpose computer”).)

**B. The Apple and Family Systems Products Target The Same Market—Everyone.**

Plaintiffs claim that the target markets for the Apple and Family Systems software products were distinct because the Family Systems product was marketed to “individuals and businesses seeking a collaborative, web-based system,” whereas Apple’s iBooks consumers “are searching for an easy way to find, purchase, download, and read electronic books.” (Pl. Br., at 29.) Significantly, however, Plaintiffs cite absolutely no factual support whatsoever for this sweeping assertion. This omission is not surprising, as Plaintiffs have not conducted any survey or made any other effort to determine what functionality or features the products’ respective users were seeking. Furthermore, the undisputed facts show that the markets for the products were, in fact, exactly the same: everyone.

Dr. Goldhor testified that the Family Systems ibook software was marketed to “just about everyone,” including “research teams, professional writers and collaborative teams in businesses and organizations” as well as families and individuals. (Cendali Dec., Goldhor Dep., at 26:18–

27:20.) Likewise, Apple markets its products, including the iBooks software, to “consumers; small and mid-sized businesses (‘SMB’); and education, enterprise and government customers.” (Cendali Dec., Ex. 7, at 4–5) (“The Company offers a range of software products for consumers and for SMB, education, enterprise and government customers . . .”). Indeed, Mr. Gedikian testified that Apple markets iBooks Author to “anyone with a Mac.” (Cendali Dec., Gedikian Dep., at 73:9–13.)

**C. What Little Authority Plaintiffs Cite Does Not Support Their Position.**

In addition to mischaracterizing the evidence, Plaintiffs also argue, incorrectly, that courts have invalidated assignments where products “have differed in even the most minor respects.” (Pl. Br., at 26.) But neither of the two cases on which Plaintiffs rely for this proposition actually supports it. In both cases the products involved significant, and not minor, differences—as Plaintiffs’ own descriptions of these cases make clear. For example, in *Clark & Freeman Corp. v. Heartland Co.*, 811 F. Supp. 137 (S.D.N.Y. 1993), the assignee offered men’s hiking boots under the assigned mark, whereas the assignor had previously offered women’s pixie boots. Although both products were footwear, the court recognized that the market for the products were “substantially distinct,” with men purchasing men’s shoes unlikely to be interested in women’s pixie boots, and vice versa. *Id.* at 141. Similarly, in *InterState Net Bank v. NetB@nk, Inc.*, 348 F. Supp. 2d 340 (D.N.J. 2004), the assignor offered an Internet-based electronic “pocket change” payment service whereas the assignee offered traditional banking services, including checking accounts using paper checks. *Id.* at 349–50. Thus, neither of the authorities on which Plaintiffs’ rely supports their motion.

Nor is this lack of authority surprising, as courts have repeatedly recognized that, in the context of a trademark assignment, products or services need not be identical in order to be substantially similar. *See, e.g., Visa, U.S.A., Inc. v. Birmingham Trust Nat’l Bank*, 696 F.2d

1371, 1375–76 (Fed. Cir. 1982) (reversing T.T.A.B.’s finding that assignment was invalid, and holding that assignment was valid even though products “were not identical” where the assignor and assignee used the mark for “the same basic service, namely, providing a means by which the holders of the card could make purchases by check upon showing the card”); *Hy-Cross Hatchery, Inc. v. Osborne*, 303 F.2d 947, 950 (C.C.P.A. 1962) (holding that assignment was valid even though assignee sold a different kind of chicken because the assignee “was not under any obligation to the public not to change the breed of chicks he sold under the mark from time to time”); *Becoming, Inc. v. Avon Prods., Inc.*, No. 01 Civ. 5863, 2001 WL 930794, at \*5 (S.D.N.Y. Aug. 15, 2001) (on motion for preliminary injunction, finding that because the assignor’s “products will include [among other beauty products] body lotion and fragrance, the items covered by the [assignee’s trademark] registration,” there was “at least some degree of similarity between the two companies’ products”); *eMachines, Inc. v. Ready Access Memory, Inc.*, No. 00 Civ. 00374, 2001 WL 456404, at \*11 (C.D. Cal. Mar. 5, 2001) (on summary judgment, finding assignment valid where the assignor and assignee “were in the business of manufacturing substantially similar products,” *i.e.*, “computer components, specifically notebooks and computer monitors for use with PC compatible systems”); *Brewski Beer Co. v. Brewski Bros. Inc.*, 47 U.S.P.Q.2d 1281, 1288 (T.T.A.B. 1998) (finding that while there were differences between BREWSKI’S microbrewery in Hermosa Beach, CA and BREWSKY’S tavern in New York City, “both operations offer the same basic services,” and denying petition to cancel registration); *Beech-Nut Packing Co. v. P. Lorillard Co.*, 299 F. 834, 849 (D.N.J. 1924) (holding that assignee of mark used for tobacco could adopt “a new formula” without losing priority).

Such an approach toward analyzing trademark assignments is entirely appropriate, as to



hold otherwise would both undermine many legitimate trademark assignments and encourage assignees to refrain from seeking to take advantage of developments in technology to improve and to advance the products that they offer under assigned marks. Neither outcome would be desirable from a public policy perspective. It is important as a commercial matter that parties remain able to validly assign marks where they continue to be used on substantially similar products. Likewise, it is important for consumers that assignees of marks be encouraged to take advantage of opportunities to improve and develop their products. Indeed, technology has in fact changed considerably since Family Systems first launched its e-reader software product, and to require Apple to offer the identical software today that Family Systems first offered many years ago, without any changes or improvements to reflect the technology that currently is available, would make no sense at all. Because Plaintiffs' proposed approach would provide all of the wrong incentives, this Court should decline to adopt it.

**D. The PTO Independently Determined That Apple Continued To Use The IBOOK Mark For The Products For Which It Was Registered.**

Apple made a full and accurate disclosure to the PTO regarding its use of the IBOOKS mark in its Renewal submission, including (1) stating that it had acquired the mark from Family Systems and (2) submitting a specimen showing its use of the mark for the goods listed in the registration. It is undisputed that the specimen in the Renewal, which consisted of a screenshot from Apple's iTunes desktop software showing the page where customers can "purchase" Apple's free iBooks interactive e-reader software application, accurately depicted Apple's use of the IBOOKS mark in connection with its goods. (Apple SUF ¶¶ 174–176.) The specimen also contained a description of the goods, stating that "iBooks is an amazing way to download and read books" and that the app allows users to "tap a book to open it, flip through pages with a swipe or a tap, and bookmark [their] favorite passages." (Apple SUF ¶ 177.)

The PTO reviewed Apple’s submission, independently determined that the mark was still in use for the goods identified in the registration by Family Systems—“computer software used to support and create interactive, user-modifiable electronic books”—and renewed the ’634 Registration. (Apple SUF ¶ 170.) Its determination is further support for the conclusion that the product for which Apple was using the IBOOKS mark—its iBooks e-reader software—was substantially similar to the e-reader software for which Family Systems had first registered the IBOOK mark. *See, e.g., Becoming, Inc.*, 2001 WL 930794, at \*5 (on motion for preliminary injunction, finding that “it is clear that [assignor’s] line of beComing products will include body lotion and fragrance, *the items covered by [the assignee’s federal trademark] registration . . . , there exists at least some degree of similarity between the two companies’ products*”) (emphasis added).<sup>5</sup>

### **III. OTHER INDICIA ALSO SHOW THAT THE GOODWILL WAS TRANSFERRED.**

As noted above, the assignment in gross rule is not intended to be applied as a “mechanistic tool.” *Fitzpatrick*, 2010 WL 3377500, at \*3. Thus, in addition to considering whether the products of the assignor and assignee are substantially similar, *see Defiance Button*,

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<sup>5</sup> Plaintiffs also mischaracterize the record by asserting, wrongly, that “no fact witness offered by Apple in this litigation has been able to testify to any personal knowledge about the Family Systems ibook product, or any interest by Apple in the Family Systems ibook service or customers, at all.” (Pl. Br., at 15.) It is Plaintiffs, however (not Apple), who cannot offer any witnesses with personal knowledge regarding Family Systems. (*See Cendali Dec.*, Ex. 4 (Plaintiffs’ Responses and Objections to Defendant Apple Inc.’s Notice of Deposition of Plaintiff J. Boylston & Company, Publishers LLC Pursuant to Fed. R. Civ. P. 30(b)(6), dated Apr. 6, 2012), at 49–52 (Plaintiffs refused to designate a witness regarding Family Systems and its marks and products); *Colby* 30(b)(6) Dep., at 357:10–22 (Plaintiffs’ 30(b)(6) witness testified that he has never visited the Family Systems website and did not know if Family Systems continued to use the IBOOK mark.) By contrast, Apple’s witnesses testified extensively regarding their knowledge of Family Systems and its mark, including their investigation of Family Systems’ use of its mark in consumer-facing materials (i.e., the Family Systems website) in January 2010. (*See Cendali Dec.*, *La Perle Dep.*, at 95:5–96:4; *see also id.*, at 244:10–24 (Apple’s in-house trademark counsel had personal knowledge of the Family Systems ibook software and that Family Systems was in the E-book reader software business); *Gundersen Dep.*, at 139:4–141:2 (Apple’s outside trademark counsel testified that he visited Family Systems’ website in January 2010 and saw that software producers were offered); *see also id.*, at 144:15–23; 251:16–252:17; *Borden Dep.*, at 140:18–24 (same).)

759 F.2d at 1059, courts also have considered such factors as whether (1) the agreement recites that goodwill is transferred (*see Bambu Sales, Inc. v. Sultana Crackers, Inc.*, 683 F. Supp. 899, 905 (E.D.N.Y. 1988)), (2) the assignor continues to use the mark (*see Syntex Labs.*, 315 F. Supp. at 55–56), and (3) any assets other than the mark were transferred (*see Dial-A-Mattress Operating Corp. v. Mattress Madness, Inc.*, 841 F. Supp. 1339, 1350 (E.D.N.Y. 1994)). Plaintiffs completely ignore the undisputed facts relating to these additional factors, each of which shows that the goodwill was assigned to Apple together with the IBOOK mark.

*First*, the assignment instrument itself explicitly states that “Family Systems hereby irrevocably transfers and assigns to Apple all rights, title and interest in and to the Registrations and the Domains . . . and all goodwill associated therewith.” (Apple SUF ¶ 150.) *See Glamorene Prods. Corp. v. Procter & Gamble Co.*, 538 F.2d 894, 895 (C.C.P.A. 1976) (affirming T.T.A.B.’s refusal to cancel registration where the trademark assignment “expressly state[d]” that the goodwill was assigned and assignee “paid good and valuable consideration for the mark”); *eMachines*, 2001 WL 456404, at \*11 (on summary judgment, finding assignment was valid where agreement showed the parties “intended goodwill to be assigned with the mark”); *Main Street Outfitters, Inc. v. Federated Dept. Stores, Inc.*, 730 F. Supp. 289, 291 (D. Minn. 1989) (assignment was valid where assignee intended to obtain the goodwill associated with the mark); *Bambu Sales, Inc.*, 683 F. Supp. at 905 (assignment valid where, *inter alia*, the assignment agreement expressly transferred the goodwill). This is a clear indication that the parties intended the goodwill to be transferred. (*See Carpenter Dec.*, Ex. 2, ¶ 45.)

*Second*, Family Systems was required pursuant to the assignment agreement to presently cease use of the IBOOK mark. Instead, it had to build fresh good will and brand identity in its new mark in connection with its e-reader software. (Apple SUF ¶ 154; *see also Carpenter Dec.*,

Ex. 2 ¶ 48.) See *Hy-Cross Hatchery*, 303 F.2d at 950 (affirming T.T.A.B.’s conclusion that assignment was valid because, *inter alia*, assignor gave up the right to use the mark in the future); *Main Street Outfitters*, 730 F. Supp. at 292 (finding assignment valid where, among other things, “assignor gave up all of its rights in the trademark that it had been using”); *Syntex Labs.*, 315 F. Supp. at 55–56 (on summary judgment, finding assignment was valid where assignor had to cease its use of the mark when assignee began marketing products with that mark).

*Third*, Apple acquired key IBOOK-related assets from Family Systems—namely the web-based Family Systems’ IBOOK Domain Names, which Apple then redirected to a page on its website featuring its iBooks software. (Apple SUF ¶¶ 152–153.) Indeed, 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 (Apple SUF ¶ 153) and, therefore, “have effectively been redirected to Apple with the associated transfer of goodwill” (Carpenter Dec., Ex. 2, ¶ 47.) While “a transfer of assets is not essential to consummate an assignment” where the assignor and assignee’s products are substantially similar (*see Dial-A-Mattress*, 841 F. Supp. at 1350), this fact also shows the assignment’s validity (*see H & J Foods, Inc. v. Reeder*, 477 F.2d 1053, 1055 (9th Cir. 1973) (assignment valid where goods were substantially similar and assignor transferred the trademark, associated goodwill, and labels, news releases, and promotional materials)).

These other factors are consistent with the conclusion reached by Dr. Carpenter, who assessed the transaction between Apple and Family Systems from a marketing/branding perspective. Having considered such indicia as the undisputed facts that: (1) Family Systems was required to stop using the IBOOK mark and instead build a new brand identity; (2) the

IBOOK Domain Names now point to Apple; (3) the Apple and Family Systems goods were substantially similar; and (4) the Assignment Agreement itself reflected the parties' intent to transfer the goodwill by expressly so stating, he concluded, from a marketing perspective, that the goodwill associated with the IBOOK mark had been transferred to Apple. (Carpenter Dec., Ex. 2, ¶¶ 16–18, 43–57.)

**IV. PLAINTIFFS' ARGUMENTS ABOUT THE CONTINUITY OF THE FAMILY SYSTEMS BUSINESS ARE IRRELEVANT AND WRONG.**

Relying on the so-called “continuity test,” Plaintiffs assert that the IBOOK assignment was invalid because Apple did not acquire Family Systems’ patents or “physical inventory, manufacturing facilities, technical know-how, and/or customer lists.” (Pl. Br., at 22–24.) This argument is irrelevant, given that Apple has never argued that it continued the Family Systems business. It also is wrong as a matter of fact and law.

*First*, courts have made clear that, where the assignee’s products are substantially similar to those of the assignor, patents, formulas and other technology need not be transferred in order for a trademark assignment to be valid. *See Topps Co.*, 526 F.3d at 70 (noting that assignment may be valid where “a substantially similar product could be produced without using the [assignor’s] formulas”); *see also Glamorene Prods.*, 538 F.2d at 895–96 (affirming validity of assignment for mark used by assignor and assignee for dry cleaning detergent and holding that “transfer of tangible assets (inventory, labels, customer lists, *formulas*, etc.) is not necessary to an effective trademark assignment”) (emphasis added); *Sterling Brewers, Inc. v. Schenley Indus., Inc.*, 58 C.C.P.A. 1172, 1178 (1971) (reversing cancellation of trademark registration and finding that “the fact that no written formula” was assigned was “not critical” because assignee “was able to provide a satisfactory duplication of” assignor’s product); *eMachines*, 2001 WL 456404, at \*11 (on summary judgment, finding that assignor and assignee were both “in the business of

manufacturing substantially similar products” and rejecting argument that assignor should have “transfer[red] information to [assignee] which would allow it to manufacture the E-Machine product line ‘as it had existed’”).

That is particularly true here, where there was no reason for Apple to acquire Family Systems’ patents because it had already developed its own e-reader software technology, and there is no evidence that Family Systems itself was even relying on that patented technology for a competitive advantage.<sup>6</sup> Indeed, as noted above, Family Systems admitted that it had “implemented only about half the functionality in the actual patent description.” (*See Cendali Dec.*, Ex. 1.) Nor are consumers generally even aware of underlying patents, instead focusing on what a product is called and the functionality it offers. (*See Carpenter Dec.*, Ex. 2, ¶ 56.) Thus, the fact that Apple did not acquire the Family Systems patents is not material in this case because those patents simply were not used with the software product that bore the assigned mark and consumers are not aware of the technology underlying the Family Systems and Apple software products. Instead, Family Systems transferred the assets that *were* relevant to its IBOOK mark—namely, its IBOOK Domain Names. *See Topps Co.*, 526 F.3d at 70 (noting that assignment may be valid where “a substantially similar product could be produced without using the [assignor’s] formulas”).

*Second*, the facts here show that, because Family Systems used the IBOOK mark on software that was offered for download via the internet, there simply was no physical inventory or manufacturing facilities for Apple to acquire. Rather, Apple acquired the six domain names that Family Systems was using that incorporated the mark at issue and forwarded them to

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<sup>6</sup> In fact, it is not even clear that Family Systems owned the 748 Patent, which was assigned to Fasm Network Services, LLC in 2007. (*See Cendali Dec.*, Ex. 8.)

Apple's own website, thus redirecting customers familiar with Family Systems' website to Apple's website.<sup>7</sup> (See Chatteraj Dec., Ex. 16.) There is no doubt that a domain name is a company asset. See *1800 Postcards, Inc. v. Morel*, 153 F. Supp. 2d 359, 364 (S.D.N.Y. 2001) (holding that a domain name is a company asset).

Taken together, these facts make clear that the assignment of the IBOOK mark from Family Systems to Apple was valid.

V. **THE OPINION OF PLAINTIFFS' EXPERT, ROBERT SCHERER, IS IMPROPER AND IRRELEVANT.**

In support of their attack on Apple's mark, Plaintiffs seek to rely on the testimony of a retired trademark lawyer, Robert Scherer, who opined that the assignment from Family Systems to Apple was an invalid assignment in gross. (Pl. Br., at 17.) But, as detailed in Apple's motion to exclude Mr. Scherer's expert report and any testimony, evidence or argument relating thereto, any opinions that he might offer on whether the assignment was valid would be improper opinions on the ultimate legal issue, and thus inadmissible. See *U.S. v. Bilzerian*, 926 F.2d 1285, 1294 (2d Cir. 1991); see also *U.S. ex rel. Anti-Discrimination Ctr. of Metro N.Y., Inc. v. Westchester Cnty., N.Y.*, No. 06 Civ. 2860, 2009 WL 1110577, at \*2 (S.D.N.Y. Apr. 22, 2009) (Cote, J.) (stating that "expert testimony that amounts to the statement of a legal conclusion must be excluded" and excluding such testimony). This is because "expert evidence should not be permitted to usurp either the role of the trial judge in instructing the jury as to the applicable law

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<sup>7</sup> Because Apple targets the population as a whole (see *supra*, pp. 16-17), there was no need for it to acquire Family Systems' customer lists. The case law is clear that customer lists need not be transferred for an assignment to be valid. See *Syntex Labs.*, 315 F. Supp. at 55 (finding assignment valid, and noting that the fact that "back-order lists rather than complete customer lists" were transferred invalidated the assignment "given the magnitude of [the assignor's] sales force . . . and its intent to market the . . . product on a far wider scale than had been attempted by [the assignee]"); see also, e.g., *Glamorene Prods.*, 538 F.2d at 895-96 (holding that customer lists, among other assets, need not be transferred for an assignment to be valid). In any case, as noted above, the customers essentially were transferred, as consumers who visited the Family Systems websites were automatically forwarded to Apple's website.

or the role of the jury in applying that law to the facts before it.” *U.S. Info. Sys., Inc. v. Int’l Bhd. of Elec. Workers Local Union No. 3 AFL-CIO*, 313 F. Supp. 2d 213, 240 (S.D.N.Y. 2004) (quoting *Primavera Familienstiftung v. Askin*, 130 F. Supp. 2d 450, 528 (S.D.N.Y. 2001)). Put another way, “an expert is not supposed to be doing the work of counsel; an expert must bring to the jury more than the lawyers can offer in argument.” *Malletier v. Dooney & Bourke, Inc.*, 525 F. Supp. 2d 558, 654 (S.D.N.Y. 2007) (citation omitted).

Mr. Scherer’s opinion that the Assignment Agreement between Family Systems and Apple was an assignment in gross violates this rule, as it unabashedly reaches a legal conclusion and seeks to usurp the role of ultimate decision-maker in the case. For this reason, it should be given no weight in determining whether the assignment was valid. *See Snyder v. Wells Fargo Bank, N.A.*, No. 11 Civ. 4496, 2012 WL 4876938, at \*5 (S.D.N.Y. Oct. 15, 2012) (excluding expert report in full because it was “so ridden with improper statements and opinions”); *see also Bilzerian*, 926 F.2d at 1294; *Anti-Discrimination Ctr.*, 2009 WL 1110577, at \*2; *Malletier*, 525 F. Supp. 2d at 654; *Rieger v. Orlor, Inc.*, 427 F. Supp. 2d 99, 105 (D. Conn. 2006) (granting defendant’s motion to exclude portions of the plaintiff’s expert report because it included legal conclusions rather than opinions).

For the same reason, Plaintiffs’ bizarre criticism of Apple for not having an “attorney expert witness [who] testified or opined that the January 2010 agreement between Family Systems and Apple *did not* constitute an assignment in gross” (Pl. Br., at 17 (emphasis in original)) reflects a profound misunderstanding of the proper ambit of expert testimony. Because it is black letter law that it is improper for experts to testify about ultimate legal issues, Apple understandably refrained from offering any such improper testimony. *See Bilzerian*, 926 F.2d at 1294; *see also Anti-Discrimination Ctr.*, 2009 WL 1110577, at \*2. Instead, Apple offered the



expert opinion of Dr. Carpenter, who analyzed the business transaction between Apple and Family Systems and concluded that, from a marketing perspective, there were numerous indicia that reflected the transfer of goodwill with the IBOOK mark based on his marketing expertise. (Carpenter Dec., Ex. 2, ¶¶ 16–18.) In particular, those indicia included the undisputed facts that: (1) Family Systems was required to stop using the IBOOK mark and instead build a new brand identity; (2) the IBOOK Domain Names now point to Apple’s website; (3) the Apple and Family Systems goods were substantially similar; and (4) the Assignment Agreement itself reflected the parties’ intent to transfer the goodwill by expressly so stating. (*Id.*, ¶¶ 43–57.)

### CONCLUSION

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

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Respectfully submitted,

*s/ Dale M. Cendali*

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Dale M. Cendali  
Claudia Ray  
Bonnie L. Jarrett  
KIRKLAND & ELLIS LLP  
601 Lexington Avenue  
New York, New York 10022  
Tel: 212-446-4800  
Fax: 212-446-4900

Perry J. Viscounty  
LATHAM & WATKINS LLP  
140 Scott Drive  
Menlo Park, CA 94025  
Tel: 714-540-1235  
Fax: 714-755-8290

Jennifer L. Barry  
LATHAM & WATKINS LLP  
600 West Broadway, Suite 1800  
San Diego, CA 92101-3375  
Tel: 619-236-1234  
Fax: 619-696-7419

ATTORNEYS FOR DEFENDANT