

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-cv-4060 (DLC)

**PLAINTIFFS' STATEMENT OF  
CONTROVERTED FACTS IN OPPOSITION  
TO DEFENDANT APPLE INC.'S RULE 56.1  
STATEMENT OF UNDISPUTED FACTS IN  
SUPPORT OF ITS MOTION FOR SUMMARY  
JUDGMENT**

Plaintiffs J.T. Colby & Co., Inc. d/b/a Brick Tower Press, J. Boylston & Co., Publishers, LLC, and ipicturebooks, LLC ("Plaintiffs") hereby respectfully submit their Statement, pursuant to Local Civil Rule 56.1(b), in response to Defendant's Rule 56.1 Statement of Undisputed Facts ("Defendant's Rule 56.1 Statement") in support of their Opposition to Defendant's Motion for Summary Judgment.

**Plaintiffs' Statement of Controverted Facts**

**I. THE PLAINTIFFS AND THEIR IBOOKS MARK**

**A. Plaintiffs**

1. Undisputed.
2. Undisputed
3. Undisputed.
4. Undisputed.
5. Undisputed.

**B. The “i” in IBOOKS Was Not Intended to Refer to the Internet**

6. Disputed insofar as Defendant’s selective quotation of the August 18, 1999 press release, along with the impermissibly argumentative section heading, “The “i” in “ibooks” Was Intended to Refer to the Internet,” gives the mistaken impression that the press release in any way endorsed such an understanding of what the “i” in ibooks meant. Plaintiffs refer the Court to the entire press release for a correct reading and note that Mr. Preiss ends the press release by inviting the recipient to, “contact us to discuss the evolution of the printed book.” (Jarrett Decl. Ex. 51 (emphasis added).) Clearly, while Mr. Preiss was aware of the marketing and distribution potential of the internet through sites like Amazon in 1999 (see Jarrett Decl. Ex. 81, Publishers Weekly article, dated May 24, 1999), he was still very much focused in the physical world.

7. Undisputed

8. Undisputed.

9. Disputed. The memo attached as Exhibit 52 of the Jarrett Declaration indicates on its face that it is in draft form, has not been authenticated, and cannot be relied upon by Defendant on summary judgment.

10. Disputed in part. It is undisputed that Mr. Colby, Plaintiffs’ principal, was Plaintiffs’ sole 30(b)(6) witness, however ¶10 of Defendant’s Rule 56.1 Statement, and the selective quotation of Mr. Colby’s 30(b)(6) deposition testimony in support thereof, implies that Mr. Colby admitted to not being aware of any documents that show that the “i” in “iBooks” stands for something other than the internet. In fact, on the very next page after Defendant’s selective quotation, Mr. Colby states, “Just backing up there was -- were documents that indicate

the iBooks associated itself with the word “idea” and “new idea.” (See Declaration of Partha P. Chatteraj in Opposition to Defendant Apple Inc.’s Motion for Summary Judgment, dated January 25, 2013 (the “Chatteraj Opp. Decl.”) Ex. 1, Colby 30(b)(6) Dep. 320:17-19.)

## II. CONSUMERS RECOGNIZE PLAINTIFFS’ IBOOKS MARK

### A. Plaintiffs’ Expert Testified that Consumers Recognized ibooks as a Publisher of Science Fiction

11. Disputed insofar as ¶ 11, couples with the heading “Survey and Other Evidence” gives the impression that Plaintiffs have not submitted survey evidence of any kind. Plaintiffs have submitted survey evidence concerning the likelihood of confusion between the parties’ marks only and have not submitted survey evidence concerning secondary meaning. (See Chatteraj Opp. Decl. Ex. 2, McDonald Expert Report; see also Chatteraj Opp. Decl. Ex. 3, McDonald Sur-rebuttal and Supplemental Expert Report.)

12. Undisputed.

13. Undisputed.

14. Undisputed.

15. Undisputed.

16. Disputed. In both his expert report and during his deposition, Mr. Shatzkin disputed many facts about the publishing industry listed in Dr. Carpenter’s report upon which he based his opinions. (See Chatteraj Opp. Decl. Ex. 103, Shatzkin Report at fn. 1; Chatteraj Opp. Decl. Ex. 46, Shatzkin Dep. 79:13-80:7 (Mr. Shatzkin corrects Dr. Carpenter’s incorrect naming of several of the “big six” publishing houses).)

17. Disputed. Whether or not “consumers recognized the ‘iBooks’ imprint in January 2010, when Apple adopted the iBooks mark” was not one of the four stated topics upon which Mr. Shatzkin gave an opinion. (See Chatteraj Opp. Decl. Ex. 103, Shatzkin Report at 1-2.) Mr. Shatzkin offered opinions on only the following four topics in his expert report: (1) “How the multi-level branding -- author, imprint or series, and publishing company -- emerged and how it works in the publishing business”; (2) “How the relatively recent shift in the industry, due to a trend toward book purchasing online and the rapid growth of digital or electronic/e-books, has moved the focus from business-to-business to building business-to-consumer brands”; (3) “How the iBooks brand could have capitalized on its legacy to build a valuable consumer franchise had Apple not adopted the same name”; and (4) “How Mr. Carpenter’s unfamiliarity with publishing and marketing within that industry results in misstatements and erroneous conclusions.” (Id.)

18. Disputed. Mr. Shatzkin testified that the iBooks mark was already a developed brand with consumer recognition in the science fiction genre. “It is my opinion that iBooks was recognized as a legitimate science fiction publisher by a substantial number of science fiction book consumers . . . .” (Chatteraj Opp. Decl. Ex. 4, Shatzkin Dep. 191:10-13.) Further, Mr. Shatzkin testified that the manner in which brand recognition is created within the publishing industry is to create a consistent delivery of content to the reader under a heading (i.e., an author or imprint) such that a heading becomes a “brand with meaning.” (See Chatteraj Opp. Decl. Ex. 103, Shatzkin Report at 6-7; see also Chatteraj Opp. Decl. Ex. 4, Shatzkin Dep. 203:25-206:6.) When he was asked if the books sold under the iBooks imprint have exhibited such consistency, he replied that “someone who read a number of science fiction books under

[the] iBooks” imprint would believe that the ibooks imprint had exhibited such a consistency. (Chattoraj Opp. Decl. Ex. 4, Shatzkin Dep. 206:7-12.)

19. Disputed. Mr. Shatzkin testified that he was “not aware of [Plaintiffs] making any efforts to go direct to consumer.” (Chattoraj Opp. Decl. Ex. 5, Shatzkin Dep. 173:2-3.) He further stated that he had no knowledge as to whether Plaintiffs engaged in any of a number of exemplars of “consumer directed activities.” (See id. 171:18-176:23.)

20. Undisputed.

21. Disputed. Mr. Shatzkin stated that he was aware of Plaintiff ipicturebooks LLC. (See Chattoraj Opp. Decl. Ex. 6, Shatzkin Dep. 25:18-26:3.)

22. Undisputed.

23. Disputed insofar as Defendant presents Mr. Shatzkin’s statements about the historical period of branding in the publishing industry as if they were being made about branding in the publishing industry today. As a correct reading of the section of Mr. Shatzkin’s report cited by Defendant in support of ¶ 23 reveals, Mr. Shatzkin stated that under the previous business-to-business method of branding, brands did not matter to end consumers, however under the current method of business-to-consumer branding employed by the publishing industry, brands now do matter to end consumers. (See Chattoraj Opp. Decl. Ex. 103, Shatzkin Report; see also Chattoraj Opp. Decl. Ex. 7, Shatzkin Dep. 90:5-91:13.)

**B. There have been Significant Sales of iBooks Books**

24. Undisputed.

25. Undisputed.

26. Disputed. As Defendant states, and as Plaintiffs do not dispute, Plaintiffs' principal, John Colby ("Colby") engaged in a business transaction with the ibooks imprint during the Preiss period. (See Defendant's Rule 56.1 Statement ¶¶ 21-25.) Additionally, Mr. Colby was generally aware of Byron Preiss and his companies during the time he owned Ibooks, Inc., and in particular, through his hiring of one of Preiss' freelancers, having seen him at trade shows (Comicon), from seeing advertising depicting the ibooks and ipicturebooks imprints, and from speaking with others with knowledge of Ibooks, Inc.'s business. (See the Declaration of John T. Colby in Support of Plaintiffs Opposition of Defendant Apple Inc.'s Motion for Summary Judgment ("Colby Decl.") ¶ 30.)

27. Disputed. In support of ¶ 27, Defendant completely mischaracterizes Mr. Colby's testimony. Mr. Colby testified that although he records revenue for sales of electronic books bearing either the ibooks or ipicturebooks mark as revenue of ipicturebooks LLC, he was unaware if that is how revenue from the sale of electronic books was recorded during the Preiss period. (See Chatteraj Opp. Decl. Ex. 8, Colby 30(b)(6) Dep. 189:3-22.) Despite Defendant's representation in ¶ 27, Mr. Colby did not testify that he "did not know whether Ibooks, Inc. or ipicturebooks LLC received revenues from the sale of e-books bearing either the 'ibooks' or 'ipicturebooks' imprint during the Preiss period."

28. Undisputed.

29. Disputed. As Mr. Colby stated in his deposition, he obtained the regular course of business documents reflecting sales made by distributors both from the Bankruptcy Trustee and the distributors themselves. (See Chatteraj Opp. Decl. Ex. 9, Colby 30(b)(6) Dep. 128:23-133:16.) Richard Freese, former President of Ibooks, Inc.'s distributor during the latter

portion of the Preiss period, corroborates Mr. Colby's testimony, describing Mr. Colby's due diligence immediately prior to purchasing Ibooks, Inc. out of bankruptcy. (Chattoraj Opp. Decl. Ex. 10, Freese Dep. 30:3-8 ("What I remember, because it was years ago, is that John and I worked on pulling together sales lists and title lists so that he could assess the value of the company and decide whether we was going to purchase it, and he worked through me to get those lists").)

30. Disputed insofar as ¶ 30 implies that the production of the July Spreadsheets was in any way untimely. Plaintiffs produced the "July Spreadsheets" on July 16, 2012 in response to Defendant Apple Inc.'s Second Set of Interrogatories to Plaintiffs. (See Chattoraj Opp. Decl. Ex. 11, Plaintiffs' Responses and Objections to Defendant Apple Inc.'s Second Set of Interrogatories, dated July 16, 2012.)

31. Undisputed.

32. Undisputed.

33. Disputed. As Mr. Colby testified, in order to create the July Spreadsheets he used the regular course of business documents reflecting sales made by distributors both from the Bankruptcy Trustee and the distributors themselves. (See Chattoraj Opp. Decl. Ex. 9, Colby 30(b)(6) Dep. 128:23-133:16.)

34. Disputed insofar as ¶ 34 implies that Mr. Colby relied only on sales figures reflecting sales made and marketing expenses incurred by ibooks' former distributor Simon & Schuster between 1999 and 2005 in creating the July Spreadsheets. Mr. Colby testified that he relied on three separate computer files to create the July Spreadsheets; the TR.TRANS file, the TR.ROI file, and the TR.IMF3TRIF file (the "TR files"). (See Chattoraj Opp. Decl. Ex.

12, Colby 30(b)(6) Dep. 124:23-126:2.) Mr. Colby further testified that those files were on the hard drive produced to Defendant on March 23, 2012 in this action (the “Hard Drive”). (See Chatteraj Opp. Decl. Ex. 12, Colby 30(b)(6) Dep. 126:3-18.) When asked what underlying documents he used to create the TR files, Mr. Colby explained that he had used additional computer files which were provided to him by distributors both at the time he acquired the assets of ibooks, Inc. and going forward. (See id. 128-138.) With regard to the Preiss Period, Mr. Colby testified, “When we acquired the assets, we contacted, as you indicated earlier, different distributors, and we asked them to transfer the -- our -- substitute our information for the older entities. They sent us sales information, each distributor and there were maybe 15 different distributors that sent sales information in a computer filed format, usually either a comma separated value format, an Excel spreadsheet format or a tab separated file. And there are probably hundreds of them.” (Id. 128:11-22.) Mr. Colby noted that the majority of these underlying files provided by the “maybe 15” distributors were produced to Defendant on the hard drive and could be found in “a file called raw eBook trans, and the other file was I think raw PGW trans, but it’s got the name PGW in it.” (Id. 128:17, 131:17-20.) Of these “hundreds” of computer files of sales information provided by distributors covering the Preiss Period, Mr. Colby identified a single spreadsheet called i-wks05.xls that he received from the Bankruptcy Trustee that contained information on sales made by Simon & Schuster while they were a distributor for Ibooks, Inc. (See id. 129:16-131:4.)

35. Disputed insofar as ¶ 35 implies that Mr. Colby relied only on sales figures reflecting sales made and marketing expenses incurred by ibooks’ former distributor Simon & Schuster between 1999 and 2005 in creating the July Spreadsheets. (See supra ¶ 34.)



36. Disputed insofar as ¶ 36 gives the impression that the August Spreadsheets were made as a new production. Plaintiffs agreed, at the request of Defendant, to produce amended spreadsheets to segregate the information contained in the July Spreadsheets by mark. (See Chatteraj Opp. Decl. Ex. 13, Letter from David A. Shaiman to Bonnie L. Jarrett, dated August 3, 2012.)

37. Disputed insofar as ¶ 37 alleges that both the July and August Spreadsheets show sales for the “same products during that same time period.” As Plaintiffs’ counsel explained in their transmittal email to Defendant’s Counsel, “please note that, in the process of preparing this data, our clients identified two minor errors in their sales data previously provided to Defendant. First, in December 2004, sales of “I, ROBOT SPECIAL SALE” (row 35050 in the “ibooks” tab in the attached) were inadvertently omitted. Second, cost of sales was previously undercounted in 2005. These numbers have been corrected in the attached document pursuant to Fed. R. Civ. P. 26(e).” (Chatteraj Opp. Decl. Ex. 14, Email from Partha P. Chatteraj to Bonnie L. Jarrett, et al., sent at 6:23 PM on August 20, 2012.) Additionally, Plaintiffs specifically reserved their right to supplement and correct the information contained in the July Spreadsheets. (See Chatteraj Opp. Decl. Ex. 11, Plaintiffs’ Responses and Objections to Defendant Apple Inc.’s Second Set of Interrogatories, dated July 16, 2012.)

38. Undisputed.

39. Undisputed.

40. Undisputed.

41. Undisputed.

42. Undisputed.

43. Disputed. The documents proffered by Defendant to support their allegation in ¶ 43 appear to precede Byron Preiss' death by about a month and do not contain information probative of Ibooks, Inc.'s financial condition in "early 2005." (See Jarrett Decl. Exs. 82 and 83.)

44. Undisputed.

45. Undisputed insofar as ¶ 45 refers to net sales.

46. Undisputed.

47. Undisputed.

48. Undisputed.

49. Undisputed.

50. Undisputed.

51. Disputed insofar as ¶ 51 ambiguously refers only to "sales" whereas the chart referenced states only net sales. (See Defendant's Rule 56.1 Statement ¶ 50.)

52. Disputed insofar as ¶ 52 ambiguously refers only to "sales" whereas the chart referenced states only net sales. (See Defendant's Rule 56.1 Statement ¶ 50.)

53. Disputed insofar as ¶ 53 ambiguously refers only to "sales" whereas the chart referenced states only net sales. (See Defendant's Rule 56.1 Statement ¶ 50.)

54. Disputed insofar as ¶ 54 ambiguously refers only to "sales" whereas the chart referenced states only net sales. (See Defendant's Rule 56.1 Statement ¶ 50.)

55. Disputed. The chart created by Defendant at ¶ 55 is misleading in its improper use of \$2 million increments for the vertical axis to display Plaintiffs' revenues as artificially small.

56. Undisputed.

57. Disputed. Mr. Colby testified that in 2010, Ibooks, Inc. recorded a debit to inventory of \$88,000 to reflect inventory that had been liquidated or destroyed. (See Chatteraj Opp. Decl. Ex. 15, Colby 30(b)(6) Dep. 238:19-239:15, 241:20-242:4). Mr. Colby further testified that the figure did not reflect the value of inventory destroyed as alleged by Defendant in ¶ 57, but was “an inventory valuation that once was an asset that needed to be removed from the balance sheet to show the destruction and removal of that asset.” (Id., Colby 30(b)(6) Dep. 239: 12-15.)

58. Disputed. Mr. Colby testified that in 2011, Ibooks, Inc. recorded a debit to inventory of \$121,000 to reflect inventory that had been liquidated or destroyed. (See Chatteraj Opp. Decl. Ex. 15, Colby 30(b)(6) Dep. 238:19-239:15). Mr. Colby further testified that the figure did not reflect the value of inventory destroyed as alleged by Defendant in ¶ 58, but was “an inventory valuation that once was an asset that needed to be removed from the balance sheet to show the destruction and removal of that asset.” (Id., Colby 30(b)(6) Dep. 239: 12-15.)

59. Disputed insofar as Defendant fails to acknowledge Mr. Colby’s testimony as to why NBN was having trouble selling print books in 2011. As Mr. Colby testified, NBN was having trouble selling Ibooks, Inc.’s print books in 2011 because of the “Borders collapse” during that time period. (Chatteraj Opp. Decl. Ex. 16, Colby 30(b)(6) Dep. 239: 25-240:5.)

**C. Consumer Advertising and Marketing Depicting the IBOOKS Mark**

60. Disputed. Mr. Colby had contemporaneous awareness of various advertising and marketing activities for the ibooks and ipicturebooks imprints by virtue of having seen those advertisements firsthand. (See Colby Del. ¶ 30)

**1. Advertising and Marketing during the Preiss Period**

61. Undisputed.

62. Undisputed.

63. Undisputed.

64. Undisputed.

65. Disputed. Mr. Colby is aware that the ibooks mark was featured at Comicon. (See Colby Decl. ¶ 30)

66. Disputed. In the testimony selected by Defendant in support of the proposition put forth in ¶ 66, Mr. Colby was asked to identify any in-store displays used to promote ibooks books during the Priess period. Mr. Colby was asked and responded as follows:

Q: And you also mentioned the possibility of in-store display. Are you aware of any in-store display that depicted the iBooks mark during the Preiss era?

A: I am aware of the mass market pocket promotions done by Simon for iBooks and mass market books that would be in a -- in a retail dump display, one of those little turn things with the little pockets, so Simon put some of those, take the whole thing out of a box and put it in a store. You get all the iBooks stuff spinning around in a circle.

(Chattoraj Opp. Decl. Ex. 17, Colby 30(b)(6) Dep. 277:18-278:5.)

While Mr. Colby was unaware in which specific stores those displays were featured (see id., Colby 30(b)(6) Dep. 278:22-24), he had previously testified to several in-store events during the Preiss period, including in-store author signings to promote ibooks books. (See id., Colby 30(b)(6) Dep. 276:18-277:3.) However, Mr. Colby was never asked, either in that line of

questioning or any other time during his two days of deposition testimony to identify the specific stores at which those author signings occurred during the Preiss period.

**2. Advertising and Marketing during the Colby Era**

67. Undisputed.

68. Disputed. As Mr. Colby testified in his deposition, most advertising and marketing was carried out by his distributors through a co-op advertising program where a portion of the sales made by his distributor was taken from the revenues due to Plaintiffs from the sales of their books. (See Chatteraj Opp. Decl. Ex. 18, Colby 30(b)(6) Dep. 261:25-264:8.) Mr. Colby was never asked to identify documents produced to Defendant that would have recorded these co-op payments. Had he been asked to do so, however, he would have said that the debit of co-op fees are recorded on the statements he received from his distributors, all of which were produced to Defendant on the Hard Drive. (See Colby Decl. ¶ 56.) Moreover, in his deposition in this matter, Richard Freese, who was the President of both Publishers Group West and National Book Network, two major distributors of the ibooks imprint, explained that the co-op advertising fees were indeed recorded as a debit from the monies owed by the distributor to the ibooks imprint. (See Chatteraj Opp. Decl. Ex. 52, Freese Dep. 99:3-7.)

69. Disputed. Mr. Colby testified that Plaintiffs had also engaged in genre specific advertising through its distributor, specifically for eBooks in the science fiction genre. (See Chatteraj Opp. Decl. Ex. 18, Colby 30(b)(6) Dep. 261:25-263:4.)

70. Disputed. In the section of testimony cited by Defendant in support of their statement in ¶ 70, Mr. Colby properly referred Defendant to the specific file folders in the

Hard Drive to obtain the information sought by their line of questioning. (See Chatteraj Opp. Decl. Ex. 19, Colby 30(b)(6) Dep. 257:3-24.)

71. Undisputed.

72. Undisputed.

73. Undisputed.

74. Undisputed.

75. Undisputed.

76. Disputed. The document attached to the Jarrett Declaration at Exhibit 28 refers in no way to www.ibooksinc.com. (See Jarrett Decl. Ex. 28, COLBYHD0054734.)

Moreover, the document does not indicate that www.ibooks.net “became inactive in the mid-2000s,” but only that between September 9 and September 13, 2005, some issue existed with both the domains www.ibooks.net and www.bvpv.com. (See id.) Indeed, since all but one of the participants in the email conversation contained at Ex. 28 appear to be actively sending and receiving emails via the bvpv.com domain, it seems unlikely that it was inactive at that time. (See id.).

77. Undisputed.

78. Undisputed.

79. Disputed. Mr. Colby testified that he was unsure of how to market a web strategy that effectively made use of the domain www.ibooksinc.com in and of itself. (See Chatteraj Opp. Decl. Ex. 20, Colby 30(b)(6) Dep. 300:2-301:6.) Mr. Colby further testified that he made the business decision to combine all of his imprints on the Brick Tower Press website (www.bricktowerpress.com). (See id.) Mr. Colby explained that, while he had originally

displayed his individual imprints separately on the Brick Tower Press website, “it became unmanageable to have on the same website fiction under iBooks and fiction under Brick Tower Press.” (Id. 300:24-301:2.) As such, Mr. Colby testified that he decided to abandon that strategy and organize the Brick Tower Press website in its current iteration, where books are displayed by genre rather than imprint. (Id. 301:2-6.)

80. Undisputed.

81. Undisputed.

82. Undisputed that on July 18, 2012, there was no content by Plaintiffs at the site [www.ibooksinc.com](http://www.ibooksinc.com).

83. Undisputed.

84. Disputed. As explained in, *supra*, ¶ 79, Mr. Colby adopted a new strategy for displaying his books on the domain [www.bricktowerpress.com](http://www.bricktowerpress.com) that involved displaying books by genre rather than imprint. (See Chatteraj Opp. Decl. Ex. 20, Colby 30(b)(6) Dep. 301:2-6.)

85. Disputed insofar as ¶ 85 provides no timeframe for its proposition but cites a capture of the Brick Tower Press website solely from December 19, 2012. (See Jarrett Decl. Ex. 29.)

### **3. Interrogatory Responses**

86. Undisputed.

87. Undisputed.

88. Disputed. Many of the advertisements contained in Plaintiffs’ Supplemental Response to Interrogatory No. 11 were consumer, rather than trade directed

advertisements. (See Chatteraj Opp. Decl. Ex. 21, true and correct copies of six advertisements produced to Defendant and contained in Plaintiffs' Supplemental Response to Interrogatory No. 11.)

89. Disputed. (See supra ¶ 88.)

90. Undisputed.

91. Disputed insofar as ¶ 91 implies that such information was called for by Defendant's request. Defendant specifically stated that the provision of such information was not called for by Interrogatory No. 11. (See Chatteraj Opp. Decl. Ex. 22, Letter from Bonnie L. Jarrett to David A. Shaiman, dated August 9, 2012, at fn. 1.)

92. Disputed. Mr. Colby testified that catalogs and sell sheets depicting the IBOOKS mark were not distributed by Ibooks, Inc. directly to consumers, but were instead given to sales representatives for use in buyer meetings and during trade shows. (See Chatteraj Opp. Decl. Ex. 23, Colby 30(b)(6) Dep. 271:19-273:3.)

93. Disputed insofar as ¶ 93 purports to be a complete listing of the contents of Plaintiffs' Supplemental Response to Interrogatory No. 11 ("Plaintiffs' Response"). (See supra ¶ 88.) Further disputed insofar as ¶ 93 is internally inconsistent. Defendant's ¶ 93 acknowledges that Plaintiffs' Response was provided it "Apple's interrogatory asking Plaintiffs to identify what advertisements depicting the alleged 'ibooks' and 'ipicturebooks' marks," then implies Plaintiffs' response was improper by including materials not solely depicting the IBOOKS mark. (Defendant's ¶ 93 (emphasis added).)

#### **4. Apple's Inadequate and Untimely Trademark Searches**

94. Undisputed.



95. Undisputed.

**5. Plaintiffs' Place of Business**

96. Undisputed.

97. Undisputed.

**D. Unsolicited Media Coverage of the ibooks Imprint**

98. Undisputed.

99. Disputed. Plaintiffs have also produced at least one article from Newsarama.com, titled "Preiss' iBooks Launches [Graphic Novel] Line, from November 15, 2002; this article was included on Plaintiffs' Supplemental Response to Interrogatory No. 11. (See Chatteraj Opp. Decl. Ex. 24.)

100. Undisputed.

101. Undisputed.

102. Undisputed.

103. Disputed. Plaintiffs produced Publishers Weekly's 2007 BEA Exhibition guide which lists iBooks as an exhibitor at Booth 2175 and states that the following will be featured: "Grunt Air by John R. Taylor; The Portofino Deception by Jeffrey S. Stephens; Double Abduction by Chris Beakey; Robot Dreams by Issac Asimov; various backlist titles (graphic novels, SF, horror)." (See Jarrett Decl. Ex. 34.)

104. Disputed. The article from which Defendant selectively quotes in support of their proposition for ¶ 104 is an interview with George R.R. Martin, author of the "Game of Thrones" series of books, in which he discusses his work as the editor of the "Wild Cards" series as follows, "So we had an opportunity after Wild Cards had been asleep for seven years to bring

it back. Initially with a little company called iBooks, we launched a series and we found some new readers, but unfortunately iBooks then went bankrupt, so then we came up with this new deal with Tor Books, and now we're seeing a general Wild Cards revival all across the board, and the comics are part of that." (See Jarrett Decl. Ex. 35.)

105. Undisputed.

106. Disputed insofar as Defendant's statement and selective quotation in ¶ 106 implies that work of French cartoonist Jaques Tardi is "out of print and next to impossible to find" in the United States *because* it was published by "iBooks" or because ibooks became defunct, as noted by the November 25, 2008 Publishers Weekly article Defendant produced at exhibit 36 to the Jarrett Declaration. (See Jarrett Decl. Ex. 37.) The March 10, 2009 Publishers Weekly article submitted by Defendant at exhibit 37 to the Jarrett Declaration reports on the publication of a new English translation edition of the graphic novels of Tardi. (See id.) The article notes that several other publishers have attempted to issue English translation editions of Tardi's works. "Other series and stories have been serialized over the years by publishers ranging from the original RAW anthologies—Art Spiegelman is a fan—to various books by Fantagraphics, NBM, Drawn & Quarterly, and iBooks. All of the work is out of print and next to impossible to find." (Id.) Notably, this article is later in time than the articles describing ibooks as "Bankrupt" and "Defunct," and does not use those terms. (See id., see also Jarrett Decl. Exs. 35 and 36.) Also of note; all Publishers Weekly articles produced by Plaintiffs in this litigation and submitted by Defendant in support of their Motion for Summary Judgment use the little "i", capital "B" iBooks formulation when referring to Plaintiffs' mark. (See id.)

107. Undisputed.

108. Undisputed.

109. Undisputed.

110. Undisputed.

111. Undisputed.

112. Disputed. Family Systems Ltd. owned a trademark registration for the mark IBOOK with an alleged priority date of October 8, 1996. (See Jarrett Decl. Ex. 42.)

113. Disputed. Apple Inc. owns a trademark registration for the mark IBOOK with an alleged priority date of November 6, 1998. (See Jarrett Decl. Ex. 43.)

### **III. PLAINTIFFS HAVE PRIORITY**

#### **A. The 1999 Consent Agreement Between Apple and Family Systems**

114. Undisputed.

115. Undisputed.

116. Undisputed.

117. Disputed. On June 23, 1999, the examining attorney issued an Office Action suspending the prosecution of Apple's application for the '147 application based upon the prior application of Family Systems. (See Plaintiffs' Rule 56.1 Statement ¶ 12, Response to Office Action re: Serial No. 75/584,233, dated July 22, 1999.) In order to obtain a registration for their use, Apple enlisted outside counsel, Anthony Lupo ("Lupo") to approach and purchase the Family Systems IBOOK mark. (See Plaintiffs' Rule 56.1 Statement ¶ 12, Lupo Dep. 31:19-22.) Even though Apple wished only to use the mark on its notebook computer, Mr. Lupo initially offered Family Systems for the outright purchase of the Family Systems

trademark for its web collaboration software (see Plaintiffs' Rule 56.1 Statement ¶ 12, Goldhor Dep. 68:9-24).

118. Disputed insofar as in exchange for payment of \_\_\_\_\_ from Apple to Family Systems, the parties entered into a consent agreement whereby, Apple represented that it intended to use the mark IBOOK "in association with computer hardware . . . excluding software and software related goods and services," and Family Systems represented that it would use the mark IBOOK for "computer hardware and software used to support and create interactive, user-modifiable electronic books and related goods and services." (See Plaintiffs' Rule 56.1 Statement ¶ 12, Consent Agreement, dated as of May 7, 1999, ¶¶ 1-2.) Each of Apple and Family Systems agreed that the other's use was not likely to cause confusion with its own use of the mark, and therefore that Family System's use should not block Apple's registration from proceeding to publication. (See id. ¶¶ 6, 9.)

119. Disputed. The PTO issued Registration No. 2,470,147 for IBOOK to Apple Inc. on July 17, 2001 with an alleged priority date of November 6, 1998 and an alleged first use date of July 21, 1999. (See Jarrett Decl. Ex. 43.)

120. Undisputed.

121. Disputed insofar as pursuant to a Combined Declaration of Use and/or Excusable Nonuse/Application for Renewal of Registration of a Mark under Sections 8 & 9 filed on January 17, 2012 and accepted on March 20, 2012 the goods "computers, computer peripherals and user manuals sold therewith" were deleted from the '147 registration. (See Jarrett Decl. Ex. 89; see also Chatteraj Opp. Decl. Ex. 25, Registration No. 2,470,147 Combined

Declaration of Use and/or Excusable Nonuse/Application for Renewal of Registration of a Mark under Sections 8 & 9 filed January 17, 2012.)

122. Undisputed.

123. Undisputed.

124. Undisputed.

125. Undisputed.

**B. Ibooks, Inc.'s Trademark Applications**

126. Undisputed.

127. Undisputed.

128. Undisputed.

129. Disputed insofar as ¶ 129 implies that complete sets of the PTO's files relating to Application Nos. 75/786,491 and 75/786,490 were not available at the time Dechert LLP was conducting the clearance work with respect to the IBOOKS mark. No evidence has been presented to that effect and the availability of the PTO's files at current is immaterial.

130. Undisputed.

131. Undisputed.

132. Disputed. As Defendant stated and Plaintiffs do not dispute, complete sets of the PTO files related to Ibooks, Inc.'s applications, Serial Nos. 75/786,491 and 75/786,490 (the "ibooks Applications") are unavailable from the PTO. (See Defendant's Statement ¶¶ 127-130.) As such, Plaintiffs cannot represent to the Court with certainty on what grounds the PTO refused to grant Ibooks, Inc. registration for the ibooks Applications. Plaintiffs will represent that it appears from Ibooks, Inc.'s Response to Office Action dated September 4, 2002, that the

one ground upon which the PTO based its initial refusal was on the basis of misdescriptiveness.

(See Jarrett Decl. Ex. 46.)

133. Undisputed.

134. Undisputed.

135. Undisputed.

136. Undisputed.

137. Undisputed.

138. Disputed insofar as Defendant implies in ¶ 138 that the quoted language refers to the IBOOKS mark when, in fact, it refers to the mark IBOOKSINC.COM. (See Jarrett Decl. Ex. 46. at Response to Office Action re: Serial No. 75/786,490.)

139. Undisputed.

140. Undisputed.

141. Undisputed.

142. Disputed. On December 12, 2006, immediately upon purchasing the ibooks imprint out of bankruptcy, Mr. Colby obtained a certificate of assumed name with the State of New York Department of State indicating that Plaintiff J. Boylston & Company, Publishers LLC was using the assumed name “ibooks.” (See Chatteraj Opp. Decl. Ex. 58, Certificate of Assumed Name for “ibooks,” dated December 12, 2006.)

**C. The Invalid Assignment from Family Systems to Apple**

143. Disputed. In their Answer to the Amended and Supplemental Complaint, Apple denied knowledge or information sufficient to form a belief as to the allegations contained in ¶ 63 of the Amended and Supplemental Complaint and therefor denied the same. (See

Chattoraj Opp. Decl. Ex. 26, Answer and Affirmative Defenses of Defendant Apple Inc., dated May 25, 2012, ¶ 69.) Further, the wording of ¶ 143, taken out of context, is misleading in that it gives the impression that Family Systems used the IBOOK mark to publish existing works of fiction. As the U.S. Patent Applications Nos. 7,447,748 (the “748 Patent”) and 7,571, 212 (the “212 Patent”), referenced in ¶ 69 of the Amended and Supplemental Complaint make clear, this was not so. The 748 Patent was awarded for the invention of an “[i]nteractive web book system” which is described in the abstract as, “An interactive Web book (“ibook”) system is provided that allows material to be contributed to the World Wide Web. An ibook is a self-extending, self-sustaining information-redistributing Web robot, which is resident on a data network such as the Internet or an intranet. Users may enroll with an ibook as viewers or contributors.” (See Plaintiffs’ Rule 56.1 Statement ¶ 3, Chattoraj Opp. Decl. Ex. 62, U.S. Patent No. 7,447,748.) The 212 Patent was awarded for the invention of “[i]nteractive web collaboration systems and methods” which is described in the Background of the Invention as relating to “the Internet, and more particularly, to techniques for creating and viewing material on the World Wide Web in the form of an interactive website, and to techniques by which multiple individuals can communicate with each other and work collaboratively on content and materials in an interactive web site.” (See Plaintiffs’ Rule 56.1 Statement ¶ 4, Chattoraj Opp. Decl. Ex. 63, U.S. Patent No. 7,571, 212 (internal quotations omitted).) Finally, Dr. Goldhor, one of the credited inventors on the 718 Patent, testified that neither the IBOOK mark, nor the underlying technologies, were ever used to allow users to view existing published works of fiction. (See Plaintiffs’ 56.1 Statement ¶ 7.)

144. Undisputed.

145. Undisputed.

146. Disputed. On January 13, 2010, Lupo contacted Family Systems' outside American trademark counsel, Brewster Taylor ("Taylor") to see if FS was still interested in selling the Family Systems IBOOK mark, and if so, what sort of price they were looking for. (See Plaintiffs' Rule 56.1 Statement ¶ 14.) Further, there is no evidence to suggest that Apple contacted Family systems prior to January 13, 2010 to discuss the possibility of Family Systems selling the IBOOK mark to Apple.

147. Undisputed.

148. Undisputed.

149. Disputed insofar as ¶ 149 implies that the assignment and announcement did not occur mere hours apart. At about 2 AM on January 27, 2010, Apple's attorneys received a copy of the Assignment Agreement executed by Family Systems, with a negotiated price of

(See Plaintiffs' Rule 56.1 Statement ¶ 14.) Apple announced the iBooks application less than twelve hours after the Assignment was executed by Family Systems. (See Jarrett Decl. Ex. 96; see also Plaintiffs' Rule 56.1 Statement ¶ 14.) Additionally, while the documents were executed mere hours prior to the announcement on January 27, 2010, the assignment was not valid until payment was made from Apple to Family Systems on February 4, 2010. (See id.)

150. Undisputed.

151. Disputed insofar as ¶ 151 implies that the payment was made at the same time the Assignment was given. While the documents were executed mere hours prior to the announcement on January 27, 2010, payment was not made from Apple to Family Systems until February 4, 2010. (See Plaintiffs' Rule 56.1 Statement ¶ 14.)



152. Undisputed

153. Disputed insofar as today, if one attempts to go to any of the domain names conveyed as part of the Assignment agreement, they are redirected to a page within the Apple website page for iPad “built-in apps” where the iBooks app is shown after scrolling past two other apps. (See Plaintiffs’ Rule 56.1 Statement ¶ 22.)

154. Undisputed.

155. Undisputed.

156. Disputed insofar as ¶ 156 implies that Dr. Goldhor testified that users could download the complete iBook software from a website onto a mobile device (i.e., an iPad or iPhone.) Dr. Goldhor testified that users could “download part of [the iBook software]. So it’s -- the architecture was what’s sometimes called a client-server architecture, so there was parts of the software that stayed on a server somewhere, and there was parts that the user could download onto his or her machine.” (Chattoraj Opp. Decl. Ex. 27, Goldhor Dep. 76:22-77:2). Further, Dr. Goldhor testified that the portions of the iBook software that could be downloaded could only be downloaded to a computer. (See Chattoraj Opp. Decl. Ex. 27, Goldhor Dep. 77:3-7.)

157. Disputed. Dr. Goldhor testified that not all users could add notes to content that they found using the iBook software, only those users who “had the appropriate permissions,” *vis a vis* that particular iBook. (See Chattoraj Opp. Decl. Ex. 28, Goldhor Dep. 81:14-20.) As Dr. Goldhor had previously testified, there were two levels of permissions associated with each iBook – contributors and viewers. (See Chattoraj Opp. Decl. Ex. 28, Goldhor Dep. 40:15-41:10.) Viewers, as the name implies, were limited in their abilities *vis a vis*

a particular ibook to solely view that ibook, while only contributors could make changes to an ibook, such as by adding a note to the existing text. (See id.; see also Plaintiffs' Rule 56.1 Statement ¶ 3.)

158. Disputed. Dr. Goldhor testified that the ibook technology could “certainly be used” by commercial publishers, insofar as the ibook technology could have been used by anyone who agreed to the licensing terms and had a computer with access to the internet. (See Chatteraj Opp. Decl. Ex. 29, Goldhor Dep. 78:25-79:25.) With regard to the licensing agreement, Dr. Goldhor testified that, “I don’t know how important it is, but Brian really strove to put in a requirement that [the ibook software] only be used for material that would advance the common good or something like that. He had language that might appear very idealistic, but he was quite serious about it. And so that was -- that limitation on the type of material would have been the only limitation.” (Id., Goldhor Dep. 80:5-14.) Further, Dr. Goldhor testified that neither the IBOOK mark, nor the underlying technologies, were ever used to allow users to view existing published works of fiction. (See Plaintiffs' 56.1 Statement ¶7.)

159. Undisputed.

160. Undisputed.

161. Disputed insofar as ¶ 161 implies that by a single user of Apple’s iBooks application making environmental changes (e.g., adding commentary or notes to a book in any way changes the underlying book or that those environmental changes have any effect on the experience of other iBook application users reading a copy of that same book. While these environmental changes will be reflected on iBooks enabled devices connected to a particular user’s account a user chooses to read their book on, provided they have chosen to sync their

iBooks account across all enabled devices, no other user accessing the same book will see these changes unless they are accessing the same book through the same account as the original user. (See Plaintiffs' Rule 56.1 Statement ¶ 33.) Further, none of these environmental changes in any way modify the actual digital file of the actual book that was downloaded from the iBookstore and stored on the device using the iBooks app; they are instead kept in a separate metadata file that does not actually modify the digital book. (See Plaintiffs' Rule 56.1 Statement ¶ 34, Chatteraj Opp. Decl. Ex. 84, Gedikian Dep. 110:24-111:17.)

162. Disputed. Defendant cites to no record evidence in support of ¶ 162. Instead Defendant cites to a statement in the Jarrett Declaration which itself is not based upon personal knowledge or any record evidence.

**D. Apple Announces the iBooks Application in Connection with the iPad**

163. Disputed insofar as ¶ 163 implies that the assignment and announcement did not occur mere hours apart. At about 2 AM on January 27, 2010, Apple's attorneys received a copy of the Assignment Agreement executed by Family Systems, with a negotiated price of

Apple announced the iBooks application less than twelve hours after the Assignment was executed by Family Systems. (See Jarrett Decl. Ex. 96; see also Plaintiffs' Rule 56.1 Statement ¶ 14.) Additionally, while the documents were executed mere hours prior to the announcement on January 27, 2010, the assignment was not valid until payment was made from Apple to Family Systems on February 4, 2010. (See id.)

164. Undisputed.

**E. Apple's Filings with the PTO**

165. Undisputed.

166. Undisputed.

167. Undisputed.

168. Undisputed.

169. Undisputed.

170. Undisputed.

171. Disputed. In the portion of Mr. Scherer's testimony cited by Defendant in support of their statement in ¶ 171, Mr. Scherer testified, "Other than the issue of claiming ownership [of the 634 Registration] I have no problem with the fact that they amended the mark from iBook to plural iBooks." (Chattoraj Opp. Decl. Ex. 30, Scherer Dep. 147:6-9 (emphasis added).)

172. Undisputed.

173. Undisputed.

174. Undisputed.

175. Undisputed.

176. Undisputed

177. Undisputed.

#### **IV. LIKELIHOOD OF SOURCE CONFUSION**

##### **A. Apple Has Overwhelmed the Market**

178. Disputed insofar as ¶ 178 implies that Apple only offers hardware and software products. For example, Apple offers books for sale through its iBookstore which are included in the iBooks app. (See Jarrett Decl. Ex. 94 at specimen of use; see also Plaintiffs' Rule 56.1 Statement ¶ 31.) Apple also offers movies, TV shows, paid applications, music,

audiobooks, and podcasts through its iTunes store. (See Chatteraj Opp. Decl. Ex. 31, complete printout of the website displayed at <http://www.apple.com/itunes/what-is/#store>.)

179. Disputed. Apple uses its IBOOKS mark in connection with the sale of electronic books through its iBookstore via the iBooks application. (See Plaintiffs' Rule 56.1 Statement ¶ 31.) Apple also uses its IBOOKS mark on gift cards which allow recipients to buy "Choose from thousands of books for iPad, iPhone, or iPod Touch. (See Chatteraj Opp. Decl. Ex. 112, iBooks Gift Card.) Additionally, users must proceed through the iBooks application in order to access their downloaded books even after they have been purchased through the iBookstore. (See Plaintiffs' Rule 56.1 Statement ¶ 31.)

180. Disputed insofar as the statements cherry picked by Defendant from the cited portions of transcript in support of ¶ 180 give the impression that because Apple is not perceived as a publisher, consumers are unlikely to be confused. Dr. Jacoby testified that because Apple is not perceived as a publisher by consumers, the more likely types of confusion are confusion as to affiliation, association or connection and confusion as to sponsorship authorization or permission. (See Chatteraj Opp. Decl. Ex. 32, Jacoby Dep. 262:12-263:19.) Additionally, Dr. McDonald testified, "I think Apple is not thought of as a publisher. That's precisely the problem. Apple is not at this point in time thought of as a publisher. It is thought of as a distribution vehicle for books." (Chatteraj Opp. Decl. Ex. 33, McDonald Dep. 281:17-21.)

181. Undisputed.

**B. The Marks IBOOKS and IBOOKS are Identical**

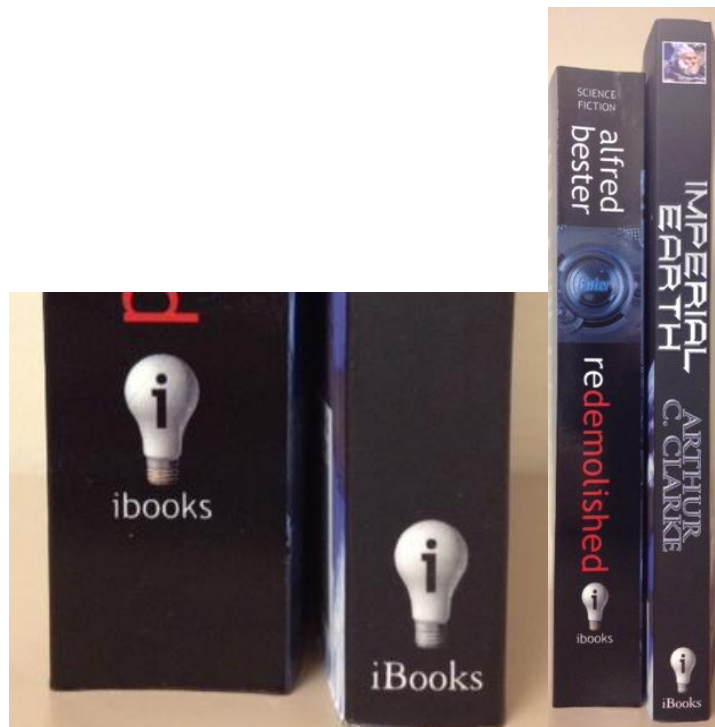
182. Disputed. The ibooks lowercase imprint was used consistently on the books from 1999 with the exception of 20 or so titles printed after September 2011. (See Colby Decl. ¶ 64.)

183. Disputed insofar as ¶ 183 mischaracterizes Mr. Colby's Cease and Desist letter. However, Plaintiffs state that when Mr. Colby sent his Cease and Desist letter to Apple on January 29, 2010, two days after the announcement of the iBooks app, he referred to his imprint as "ibooks." (See Jarrett Decl. Ex. 53.)

184. Undisputed.

185. Undisputed.

186. Disputed. Plaintiffs' iBooks mark appears on books as an "i" in a light bulb with either the word "iBooks" or "ibooks" beneath it as shown below.



(See Chatteraj Opp. Decl. Ex. 37.)

187. Undisputed.

188. Disputed insofar as ¶ 188 is vague, implies the identical ibooks logo is displayed on each hardcopy of ibooks books, and does not specify how or where the ibooks logo is displayed.

189. Undisputed.

190. Undisputed.

191. Disputed insofar as the ¶ 191 implies that the “contextual information” identifying the source of the books occurs on the spine of the books along with the ibooks logo. No information identifying the source of Plaintiffs’ books, other than the ibooks logo occurs on the spine of any of Plaintiffs’ ibooks books. (See Chatteraj Opp. Decl. Ex. 37.)

192. Disputed insofar as ¶ 192 implies that consumers would be able to examine the copyright and title pages of Plaintiffs’ electronic books prior to purchasing and downloading electronic copies of Plaintiffs’ ibooks books.

193. Undisputed.

194. Disputed. Plaintiffs’ ibooks books used the ibooks lowercase formulation consistently on the books from 1999 with the exception of 20 or so titles printed after September 2011. (See Colby Decl. ¶ 64.) However, Plaintiffs mark has been portrayed by third parties with the iBooks formulation since at least 2002. (See Chatteraj Opp. Decl. Ex. 24, “Preiss’ iBooks Launches GN Line,” Newsarama.com, November 15, 2002.

**C. The Products are Related**

195. Disputed. Apple also uses its IBOOKS mark in connection with the sale of electronic books through its iBookstore on the iBooks App. (See Plaintiffs’ Rule 56.1 Statement ¶ 31.)

196. Undisputed.

197. Undisputed.

198. Undisputed.

199. Undisputed.

200. Undisputed.

201. Undisputed.

**D. Plaintiffs Have Bridged the Gap**

202. Disputed insofar as ¶ 202 implies that Plaintiffs have not bridged the gap by other means. Plaintiffs do sell their ibooks books in ebook format. (See Chatteraj Opp. Decl. Ex. 53, Colby 30(b)(6) Dep. 194.)

**E. Plaintiffs Have Submitted Evidence of Confusion**

203. Undisputed.

204. Undisputed.

205. Disputed insofar as Defendant, by placing ¶ 205 under the heading “There is No Actual Confusion,” Defendant represents that the documents underlying ¶ 205 do not support a finding of confusion. Whether or not the writers of the emails underlying ¶ 205, who had prior knowledge of Plaintiffs’ ibooks imprint, thought Plaintiffs were copying Apple is immaterial in a reverse confusion case such as this one. (See Chatteraj Decl. Ex. 1, Am. Compl. ¶¶ 81-87)



206. Undisputed.

207. Undisputed.

208. Undisputed.

209. Undisputed.

210. Undisputed.

211. Disputed insofar as Defendant's ¶ 211 implies that Dr. Jay used a proper stimulus in her survey. Dr. Jay's choice of stimulus was flawed for a number of reasons including, but not limited to: (1) Dr. Jay used web pages depicting the Plaintiffs' books rather than either physical or digital copies of the books themselves, (2) Dr. Jay's webpage stimuli operated essentially to conceal the mark at issue, and (3) Dr. Jay's stimuli presented the mark as "Ibooks, Inc." and "ibooks, Incorporated," neither of which fairly replicate, or even approximate, the mark as used in the marketplace. (See Plaintiffs' Memorandum of Law in Support of Plaintiffs' Motions to Exclude the Testimony, Including Affidavits, Declarations, and Reports of (1) Defendant's Expert Witness E. Deborah Jay and (2) Defendant's Rebuttal Expert Stephen M. Nowlis (the "Jay and Nowlis Brief"); see also Chatteraj Opp. Decl. Ex. 106, Rebuttal Report of Plaintiff Expert Dr. Jacob Jacoby (the "Jacoby Rebuttal").)

212. Undisputed.

213. Disputed insofar as ¶ 213 implies that the confusion rate found in Dr. Jay's improper survey was valid. Plaintiffs have moved to exclude Dr. Jay's survey on several grounds. (See Plaintiffs' Motion to Exclude the Testimony of Defendant's Expert Witness E. Deborah Jay, dated December 21, 2012; see also the Jay and Nowlis Brief; see also Chatteraj Opp. Decl. Ex. 106, Jacoby Rebuttal.)

214. Disputed. Dr. Nowlis' survey, despite being presented as the rebuttal to Dr. McDonald, was in fact an untimely served affirmative study which was fielded beginning on September 14, 2012 – three days before the parties had disclosed their affirmative experts and before Apple was served with the McDonald Survey. (See Jay and Nowlis Brief 21-24.)

215. Disputed insofar as ¶ 215 implies that the confusion rate found in Dr. Nowlis' improper and untimely survey was valid. Plaintiffs have moved to exclude Dr. Nowlis' survey on several grounds. (See Plaintiffs' Motion to Exclude the Testimony of Defendant's Rebuttal Expert Witness Stephen M. Nowlis, dated December 21, 2012; see also the Jay and Nowlis Brief.)

**F. Apple's Searches Were Inadequate and Inappropriate**

216. Disputed insofar as ¶ 216 implies that negotiations between Apple and Family Systems took place prior to January 13, 2010, 14 days prior to the announcement of the iBooks application. (See Plaintiffs' Rule 56.1 Statement ¶ 14.) There is no evidence to suggest that Apple contacted Family systems prior to January 13, 2010 to discuss the possibility of Family Systems selling the IBOOK mark to Apple.

217. Disputed insofar as ¶ 217 implies that the knockout searches performed by Dechert LLP were either adequate or proper. For the reasons below (see ¶¶ 218, 224, and 225 *infra*), it is clear that the knockout search performed by Dechert LLP was neither adequate nor appropriate.

218. Disputed. Dechert LLP's clearance search revealed that, following Byron Preiss' death in 2005, his companies had entered bankruptcy. (See Chatteraj Opp. Decl. Ex. 34, Borden Dep. 108:17-110:2.) Hal Borden, Defendant's 30(b)(6) witness with respect to Apple's

awareness of Plaintiffs' marks and products, testified that despite learning of the bankruptcy of the Byron Preiss' companies, no documentation in connection with the bankruptcy was reviewed by Apple or anyone acting on Apple's behalf prior to January 27, 2010. (See Chatteraj Opp. Decl. Ex. 34, Borden Dep. 130:21-131:25.) Mr. Borden further testified that after having discovered that Byron Preiss' companies had gone bankrupt, no searches were conducted to see what became of Ibooks, Inc. or its IBOOKS mark. (See Chatteraj Opp. Decl. Ex. 34, Borden Dep. 170:5-10.) Philip Hampton, Defendant's expert witness, also testified that Apple was aware that the company owned by Byron Preiss which held the IBOOKS mark as an asset went into bankruptcy and that "there is nothing in the records that I've read that showed that Apple followed up" to see if the company or the IBOOKS mark had been purchased out of bankruptcy. (See Chatteraj Opp. Decl. Ex 35, Hampton Dep. 132:3-16.) Mr. Hampton further testified that there was nothing in the particular facts of this case which would have eliminated the need to follow up on the Byron Preiss bankruptcy to determine if the assets – including the IBOOKS mark—had been purchased out of bankruptcy. (See Chatteraj Opp. Decl. Ex. 35, Hampton Dep. 136:19-139:10.)

219. Disputed insofar as ¶ 219 implies that the knockout searches performed by Dechert LLP were either adequate or proper. For the reasons stated herein (see, supra ¶ 218; see also, infra ¶¶ 224 and 225), it is clear that the knockout search performed by Dechert LLP was neither adequate nor appropriate.

220. Disputed insofar as ¶ 220 implies that the knockout searches performed by Dechert LLP were either adequate or proper. For the reasons stated herein (see, supra ¶ 218; see

also, infra ¶¶ 224 and 225), it is clear that the knockout search performed by Dechert LLP was neither adequate nor appropriate.

221. Disputed insofar as ¶ 221 implies that the knockout searches performed by Dechert LLP were either adequate or proper. For the reasons stated herein (see, supra ¶ 218; see also, infra ¶¶ 224 and 225), it is clear that the knockout search performed by Dechert LLP was neither adequate nor appropriate.

222. Disputed insofar as ¶ 222 implies that the knockout searches performed by Dechert LLP were either adequate or proper. For the reasons stated herein (see, supra ¶ 218; see also, infra ¶¶ 224 and 225), it is clear that the knockout search performed by Dechert LLP was neither adequate nor appropriate.

223. Undisputed.

224. Disputed. (See, supra. ¶ 218) Hal Borden, Defendant's 30(b)(6) witness with respect to Apple's awareness of Plaintiffs' marks and products, testified that despite learning of the bankruptcy of the Byron Preiss' companies, no documentation in connection with the bankruptcy was reviewed by Apple or anyone acting on Apple's behalf prior to January 27, 2010. (See Chatteraj Opp. Decl. Ex. 34, Borden Dep. 130:21-131:25.) Mr. Borden further testified that after having discovered that Byron Preiss' companies had gone bankrupt, no searches were conducted to see what became of Ibooks, Inc. or its IBOOKS mark. (See Chatteraj Opp. Decl. Ex. 34, Borden Dep. 170:5-10.) Philip Hampton, Defendant's expert witness also testified that Apple was aware that the company owned by Byron Preiss which held the IBOOKS mark as an asset went into bankruptcy and that "there is nothing in the records that I've read that showed that Apple followed up" to see if the company or the IBOOKS mark had

been purchased out of bankruptcy. (See Chatteraj Opp. Decl. Ex. 35, Hampton Dep. 132:3-16.) Mr. Hampton further testified that there was nothing in the particular facts of this case which would have eliminated the need to follow up on the Byron Preiss bankruptcy to determine if the assets – including the IBOOKS mark—had been purchased out of bankruptcy. (See Chatteraj Opp. Decl. Ex. 35, Hampton Dep. 136:19-139:10.)

225. Disputed insofar as Apple never conducted the appropriate follow-up searches necessary to discover if Ibooks, Inc. and its assets had been liquidated or if Ibooks, Inc. had any active websites. (See, supra ¶ 218.) Hal Borden, Defendant’s 30(b)(6) witness with respect to Apple’s awareness of Plaintiffs’ marks and products, testified that despite learning of the bankruptcy of the Byron Preiss’ companies, no documentation in connection with the bankruptcy was reviewed by Apple or anyone acting on Apple’s behalf prior to January 27, 2010. (See Chatteraj Opp. Decl. Ex. 34, Borden Dep. 130:21-131:25.) Mr. Borden further testified that after having discovered that Byron Preiss’ companies had gone bankrupt, no searches were conducted to see what became of Ibooks, Inc. or its IBOOKS mark. (See Chatteraj Opp. Decl. Ex. 34, Borden Dep. 170:5-10.) Philip Hampton, Defendant’s expert witness also testified that Apple was aware that the company owned by Byron Preiss which held the IBOOKS mark as an asset went into bankruptcy and that “there is nothing in the records that I’ve read that showed that Apple followed up” to see if the company or the IBOOKS mark had been purchased out of bankruptcy. (See Chatteraj Opp. Decl. Ex. 35, Hampton Dep. 132:3-16.) Mr. Hampton further testified that there was nothing in the particular facts of this case which would have eliminated the need to follow up on the Byron Preiss bankruptcy to determine if the assets – including the IBOOKS mark—had been purchased out of bankruptcy. (See Chatteraj

Opp. Decl. Ex. 35, Hampton Dep. 136:19-139:10.) Most notably, in Defendant’s “follow up” Google searches, Defendant did not search the term “Ibooks, Inc.” (See Defendant’s Rule 56.1 Statement ¶ 228, Jarrett Decl. Ex. 65.)

226. Undisputed.

227. Undisputed.

228. Undisputed.

229. Undisputed.

230. Undisputed as to the total website links yielded by the aggregate searches.

231. Undisputed.

232. Undisputed.

233. Undisputed.

**G. Plaintiffs’ Principle Informed Apple of their Infringement of his IBOOKS Mark Two Days After the Announcement of the iBooks Applications**

234. Disputed insofar as the wording of ¶ 234, in conjunction with the impermissibly argumentative heading “Other Evidence of Apple’s Good Faith,” implies that Mr. Colby’s knowledge of what Apple was or was not aware of prior to the announcement of the iBooks app on January 27, 2010 can have any bearing on whether or not Apple chose to use the mark “iBooks” in good faith.

235. Disputed. Defendant cites a portion of Mr. Colby’s testimony which is improperly truncated at line one of page 361, omitting both Plaintiffs’ Counsel’s objection to the question, as well as Mr. Colby’s Answer. (See Defendant’s Rule 56.1 Statement ¶ 235.) In the lines immediately following Defendant’s question, “So what is your factual basis for claiming

that Apple's selection of the mark iBooks was willful?" (Chattoraj Opp. Decl. Ex. 36, Colby 30(b)(6) Dep. 360:23-25), Plaintiffs' counsel objects as follows: "Objection, that's not what [30(b)(6)] topic 101 says. Stop trying to mislead the witness. You may answer." (Id., Colby 30(b)(6) Dep. 361:2-5.) Mr. Colby's answer appears on line 6 of page 361, also omitted from Defendant's citation. Defendant cannot rely on incomplete and inadmissible evidence. Further disputed insofar as the wording of ¶ 235, in conjunction with the impermissibly argumentative heading "Other Evidence of Apple's Good Faith," implies that Mr. Colby's lack of knowledge is somehow probative of the issue of whether or not Apple chose to use the mark "iBooks" in good faith.

236. Undisputed.

237. Undisputed.

238. Disputed. Defendant has cited an incomplete portion of Mr. Colby's testimony on this subject. Mr. Colby testified as follows:

Q: So isn't it true that you were contacting Apple about selling your books via Apple's new app?

MR. CHATTORAJ: Objection.

A: That was the basis for my inquiry, yes.

Q: So nowhere in this e-mail did you state that Apple had infringed your rights, correct?

MR. CHATTORAJ: Objection.

A: Well, I did but in a business way, I quoted the word "ibooks" in the second line of the second paragraph knowing probably that Mr. Dowling would recognize the term, and that's my polite way of saying, you know, hey, we've got a conflict and let me talk to someone about it.

Q: Well, all you are asking him here is that you wanted to sell your books via Apple; isn't that right?

MR. CHATTORAJ: Objection.

A: I'm asking him to lead me to the right person to talk to at Apple.

Q: About selling your books via the iPad, right?

MR. CHATTORAJ: Objection.

A: I'm looking for the right person to talk to.

Q: About selling your books on the iPad, right?

MR. CHATTORAJ: Objection.

A: Also about Apple's use of the word ibooks.

Q: Although you don't mention that here?

A: Well, I do in my polite way.

(Chattoraj Opp. Decl. Ex. 38, Colby Dep. 251:16-253:3 (emphasis added).)

Mr. Colby's testimony clearly shows that his purpose in contacting Apple on January 29, 2010, two days after the announcement of the iBooks application, was to alert Apple to the conflict between his use of the IBOOKS mark and their own. (See id.) Moreover, the document on its face shows that Apple Inc. recognized Mr. Colby's email to be raising a trademark issue rather than a simple business inquiry because the recipient forwarded Mr. Colby's email to Apple's counsel Kevin Saul within four minutes; Kevin Saul in turn forwarded the email to Tom La Perle within ten minutes and three hours later, La Perle forwarded the email to Gundersen. (See Chattoraj Opp. Decl. Ex. 59.) In addition, the cited question Defendant relies upon was objected to by Plaintiffs' counsel.

239. Disputed. As Mr. Colby testified (see ¶ 238 *supra*), though it did so in a polite manner, his January 29, 2010 email alerted Apple to a conflict between his use of the IBOOKS mark and their own.

240. Undisputed.

241. Undisputed.

242. Disputed. Mr. Colby testified that, while he was unsure of how he was put in touch with Mr. Gundersen, he spoke to someone named Glenn Gundersen on February 1, 2010. (See Chattoraj Opp. Decl. Ex. 39, Colby Dep. 253:11-255:5.). Mr. Colby further testified



that Mr. Gundersen did not identify himself as an attorney in their conversation, but rather, that he was lead to believe that Mr. Gundersen was an Apple employee. (See id.)

243. Disputed. Mr. Colby testified that he told Mr. Gundersen that while he was interested in Apple carrying his books on the iPad, he was interested in “the exclusive use of our books on the iPad.” (Chattoraj Opp. Decl. Ex. 39, Colby Dep. 254: 11-12 (emphasis added).) Mr. Colby was not asked what he meant when he said that he was interested in the “exclusive use” of his books on the iPad. Had Defendant’s counsel followed up on this line of questioning, Mr. Colby would have explained that it was his position that if Apple wanted to use the name iBooks for its e-reading application, then the only books which should be available for use on that application should be electronic copies of the Plaintiffs’ ibooks books. (See Colby Decl. ¶ 65)

244. Disputed insofar as ¶ 244 implies that after the February 1, 2010 telephone conversation between Mr. Colby and Mr. Gundersen that Mr. Colby was meant to follow up with Apple. Mr. Colby testified that at the end of his conversation with Mr. Gundersen, he was told that “he would put me in contact with someone at Apple I could talk to and I expected a call back from somebody to talk with about our ibooks and how we can use our ibooks, excuse me, on the iPad platform.” (Chattoraj Opp. Decl. Ex. 39, Colby Dep. 255:9-13). Mr. Colby testified that he was not contacted as promised, and that his next contact with anyone from Apple was, “probably a help center person from iTunes.” (Chattoraj Opp. Decl. Ex. 39, Colby Dep. 255:14-17.)

245. Disputed. As Mr. Colby testified (see, supra ¶¶ 238-239), though it did so in a polite manner, his January 29, 2010 email alerted Apple to a conflict between his use of the IBOOKS mark and their own.

**V. IPICTUREBOOKS**

246. Undisputed.

247. Undisputed.

248. Undisputed.

249. Undisputed.

250. Undisputed.

251. Undisputed.

252. Undisputed.

253. Undisputed.

254. Undisputed.

255. Undisputed.

256. Disputed insofar as ¶ 256 confusingly implies that Plaintiffs have offered survey evidence with regard to the ipicturebooks imprint showing that it has not acquired secondary meaning. Plaintiffs have not offered any survey evidence with regard to the ipicturebooks imprint.

257. Disputed insofar as ¶ 257 confusingly implies that Plaintiffs have offered expert testimony indicating that with regard to the ipicturebooks imprint showing that it has not acquired secondary meaning. Plaintiffs have not offered any expert opinions with regard to the ipicturebooks imprint.

258. Disputed insofar as ¶ 258 implies that Dr. Carpenter's opinion is correct or admissible.

259. Undisputed.

260. Undisputed.

261. Disputed insofar as Plaintiffs' counsel objected to the cited question as phrased, "In addition to studies is there any fact that you are aware of that you believe supports the view that ipicturebooks has awareness among consumers?" on the grounds that it was vague, improper, and called for an improper legal conclusion. (See Chatteraj Opp. Decl. Ex. 40, Colby 30(b)(6) Dep. 294:3-8.)

262. Disputed insofar as ¶ 262 implies that no books under the ibooks imprint are published in electronic format. Mr. Colby testified that sales of electronic editions of ibooks books are recorded as revenue to ipicturebooks, LLC. (See Chatteraj Opp. Decl. Ex. 41, Colby 30(b)(6) Dep. 189:3-22; see also. *supra*. ¶ 27)

263. Disputed insofar as ¶ 263 ambiguously refers only to "sales" whereas the dollar amounts cited in ¶ 263 represent only net sales. (See Jarrett Decl. Ex. 23.)

264. Disputed insofar as the phrasing of ¶ 264 implies that there was only one copy of a book sold under the ipicturebooks imprint in 2001. In fact, what Mr. Colby testified to was that there was only one title sold under the ipicturebooks imprint in 2001. (See Chatteraj Opp. Decl. 42, Colby 30(b)(6) Dep. 185:6-11.) That one title sold copies with net sales of (See Jarrett Decl. Ex. 23, the August Spreadsheets.)

265. Disputed insofar as the phrasing of ¶ 265 implies that there was only one copy of the *Shrek* electronic book sold under the ipicturebooks imprint in 2001. In fact, copies of the *Shrek* electronic book were sold under the ipicturebooks imprint in 2001 with net sales of (See Jarrett Decl. Ex. 23, the August Spreadsheets.)

266. Undisputed.

267. Disputed. The document cited by Defendant in support of their statement in ¶ 267 that www.ipicturebooks.com was abandoned in November 2001 is not probative of that statement. The document shows only that, on January 16, 2002, Harold Undertown was unhappy with the functionality and content of the ipicturebooks website. (See Jarrett Decl. Ex. 97.) Additionally, because half of the participants in the email conversation contained at Ex. 97—including the writer—appear to be actively sending and receiving emails via the ipicturebooks.com domain, it seems unlikely that it was inactive at that time. (See id.)

268. Undisputed that on December 21, 2012, there was no active website operated by Plaintiffs at www.ipicturebooks.com.

269. Disputed. Mr. Colby testified that books were available for sale on www.ipicturebooks.com “for at least 3 years, possibly more.” (Chattoraj Opp. Decl. Ex. 43, Colby 30(b)(6) Dep. 266:13.)

270. Undisputed.

271. Disputed. Many of the advertisements contained in Plaintiffs’ Supplemental Response to Interrogatory No. 11 were consumer, rather than trade directed advertisements, and included advertisements depicting the ipicturebooks mark. (See, supra ¶ 88; see also Chattoraj Opp. Decl. Ex. 45, a true and correct copy of a document produced to Defendant and contained in Plaintiffs’ Supplemental Response to Interrogatory No. 11.) Additionally, Mr. Colby testified that he was aware of several advertisements and other promotional materials which were created during the Preiss era and produced to Defendant. (See Chattoraj Opp. Decl. Ex. 44, Colby 30(b)(6) Dep. 269:19-270:8.)

272. Disputed. As discussed above at, *supra* ¶ 271, Mr. Colby testified that he was aware of several advertisements and other promotional materials which were created during the Preiss era and produced to Defendant. (See Chatteraj Opp. Decl. Ex. 44, Colby 30(b)(6) Dep. 269:19-270:8.). Further, Defendant has cherry picked testimony in support of their statement. In the line immediately preceding the cited portion of Mr. Colby’s testimony, Defendant’s counsel makes reference to the fact that Mr. Colby had previously testified to certain “print ads” with respect to ipicturebooks. (Id., Colby 30(b)(6) 279:19-20.) Finally, Plaintiffs’ counsel objected to the cited question as vague and improper. (See Id., Colby 30(b)(6) Dep. 279:23.)

273. Disputed. As explained above, Mr. Colby testified that he was aware of various forms of advertising and marketing promotional materials used in connection with the ipicturebooks mark during both the Preiss and Colby periods. (See, supra ¶¶ 271-272.)

274. Undisputed.

275. Undisputed.

276. Undisputed insofar as Plaintiffs did not submit any survey evidence with regard to the ipicturebooks mark.

277. Undisputed.

278. Undisputed.

279. Undisputed.

**Plaintiffs’ Rule 56.1 Statement of Additional Undisputed Facts**

Plaintiffs J.T. Colby & Co., Inc. d/b/a Brick Tower Press, J. Boylston & Co., Publishers, LLC, and ipicturebooks, LLC (“Plaintiffs”) hereby respectfully submit their

Statement of Undisputed Material Facts, Pursuant to Local Civil Rule 56.1, in support of their opposition to Defendant's Motion for Summary Judgment.

1. Richard Freese testified that, through his work as the president of both Publishers Group West ("PGW") and National Book Network ("NBN"), two of the major distributors of the ibooks books, he was familiar with the ibooks imprint during the times when it was owned by each Byron Preiss and John Colby. (See Chatteraj Opp. Decl. Ex. 47, Freese Dep. 26-29.)

2. Mr. Freese testified that as the President of PGW during the period when Mr. Colby was performing his due diligence in consideration of the ibooks imprint and other of Byron Preiss' assets, he was the main point of contact for Mr. Colby from a PGW perspective. (See id.)

3. Mr. Freese testified that he was responsible for bringing ibooks into PGW when it was under the control of Byron Preiss. (See Chatteraj Opp. Decl. Ex. 48, Freese Dep. 40:18-41:6.)

4. Mr. Freese testified that he found the ibooks imprint's backlist "attractive" (see Chatteraj Opp. Decl. Ex. 47, Freese Dep. 26: 16-19), because "the brand, especially in the science fiction and fantasy area was very strong. They had authors like Isaac Asimov and Arthur C. Clark and Edgar Rice Burroughs. And they had a very solid base that was well recorded in retail." (Chatteraj Opp. Decl. Ex. 49, Freese Dep. 48:14-21.)

5. Mr. Freese explained the value of a brand in publishing as follows:

The way buyers of retail buy is they really look for who are their preferred providers in different categories. And they look, if you would think of a distributor as the equivalent of a literary agent. When an agent brings an

author to a publishing house, there is an outside validation of product, and it was fairly similar with a distributor. When we brought in a publisher it was because there was something that Barnes and Noble or Borders or whoever really needed to take a look at.

(Id., Freese Dep. 49:2-15.)

6. Mr. Freese testified that you can measure whether an end consumer is aware of a brand in publishing by a publisher's success at selling to buyers. "Basically [end consumers] respond to brands that they know. And, when you are successful selling a publisher into a -- remember buyers buy by category. At the major accounts they buy by category. And so when you are successful in a category -- and they have limited opens to buy every month. So, when you are getting a piece of that budget for a publisher, it is, that means that you are a success in the category." (Chattoraj Opp. Decl. Ex. 51, Freese Dep. 92:7-16.)

7. Mr. Freese further explained the value of ibooks brand in the science fiction and fantasy genres, "And ibooks for us was a, you know, had a strong reputation in that, in the [science fiction and fantasy] category, and had products that we knew our customers were going to want." (Chattoraj Opp. Decl. Ex. 49, Freese Dep. 49:16-19.)

8. Mr. Freese testified that he was aware that consumers recognized the ibooks and ipicturebooks imprints "through our retail presentations." (Chattoraj Opp. Decl. Ex. 50, Freese Dep. 85:21-22.) Mr. Freese explained as follows:

You know, where the buyers at the chains recognize the iBook [sic] brand because of the authors that it represented. And they favored, you know, they bought ibooks from us. You know, the when you look at buyers like Barnes & Noble or, you know, Walden they look for reasons not to buy books as opposed to buying books because there are just too many books published, and we were successful with ibooks. So, by extension, you would say that consumers recognize the brand.

(Id., Freese Dep. 85:22-86:11.)

9. Mr. Freese testified that from the perspective of independent publishers, ibooks was “a catch” with sales in the millions. (See Chatteraj Opp. Decl. Ex. 48, Freese Dep. 42:2-17.) Mr. Freese explained that ibooks was a catch because “when you are distributing independent publishers, when you get a publisher that is over a million dollars, it is significant. And I recall thinking of them as being significant.” (Id., Freese Dep. 42:13-17.)

10. Mr. Freese testified that the ibooks logo was used in consumer directed advertising through the co-op advertising the ibooks imprint participated in with its distributor. (See Chatteraj Opp. Decl. Ex. 116, Freese Dep. 96:8-16.)

11. In 2005, Byron Preiss was suddenly and tragically killed in a car accident, and, without his leadership, his companies, including Ibooks, Inc., entered into bankruptcy. (See Chatteraj Opp. Decl. Ex. 54, Colby 30(b)(6) Dep. 23-24).

12. Plaintiffs purchased all of the assets of Preiss’s companies, including Byron Preiss Visual Publications Inc. and Ibooks, Inc., from the bankruptcy trustee. (See Chatteraj Opp. Decl. Ex. 55, Colby 30(b)(6) Dep. 43:25-55:9.; see also Jarrett Decl. ¶ 56.)

13. Through a Bill of Sale, dated December 13, 2006, Mr. Colby purchased all of the tangible and intangible assets of Ibooks, Inc., including the IBOOKS mark. (See Chatteraj Opp. Decl. Ex. 56, COLBYHD0233074.)

14. When he was asked during his deposition whether the ibooks imprint was, from a sales perspective, not doing as well as he had expected, Mr. Colby testified, “I think it’s done, I think from bankruptcy to a couple a year...I think it’s done, it’s a miracle frankly.” (Chatteraj Opp. Decl. Ex. 57, Colby Dep. 262:12-263:3.)



15. On October 8, 1996, Family Systems Ltd. (“FS”) submitted an Intent to Use Application to the United States Patent and Trademark Office (the “PTO”) for the mark “IBOOK” in connection with “computer hardware and software used to create and support interactive, user modifiable electronic books” in International Class 9; FS was awarded a Registration on April 24, 2001 (the “634 Registration”) citing a first use in commerce of October 27, 2000. (See Chatteraj Opp. Decl. Ex. 60, Intent to Use Application Serial No. 75/182,820; see also Chatteraj Opp. Decl. Ex. 61, U.S. TM Reg. No. 2,446,634)

16. Two patents for the underlying software used in connection with the mark covered by the 634 Registration (the “IBOOK Patents”), one filed on February 28, 2004 and awarded to FS founder Brian Reynolds (“Reynolds”) and consultant Richard Goldhor on November 4, 2008 (the “748 Patent”) (see Chatteraj Opp. Decl. Ex. 62, U.S. Patent No. 7,447,748.), and one filed on May 14, 2003 and awarded to Reynolds, and Mark J. Hanover on August 4, 2009 (the “212 Patent”). (See Chatteraj Opp. Decl. Ex. 63, U.S. Patent No. 7,571, 212.)

17. The 748 Patent was awarded for the invention of an “[i]nteractive web book system” which is described in the abstract as, “An interactive Web book (“ibook”) system is provided that allows material to be contributed to the World Wide Web. An ibook is a self-extending, self-sustaining information-redistributing Web robot, which is resident on a data network such as the Internet or an intranet. Users may enroll with an ibook as viewers or contributors. Viewers may view ibook material, such as text or multimedia content. Contributors may contribute original material to the ibook or may create derivations of existing ibook material. Attribution information that identifies the source of material in a derivation is

automatically generated. Information concerning the derivation of each work and its characteristics can be used to help the user navigate through ibook material. The ibook system keeps track of how often users access each work within an ibook. Contributors may be automatically rewarded (e.g., by a monetary distribution) based on the extent to which their contributed material is viewed by the users.” (Chattoraj Opp. Decl. Ex. 62, U.S. Patent No. 7,447,748.)

18. The 212 Patent was awarded for the invention of “[i]nteractive web collaboration systems and methods” which is described in the Background of the Invention as relating to “the Internet, and more particularly, to techniques for creating and viewing material on the World Wide Web in the form of an interactive website, and to techniques by which multiple individuals can communicate with each other and work collaboratively on content and materials in an interactive web site.” (Chattoraj Opp. Decl. Ex. 63, U.S. Patent No. 7,571, 212 (internal quotations omitted).)

19. The FS ibook product which bore the IBOOK mark covered by the 634 Registration has been described as follows by one of the listed inventors on the 748 Patent:

A: Family Systems ibook was a system and an architecture for allowing a community to create materials, including text, but not limited to text, and to publish it using web technologies, but also to make it possible for multiple members of the community to edit that material, comment on it, create their own versions of it and so forth.

Q: In some way it sounds like a precursor to Facebook; would that be it?

A: More like a precursor to Wiki.

Q: Wikipedia?

A: Yeah. (Chattoraj Opp. Decl. Ex. 64, Goldhor Dep. 20:4-16.)

20. The FS ibook product was marketed to businesses as a system to “support

individuals and distributed product groups as they work and collaborate wherever they are”, allowing “any non-technical user [to] publish their documents and other standard personal and office files to the Web for private or public access.” (Chattoraj Opp. Decl. Ex. 65, Press Release, dated March 12, 2002, *Family Systems launches the ibook® Family of Software Products for a Better Way of Working Together*, at Golhor Dep. Ex. 5, pp 113-14).

21. Apple’s only substantive contact with FS since entering into the 1999 Consent Agreement -- beyond the occasional requests for consents required for trademark applications -- was a single, unanswered email from Reynolds in 2008 where Reynolds informed Apple that FS was “about to relaunch Ibook Systems V4 and V5 as cooperative projects along with Cooperative License and Verbol, a language framework for talking to objects” which could “potentially reshape how the Ibook trademark is used” and stated:

I would consider a sale of these trademarks to Apple with a license back to Family Systems. My product intentions will be open and possibly more easily described in a license to Family Systems than Apple’s in the [1999 Consent Agreement] to Apple. As I recall the license to Apple is at present limited to notebook computers which a new IBook may be, though perhaps it may be other things too? (Chattoraj Opp. Decl. Ex. 66, APPLE-IBOOKS0020321; see also Chattoraj Opp. Decl. Ex. 67, La Perle Dep. 108:5-109:9.)

22. Beginning on, or about January 13, 2010, and ending at some time between 2:00 and 3:00 AM on January 27, 2012, the date that the iBooks app was announced, Anthony Lupo (“Lupo”), outside trademark counsel to Apple negotiated the assignment of the 634 Registration from FS to Apple proceeding as follows:

- On January 13, 2010, Lupo contacted FS’ outside American trademark counsel, Brewster Taylor (“Taylor”) to see if FS was still interested in selling the FS IBOOK mark, and if so, what sort of price they were looking for. (See Chattoraj Opp. Decl. Ex. 68, APPLE-

IBOOKS0022066.)

- On January 14, Reynolds responded and asked for clarification on a number of issues:

It was not clear from talking to Brewster which of Family Systems ibook assets Apple are interested in. There are multiple domain names and trademark registrations as well as software technology and patents which reference ibook systems.

I would appreciate an indication of the extent of Apple's interest in our ibook assets, and a rough timescale and price range from Apple's perspective. Also if we proceed I would appreciate an introduction to a principal of Apple, Inc. (Chattoraj Opp. Decl. Ex. 68, APPLE-IBOOKS0022065.)

- Lupo responded, without offering a price or introduction to a principal at Apple:

thanks for the email. Apple is really only interested in the marks and domains associated with IBOOK. they are not trying to purchase any of the underlying goods or services that may be associated with the mark or domain. (Chattoraj Opp. Decl. Ex. 68, APPLE-IBOOKS0022064 (emphasis added).)

- On January 15, with Lupo refusing to make an offer Reynolds stated, "I would have preferred that Apple to make us an offer, and without any information as to Apple's intentions and timescales or any opportunity to take advice, I can indicate that an offer of \_\_\_\_\_ would most likely be accepted and include a full transfer of rights and our conversion costs." (Chattoraj Opp. Decl. Ex. 68, APPLE-IBOOKS0022063.)
- Lupo responded on January 18 that \_\_\_\_\_ was not within "Apple's realm of reality" and later made a counteroffer of \_\_\_\_\_ (\_\_\_\_\_ for the mark and \_\_\_\_\_ for the domain name registrations) on January 20. (Chattoraj Opp. Decl. Ex. 68, APPLE-IBOOKS0022062.)
- The parties arranged to discuss the matter by phone on January 22, after which Reynolds offered to reduce his expectation to "an Apple offer price to \_\_\_\_\_." (Chattoraj Opp. Decl. Ex. 68, APPLE-IBOOKS0022059.)

- Lupo countered at 11:01PM on January 22 with an offer of noting that “the timing is very tight” and asking that Reynolds “let me know if this is acceptable and I can work with Brewster to finalize an agreement on Monday.” (Id.)
- On January 25, Reynolds suggested that the parties close at “ ” the (Chattoraj Opp. Decl. Ex. 118, APPLE-IBOOKS0023745), and Lupo subsequently informed Reynolds that he had “been authorized to make a new offer to you of .” (Chattoraj Opp. Decl. Ex. 69, APPLE-IBOOKS0023658.)
- At about 2 AM on January 27, 2010, Apple’s attorneys received a copy of the Assignment Agreement executed by FS, with a negotiated price of . (See Chattoraj Opp. Decl. Ex. 119, Lupo Dep. 117-19; see also Chattoraj Opp. Decl. Ex. 71, Gundersen Dep. 153:10-14; see also Chattoraj Opp. Decl. Ex. 72, APPLE-IBOOKS0033421-32.)
- While the documents were executed prior to the announcement of the iBooks app on January 27, 2010, payment was not made from Apple to FS until February 4, 2010. (See Chattoraj Opp. Decl. Ex. 73, APPLE-IBOOKS0023912-15.)

23. Pursuant to the Assignment Agreement, no physical assets, accounts receivable, trade secrets, copyrights, computer software, computer hardware, patents, customer lists, or employment agreements with employees were transferred to Apple from FS. (See Chattoraj Opp. Decl. Ex. 74, La Perle Dep. 125:10-126:9.)

24. Today, if one attempts to go to any of the domain names conveyed as part of the Assignment agreement, they are redirected to a page within the Apple website page for iPad that for built-in apps where the iBooks app is shown after scrolling past two other apps. (See [www.ibook.com](http://www.ibook.com); [www.ibook.net](http://www.ibook.net); [www.ibook.org](http://www.ibook.org); [www.i-book.com](http://www.i-book.com); [www.i-book.net](http://www.i-book.net); [www.i-book.org](http://www.i-book.org); see also <http://www.apple.com/ipad/built-in-apps/#ibooks?cid=oas-us-domains-ibook.net>, a printout of which is attached as Chattoraj Opp. Decl. Ex. 75.)

25. On April 7, 2010, Apple filed an Application for IBOOKS for a wide variety of goods and services connected to books including “downloadable electronic publications in the nature of books...” (Class 9); “printed matter; printed publications; periodicals; books...” (Class 16); “retail store services in the field of books...” (Class 35); “electronic transmission of streamed and downloadable publications for browsing over computer networks, namely books, magazines, periodicals...” (Class 38). (Chattoraj Opp. Decl. Ex. 76, Application No. 85/008,412.)

26. On March 6, 2012, Plaintiffs provided Apple’s counsel with a draft amended complaint. (See Chattoraj Opp. Decl. Ex. 77, email from Thomas Morrison to Dale Cendali, et al., sent at 10:17 AM on March 6, 2012.)

27. On March 13, 2012 Apple filed an Amendment to Allege Use pursuant to 15 U.S.C. § 1051(c) deleting Classes 16, 38, and 41 wholesale and substantially reducing the goods listed in Classes 9, 35, and 42, including the deletion of “downloadable electronic publications in the nature of books, plays, pamphlets, brochures, newsletters journals, magazines, and periodicals on a wide range of topics of general interest” from Class 9. (Chattoraj Opp. Decl. Ex. 76, Amendment to Allege Use, dated March 13, 2012.)

28. On March 14, 2012, Bonnie Jarrett, counsel for Apple, responded to Mr. Morrison’s March 6 email, stating, “with respect to Apple’s ITU for IBOOKS, you should be aware that Apple recently filed an amendment to allege use. That amendment significantly limits the scope of the goods and services description for that mark, by removing, *inter alia*, downloadable and non-downloadable electronic publications, books and magazines.” (Chattoraj Opp. Decl. Ex. 77, Email from Bonnie L. Jarrett to Thomas Morrison, sent at 2:23 PM

on March 14, 2012.)

29. On June 7, 2010, Apple presented the iPhone 4, announcing the availability of the iBooks app on the iPhone and iPod touch. (See Chatteraj Opp. Decl. Ex. 78, APPLE-IBOOKS0021100-03.)

30. The iBooks app allows users to purchase books through the iBookstore and download them to their iBooks enabled devices (e.g., their mobile device or computer) to be read using the iBooks app. (See Chatteraj Opp. Decl. Ex. 78, APPLE-IBOOKS0021100-03; see also Chatteraj Opp. Decl. Ex. 79, Gedikian Dep. 110:8-12.)

31. Once a user has downloaded a book to their iBooks enabled device or computer, they can manipulate certain environmental factors of that book such as:

- change the font and point size (see Chatteraj Opp. Decl. Ex. 80, Gedikian Dep. 108:22-109:3);
- change the theme and background color (see id. at 109:8-12);
- bookmark, annotate, and highlight passages (see Chatteraj Opp. Decl. Ex. 81, Gedikian Dep. 114:8-115:2); and
- share the title of a book and their highlights or annotations by email. (See Chatteraj Opp. Decl. Ex. 82, Gedikian Dep. 221:1-7).

32. While these environmental changes will be reflected in a book no matter which iBooks enabled device a user chooses to read their book on, provided they have chosen to sync their iBooks account across all enabled devices (see Chatteraj Opp. Decl. Ex. 81, Gedikian Dep. 114:17-115:14), no other user accessing the same book will see these changes unless they are accessing the same book through the same account as the original user. (See Chatteraj Opp. Decl. Ex. 83, Gedikian Dep. 219-220.)

33. None of these visual changes, highlighting or annotations in any way modify the actual digital file of the actual book that was downloaded from the iBookstore and stored on the device using the iBooks app; they are instead kept in a separate metadata file that does not actually modify the digital book. (See Chatteraj Opp. Decl. Ex. 84, Gedikian Dep. 110:24-111:17.)

34. The terms of use of the iBooks app do not allow users to share accounts. (See Chatteraj Opp. Decl. Ex. 85, iBooks License Agreement § 2(A).)

35. Apple does not encourage the sharing of iTunes accounts between more than one user either implicitly or explicitly through its marketing communications with the public. (See Chatteraj Opp. Decl. Ex. 83, Gedikian Dep. 220:8-13; Chatteraj Opp. Decl. Ex. 86, Kvamme Dep. 45:16-17.)

36. No Apple deposition witness offered any specific details, based on personal knowledge, about the FS ibook software or system. (See Chatteraj Opp. Decl. Ex. 87, Gedikian Dep. 204:14-23; see also Chatteraj Opp. Decl. Ex. 88, La Perle Dep. 246:5-8; see also Chatteraj Opp. Decl. Ex. 89, Widup Dep. 72-73; see also Chatteraj Opp. Decl. Ex. 90, Taylor Dep. 60: 16-22; see also Chatteraj Opp. Decl. Ex. 91, Kvamme Dep. 61-62:8; see also Chatteraj Opp. Decl. Ex. 92, Borden Dep. 140:15-141:2; see also Chatteraj Opp. Decl. Ex. 93, Gundersen Dep. 144:5-145:15.)

37. Defendant is not relying on an Advice of Counsel defense in this action. (See Chatteraj Opp. Decl. Ex. 26, The Answer and Affirmative Defenses of Defendant Apple Inc.; see also Chatteraj Opp. Decl. Ex. 94, Gundersen Dep. 330:15-21; Chatteraj Opp. Decl. Ex. 95, La Perle Dep. 60:7-10.)



38. Defendant withheld documents reflecting communications between Apple and its attorneys concerning the search and clearance of the IBOOKS mark on privilege grounds. (See e.g., Chatteraj Opp. Decl. Ex. 96, Defendant's Updated Privilege log, Entries 1, 6-22, 25-27, 31-34, 44-45, 59, 83-84, 155-156, 247, 293-295, 298, and 310.)

39. During the depositions of Apple witnesses, Defendant's counsel repeatedly objected to questions regarding the content of the communications between Apple and its attorneys concerning the search and clearance of the IBOOKS mark and instructed their witnesses not to answer. (See Chatteraj Opp. Decl. Ex. 94, Gundersen Dep. 330:2-20; Chatteraj Opp. Decl. Ex. 95, La Perle Dep. 59:25-60:10; Chatteraj Opp. Decl. Ex. 97, Borden Dep. 209:17-212:13.)

40. Apple's witnesses testified that no documents exist, other than those contained in the privileged communications of advice from their attorney's to Apple, showing: (1) the results of Dechert LLP's search for IBOOKS plural (see Chatteraj Opp. Decl. Ex. 98, Gundersen Dep. 350:3-12); (2) Dechert LLP's discovery of the Ibooks, Inc. Bankruptcy (see Chatteraj Opp. Decl. Ex. 99, Gundersen Dep. 343:4-7); (3) the discovery of Byron Preiss' death (see id., Gundersen Dep. 343: 8-11); or (4) the results of Dechert LLP's search for an active website for Ibooks, Inc. (See Chatteraj Opp. Decl. Ex. 100, Gundersen Dep. 347:7-12.)

41. Plaintiffs' Expert Dr. Susan Schwartz McDonald conducted two surveys to measure source confusion among consumers regarding the IBOOKS mark. (See Chatteraj Opp. Decl. Ex. 101, Report of Plaintiffs' Expert Dr. Susan Schwartz McDonald (the "McDonald Report"); Chatteraj Opp. Decl. Ex. 102, Sur-rebuttal and Supplemental Report of Dr. Susan Schwartz McDonald (the "McDonald Supplemental Report").)

42. Dr. McDonald's initial Survey results prove that "in a digital-book environment, a significant percentage of consumers would interpret the presence of the word, "iBooks," on the information page inside the book to be a source signifier for Apple." (See Chatteraj Opp. Decl. Ex. 101, McDonald Report at 2.)

43. Dr. McDonald's Supplemental Report precisely replicated her original survey in every respect save one: "use of the lowercase 'b' in both the Test and Control Arms (ibooks and ebooks) instead of the uppercase 'B.'" (Chatteraj Opp. Decl. Ex. 102, McDonald Supplemental Report at 1.) Based on her second survey, Dr. McDonald concluded that "it is evident that capitalization of the 'B' in iBooks had no bearing on the results of the initial survey; consumers attend exclusively to the letter 'i' in making these source attributions and may or may not even be aware of whether Apple uses the capital 'B.'" (Id., McDonald Supplemental Report at 6.)

44. Internally, Apple has used the word "iBooks" to refer to books available for sale through the iBookstore to be read on the iBooks app. (See Chatteraj Opp. Decl. Ex. 107, APPLE-IBOOKS0017702 ("iBooks: Books you never have to put down"); see also Chatteraj Opp. Decl. Ex. 108, iBooks Survey Results at page APPLE-IBOOKS0024489 ("How Many iBooks Have You Downloaded?"); see also Chatteraj Opp. Decl. Ex. 109, email from Tom Neumayr to Randi Wolfson, sent on September 11, 2010 at 2:10 PM ( "3. What's the average price for a commercial book? **More than 75% of our paid iBooks are priced at \$9.99 or less.**" (emphasis added).)

45. Externally, Apple has used the word "iBooks" to refer to books available for sale through the iBookstore to be read on the iBooks app. (See Chatteraj Opp. Decl. Ex. 108,

iBooks Survey Results at page APPLE-IBOOKS0024489 at fn. (this page cites a survey question posed to consumers in the underlying survey; Q27. “Approximately how many free and paid for iBooks have you downloaded from the iBookstore since you started using it.”).)

46. Apple’s witness Grace Kvamme, the author of the iBooks Survey Results document (see Chatteraj Opp. Decl. Ex. 108, iBooks Survey Results), testified that while the term “iBooks” was used in August of 2011 in outward facing materials to refer to electronic books, Apple felt it necessary to clarify the usage of that term and had an internal marketing meeting in 2012 to do so. (See Chatteraj Opp. Decl. Ex. 110, Kvamme Dep. 90:20-91:6, 96:11-23.)

47. At that internal marketing meeting, held in March of 2012 to clarify usage of several product and brand names in outward facing material, it was decided that: “~~iBook~~ This term is meaningless. Banned!” and “**Book**. What we sell in the iBookstore. It’s not an iBook, but a book! Not capped because it’s a general term, not a branded term.” (Chatteraj Opp. Decl. Ex. 111, email from Jennifer Robbins to Jacob Bronstein, et al., sent on March 1, 2012 at 10:24 PM at APPLE-IBOOKS0019481.)

48. Third parties also use the term “iBooks” to refer to books purchased through the iBookstore to be read using the iBooks application on an iBooks enabled device. (See Chatteraj Opp. Decl. Ex. 113, iPad for Dummies at 212 (“e-books, or what Apple prefers to call iBooks” (emphasis added)); see also id. at 213 (“you can *buy* **an iBook** using iTunes . . . you can’t read that iBook using iTunes . . . You can read iBooks only on an iPhone, iPad, or iPod touch.” (emphasis added)); see also Chatteraj Opp. Decl. Ex. 114, iPad: The Missing Manual at 129 (“Find Free iBooks”).) Additionally, since Apple’s launch of the iPad, consumers, bloggers,

and the media have come to view iBooks as not only the name of Apple's e-reading application, but also the designation for the underlying books available for download through the integrated iBookstore. (see also Amended Complaint ¶¶ 44-45.)

49. On December 14, 2006, following Plaintiffs' Purchase of the Ibooks, Inc. assets out of bankruptcy, Publisher's Weekly ran a story announcing:

J. Boylston & Company, Publishers has acquired the assets of various companies and imprints owned by the late Byron Preiss. Boylston, owned by John Colby and home to the Brick Tower Press imprint, paid \$125,000 for the assets, which included more than 500 titles published under the iBooks, Milk & Cookies Press and Byron Preiss Visual Publications names. The Preiss properties were put into Chapter 7 Bankruptcy earlier this year.

Colby plans to release 11 books under the iBooks imprint in 2007—all titles drawn from books that have been delayed because of the bankruptcy proceedings. He also plans to add new titles to the Milk & Cookies line and will continue to operate the BPVP packaging operation. As part of the acquisition, Colby will continue to use PGW as the distributor for the former Preiss products and he will move Brick Tower's titles to PGW as well.

(Chattoraj Opp. Decl. Ex. 115, "J. Boylston Buys Preiss Assets" (emphasis added).)

50. Apple's iPod was launched in November 2001. (See <http://www.apple.com/pr/library/2001/11/09Apple-s-iPod-Available-in-Stores-Tomorrow.html>.)

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Respectfully submitted,

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