

CONTAINS HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY PORTIONS BOUND SEPARATELY

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
3

4 J.T. COLBY & COMPANY, INC.,
5 d/b/a BRICK TOWER PRESS,
6 J. BOYLSTON & COMPANY,
7 PUBLISHERS, LLC and
8 IPICTUREBOOKS, LLC,
9

Plaintiff,

vs.

Case No. 11-CIV4060 (DLC)

APPLE, INC.,

Defendant.
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12 HIGHLY CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER
13 Attorneys' Eyes Only Confidential Pages 300 - 302
14 VIDEOTAPED DEPOSITION OF THOMAS LA PERLE
15 30(b)(6) Capacity
16 Redwood Shores, California
17 Wednesday, September 19, 2012
18
19
20
21

22 Reported by:

23 LORRIE L. MARCHANT, CSR No. 10523
24 RPR, CRR, CCRR, CLR
25

JOB NO. 53418

1 question pending. Madam Court Reporter, can you
2 please read the question back.

3 (Discussion off the record.)

4 (Record read as follows:

5 "Q Was a decision at some point made not
6 to use the ' [REDACTED] ' name?

7 "A Yes.

8 "Q Who made that decision? Just a name.")

9 MS. CENDALI: And without waiving any
10 privilege, he can answer as to a factual matter.

11 THE WITNESS: I believe Steve Jobs made
12 that decision. Subject to our trademark clearance.

13 BY MR. CHATTORAJ:

14 Q. You -- I just want to make sure I
15 understand your testimony. You said that Steve Jobs
16 made that decision subject to your trademark
17 clearance?

18 A. So he decided that he did not want to go
19 with "[REDACTED]" and wanted us to look at "iBooks."
20 And we were doing trademark clearance for that.

21 Q. So in what way was Mr. Jobs' decision
22 subject to your trademark clearance?

23 A. Well, your question was did someone -- who
24 made the decision to look into -- this is how I
25 interpreted your question: Who made the decision to

1 look into "iBooks"? And that person was Steve Jobs
2 asked us to look into that -- that name.

3 Q. That was helpful testimony, but that was
4 not my question. We'll get there, though, I
5 promise.

6 My question was just who made the decision
7 not to use "[REDACTED]"?

8 MS. CENDALI: Well, objection. Your
9 question speaks for itself. But is there a new
10 question?

11 MR. CHATTORAJ: I think we really need to
12 stick to the -- the order the Court made about
13 objections. I am asking the following question.

14 BY MR. CHATTORAJ:

15 Q. Who made the decision not to use the name
16 "[REDACTED]"?

17 A. I don't know.

18 Q. Were any names other than "[REDACTED]" and
19 "iBooks" considered for the eReader application?

20 A. I don't believe so. But as I sit here
21 today, I don't recall if there were other names.
22 Those are the two that I do recall.

23 Q. Is it fair to say that Steve Jobs had the
24 idea of calling the eReader application "iBooks"?

25 A. I -- I was told that Steve Jobs wanted us

1 with using the name "iBooks" for its eReader and
2 bookstore application?

3 A. We proceeded with the -- some further work
4 that we had to do for the trademark clearance.

5 Q. What was that further work? Without
6 revealing attorney-client privilege, beyond
7 trademark clearance?

8 A. Well, we had to -- as you know, we had to
9 acquire the Family Systems rights.

10 Q. When was that decision made?

11 A. I don't recall the exact date.

12 Q. Were you instructed to carry that out, or
13 did you make that decision on your own?

14 A. The decision to -- what decision are you
15 referring to?

16 Q. The decision to acquire the Family Systems
17 mark.

18 A. Oh, that was my recommendation.

19 Q. When you made that recommendation, was that
20 in reliance on the opinion prepared by the Dechert
21 firm or based on your own analysis?

22 MS. CENDALI: Okay. Again, I'm concerned
23 that we're getting into matters of privilege here.
24 I think we should take a break to discuss it.

25 MR. CHATTORAJ: That's fine. If it's okay

1 with you, Mr. La Perle.

2 THE WITNESS: Yes.

3 MR. CHATTORAJ: We'll go off the record.

4 THE VIDEOGRAPHER: This is the end of Disk
5 No. 1, Volume I. We are off the record at
6 12:04 p.m.

7 (Recess taken, from 12:04 to 12:17.)

8 THE VIDEOGRAPHER: This is the beginning of
9 Disk No. 2, Volume I. We are back on the record at
10 12:17 p.m. You may proceed.

11 MR. CHATTORAJ: We went off the record so
12 that Mr. La Perle could consult with his counsel
13 regarding a question of privilege. When we did
14 that, there was a question pending. I would ask
15 that the reporter kindly read back that question.

16 (Record read as follows:

17 "Q When you made that recommendation, was
18 that in reliance on the opinion prepared by
19 the Dechert firm or based on your own
20 analysis?")

21 MS. CENDALI: I instruct you not to answer
22 on the grounds of attorney-client privilege.

23 However, you could inquire as to a factual
24 matter as to who made the decision to pursue an
25 agreement with Family Systems.

1 BY MR. CHATTORAJ:

2 Q. Who made the decision to pursue an
3 agreement with Family Systems?

4 A. Steve Jobs.

5 Q. Did anyone else participate in that
6 decision besides Mr. Jobs?

7 A. Bruce Sewell, who I reported -- reported
8 to, had reported to Steve. So he was involved. I
9 don't know to what extent, but I know he was the one
10 that was portraying our -- our search reports.

11 Q. Did Steve Jobs make the decision to use the
12 "iBooks" mark before or after he made the decision
13 to acquire the mark from Family Systems?

14 A. I don't know the answer to that. I know we
15 were instructed to pursue the trademark clearance
16 project.

17 Q. So it's fair to say that Steve Jobs made
18 the decision to use the "iBooks" mark; right?

19 A. No. I'm saying that Steve Jobs made the
20 decision to instruct us to pursue the acquisition of
21 the Family Systems mark.

22 Q. At some point in time, did Steve Jobs make
23 the decision to use the "iBooks" mark for the
24 eReader software application we've been discussing?

25 A. I assume that Steve Jobs was the person

1 that made the decision from -- based on the
2 correspondence I had seen that was between -- again,
3 as I testified, I was corresponding with
4 Bruce Sewell, who was having discussions with
5 Steve Jobs.

6 Q. When was the decision made to seek -- to
7 acquire the trademark from Family Systems?

8 A. I don't know the exact date.

9 Q. Do you know what year?

10 A. Again, I'm not sure. I believe it was in
11 January of 2010. But I -- I am not 100 percent
12 certain.

13 Q. Do you know when Apple first publicly
14 announced the name "iBooks" for the eReader
15 application that would be made available on the
16 iPad?

17 A. Yes.

18 Q. What date was that?

19 A. I believe it was January 21st, 2010.

20 MS. CENDALI: I believe, Counsel, it was,
21 for the sake of the record, January 24th.

22 THE WITNESS: 24th. I'm sorry. 24th.

23 MS. CENDALI: 26th?

24 MR. CHATTORAJ: You know what, Counsel,
25 we'll take the witness's testimony.

1 Q. Does -- would anyone at Apple know that?

2 A. People in our corporate communications
3 department would know that.

4 Q. But right now you're not prepared to
5 testify about that issue; right?

6 A. I don't have knowledge of the specific
7 press release related to the iPad product.

8 MS. CENDALI: Is lunch here? It's after
9 12:30.

10 MR. CHATTORAJ: Lunch is here. I'm just
11 going to ask one or two more questions, and then
12 we'll break. Is that okay?

13 MS. CENDALI: Okay.

14 MR. CHATTORAJ: And for the record, lunch
15 has actually been put in your breakout room, so what
16 we'll do is we'll take our food and go elsewhere so
17 you have privacy.

18 MS. CENDALI: Okay.

19 BY MR. CHATTORAJ:

20 Q. When was the first time you heard of Family
21 Systems?

22 A. I don't recall the exact date, but it was
23 shortly after I got to -- to Apple in 1999.

24 Q. When you got to Apple in 1999, had Apple
25 already had communications with Family Systems, or

1 did that begin at a point in time after you joined
2 the company?

3 A. No. It had began before I joined the
4 company.

5 Q. At the time -- well, withdrawn.

6 What -- what is your understanding of what
7 Family Systems' business is today?

8 A. Today?

9 Q. Today.

10 A. I don't know what their business is today.

11 Q. Did you ever have an understanding of what
12 their business was?

13 A. Yes.

14 Q. Did you have that understanding in 1999?

15 A. I can't say it was 19- -- I joined Apple on
16 September -- September 15th, 1999. So whether it
17 was the end of '99 or sometime in 2000, I can't say
18 exactly. But I became aware of them, you know,
19 around late '99 and 2000.

20 Q. And at that time what was your
21 understanding of what Family Systems' business was?

22 A. Family Systems was in the E-book reader
23 software business.

24 Q. So it was your understanding that they made
25 E-book readers?

1 A. Software.

2 Q. Sorry. It was your understanding that they
3 made software to read E-books; right?

4 A. Correct.

5 Q. Who told you that?

6 A. Well, I was aware of their U.S. trademark
7 application, and I did view their Web site as well.
8 And I was also aware of the consent agreement that
9 Apple had -- had done with Family Systems.

10 Q. So between reviewing the consent agreement,
11 visiting the Family Systems Web site as it then
12 existed and reviewing the Family Systems trademark
13 application, you came to the conclusion that Family
14 Systems' business was to produce and distribute
15 E-book software?

16 A. Software, you know, as it's portrayed in
17 their trademark applications. Software for creating
18 and supporting user-modifiable electronic books.

19 Q. So --

20 A. Which is E-book reader software.

21 Q. So, again, just so I'm clear, your
22 understanding at that time was that Family Systems
23 was in the business of E-book reader software; is
24 that right?

25 A. Yeah.

1 Q. Okay. Did that understanding ever change
2 at any point in time?

3 A. I mean they had some other -- other
4 services, I think, that were related to that, but
5 that was primarily their business. They were
6 software developers.

7 Q. Did you gain knowledge about the other
8 areas of business they were involved in?

9 A. I believe they did some Web hosting
10 business, but I didn't -- I'm not an expert on
11 Family Systems.

12 Q. At that time of the transaction that Apple
13 entered into with Family Systems in 2010, what was
14 the business of Family Systems?

15 A. Well, their -- their Web site was still up
16 and the software was still available for download.
17 I think they were in essentially the same business
18 as they were before.

19 Q. So it's your testimony that they were in
20 the E-book reader software business?

21 A. Correct.

22 Q. And that they made E-book reader software
23 available for download on their Web site?

24 A. Software, you know, as reflected in the --
25 in the U.S. registration. Software that supports

1 and creates user-modifiable electronic books, which
2 I would categorize as E-book reader software.

3 Q. So what is an E-book?

4 A. It's a -- it's a book in electronic form.
5 It's an electronic book.

6 Q. Is there any distinction in your mind
7 between, like, the E-book version of a publicly
8 available printed book like, for example, a Stephen
9 King novel or "King Lear," on one hand, and the
10 electronic books that were made available to be read
11 through the software offered by Family Systems?

12 A. I don't believe Family Systems was
13 providing books like Stephen King books.

14 Q. Was Family Systems in the business of
15 providing "King Lear"?

16 A. I don't know.

17 Q. Was Family Systems in the business of
18 providing E-books that were available for sale in
19 hard copy in bookstores?

20 A. Not that I'm aware of.

21 Q. Is the answer, no?

22 A. Not that I'm aware of.

23 Q. Did you ever undertake an investigation of
24 Family Systems' business beyond the trademark
25 filings, their Web site and the consent agreement?

1 time that was a question pending, and at this time I
2 would ask that the reporter to read back that
3 question.

4 (Record read as follows:

5 "Q Did you ever undertake an investigation
6 of Family Systems' business beyond the
7 trademark filings, their Web site and the
8 consent agreement?")

9 MS. CENDALI: And I instruct you not to
10 answer with regard to your communications with your
11 outside counsel; however, you can answer factually
12 with regard to what was done.

13 THE WITNESS: So during the trademark
14 clearance process and the acquisition of the Family
15 Systems' mark, we did additional investigations of
16 the company.

17 BY MR. CHATTORAJ:

18 Q. And when you say "investigations," you mean
19 investigations of their business?

20 A. Yes.

21 Q. What they do?

22 A. Yes.

23 Q. And what they did?

24 A. Yes.

25 Q. You indicated that a decision had been made

1 adopted the iBooks software, it did not allow you to
2 do that.

3 Q. When was the iBooks Author product made
4 available to consumers?

5 A. I don't know the exact date.

6 Q. Was it in 2010?

7 A. I -- I don't know the date, actually.
8 Offhand I'd have to check. I could -- I could
9 supplement the record on that.

10 MR. CHATTORAJ: Okay. We'll leave a blank
11 if you'd like to supplement that.

12 (Information requested: _____
13 _____.)

14 BY MR. CHATTORAJ:

15 Q. If I represented to you that iBooks Author
16 was made available to consumers in 2012, would that
17 seem crazy and off the wall and wrong to you?

18 A. No.

19 Q. It's possible that it was in 2012?

20 A. Yeah. So when I'm talking about Apple
21 adopting the mark that's substantially similar, I'm
22 not talking about every single functionality of
23 Family Systems' iBooks. What Family Systems' iBooks
24 was was E-book reading and creation software, and
25 that's exactly what Apple's iBook is. It didn't

1 have the Web hosting functionality that Family
2 Systems used.

3 Q. Let me make sure I understand. If you turn
4 to page 2 of this document, there appears a question
5 in the middle of the page: Can I have my own ibook?

6 And then there appears to be the answer:
7 Yes. Subject to some rules, you can have an ibook
8 server working on your Web sites. Once you are
9 enrolled, you will be able to read about how to set
10 up an ibook server.

11 Do you see that there?

12 A. Yes.

13 Q. Did Apple ever offer for consumers a
14 software package that was called iBook Server?

15 A. No.

16 Q. Did -- did Apple at any time after
17 January 2010 make available to consumers software
18 that allowed people to set up an iBook server, you
19 know, using the name "iBook Server"?

20 A. No.

21 Q. The bottom of the first page is written:
22 Can I contribute to ibooks?

23 And then the answer appears on the second
24 page: We hope you will. First, you need to find
25 the ibook you want to contribute to. You could

1 Systems, Limited, products, do you have an
2 understanding of whether -- before 2010, a user
3 modification of a Family Systems ibook would change
4 other users experience of that ibook?

5 A. I do not have direct knowledge of that, no.

6 Q. Do you have any knowledge, direct or
7 indirect?

8 A. Right now my recollection is I don't recall
9 that. I believe -- well, I don't recall right now.

10 Q. All right. It was a -- the way that Family
11 Systems used ibooks, they were essentially personal
12 Web sites; right?

13 MS. CENDALI: Objection.

14 BY MR. CHATTORAJ:

15 Q. You may answer.

16 A. It was software for creating E-books.
17 Whether the E-books were on Web sites or elsewhere,
18 I believe they were hosted on the Web sites.

19 Q. Were there -- I'm sorry.

20 A. But it's -- it was E-book reading software.
21 E-book reading and creation software.

22 Q. So the E-books that you're referring to
23 were available on Web sites; right?

24 A. That's my understanding.

25 Q. In other words, they could only be read on

1 Web sites; right?

2 A. That's my understanding.

3 Q. They could not be read anywhere except on
4 the Web; right?

5 A. That's my understanding. But, again, I'm
6 not an expert on every aspect of Family Systems'
7 software.

8 Q. When a person modified the ibook, as Family
9 Systems used it, before January 2010, anyone
10 visiting that Web site and accessing that ibook
11 would see those modifications; right?

12 A. I -- I don't have knowledge of that.

13 Q. A person visiting such an ibook owned by
14 Family Systems or made available by Family Systems
15 could make changes to such ibooks; correct?

16 A. Yes.

17 Q. And it -- and it's that way in which Family
18 Systems referred to the ibook system as interactive;
19 right?

20 MS. CENDALI: Objection.

21 THE WITNESS: I don't know what Family
22 Systems meant by "interactive."

23 BY MR. CHATTORAJ:

24 Q. When you reviewed their Web site and when
25 you reviewed their trademark filings, did you have

1 any understanding of what they meant by
2 "interactive"?

3 A. Part of the inter -- user modifiability was
4 part of the interactiveness. I do recall that
5 people could make changes to the books. Again, I
6 haven't -- I never created a Family Systems ibook
7 and modified it or followed one to see the changes,
8 so I don't have personal knowledge of that.

9 Q. Do you know anyone who did do that?

10 A. Not that I'm aware of, no.

11 Q. So the person who was the content creator,
12 the person who downloaded the software that's made
13 available by Family Systems before January 2010,
14 could make changes to that content; right?

15 A. I'm sorry. Could you repeat the question?

16 Q. That person who generated the content using
17 the ibook software that was then available on the
18 Web site, that person could then change the content
19 subsequently; right?

20 A. Correct.

21 Q. But other users could also change that
22 content when they visited; right?

23 A. Again, I think -- I think that's true. I
24 did not follow the Family Systems Web site or the
25 books on -- that were being hosted there to confirm

1 A. Not that I'm aware of.

2 Q. After --

3 A. I'm sorry. It may be that there were -- in
4 some of the research that we did, we had that
5 information. I just don't have that in my knowledge
6 right now.

7 Q. Did you have it in your knowledge at that
8 time?

9 A. I just don't recall.

10 Q. Did Apple make any effort to identify any
11 customers of Family Systems after Apple acquired --
12 withdrawn.

13 After the execution of the acquisition
14 agreement, did Apple make any effort to identify
15 Family Systems' customers?

16 A. Not that I'm aware of.

17 Q. After the agreement was executed, did Apple
18 make any effort to identify Family Systems' users?

19 A. Not that I'm aware of.

20 Q. After the execution of the agreement, did
21 Apple have any intention of marketing to Family
22 Systems' customers?

23 A. Apple's marketing was focused on the
24 general consumer, so I'm sure some of those
25 consumers would be Family Systems' customers.

1 Q. On the next paragraph after what I read
2 before. This is the --

3 A. We are in heavy use --

4 Q. That's exactly right. I'm referring to the
5 second sentence in that paragraph.

6 A. Okay.

7 Q. Is it your understanding today that Family
8 Systems has retained their existing "ibook" domain
9 name on their internal network?

10 A. No. That's -- my understanding is they've
11 transferred all their "iBook" domain names to Apple.

12 Q. Is it your understanding that they did so
13 within the transition period called for by the
14 acquisition agreement?

15 A. I believe so, but I -- I haven't checked
16 myself, but I believe that's true.

17 Q. But it's fair to say that somebody checked;
18 right?

19 A. Yes.

20 Q. Somebody employed by or acting on behalf of
21 Apple; right?

22 A. Yes.

23 Q. Did you ever receive any reports that
24 Family Systems is violating the terms of the
25 agreement?

1 A. Not that I'm aware of.

2 Q. The following paragraph reads, It was not
3 clear from talking to Brewster which of Family
4 Systems' ibooks -- sorry -- which of Family Systems'
5 ibook assets Apple are interested in. There are
6 multiple domain names and trademark registration, as
7 well as software technology and patents which
8 reference ibook systems.

9 Do you see that?

10 A. Yes.

11 Q. To the best of your knowledge, was Apple
12 interested in acquiring Family Systems' software
13 technology?

14 A. No.

15 Q. Was Apple interested in acquiring Family
16 Systems' patents?

17 A. No.

18 Q. Was Apple interested in acquiring Family
19 Systems' patents which reference ibook systems?

20 A. What do you mean by -- in the patent claims
21 they reference -- I'm not --

22 Q. I -- I have -- my question is oriented
23 exclusively toward the words on this page.

24 MS. CENDALI: Then objection as to form.

25 Vague.