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

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

Plaintiffs,

- against -

APPLE INC.,

Defendant.

Case No. 11-CIV-4060 (DLC)

ECF Case

**REDACTED**

**DEFENDANT APPLE INC.'S RESPONSE TO PLAINTIFFS' RULE 56.1  
STATEMENT OF ADDITIONAL UNDISPUTED FACTS**

Pursuant to Local Rules 56.1(b) and (c), Defendant Apple Inc. (“Apple”) by and through its counsel, respectfully submits the following response to Plaintiffs’ Rule 56.1 Statement of Additional Undisputed Facts, set forth on pages 45-60 of 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, dated January 25, 2013 (“Plaintiffs’ Statement of Additional Facts”).

### **GENERAL OBJECTIONS**

1. Apple objects to Plaintiffs’ Statement of Additional Facts to the extent it is argumentative and consists of legal conclusions as opposed to facts.
2. Apple also objects to Plaintiffs’ Statement of Additional Facts to the extent it does not comply with Local Civil Rule 56.1(a)’s requirement that the statement consist of numbered paragraphs. Specifically, certain of Plaintiffs’ paragraphs include separate, unnumbered bullet points that should be numbered. For the Court’s convenience, Apple has numbered those bullet points in brackets.
3. Apple’s agreement that a fact is undisputed is not an agreement that Plaintiffs’ citations support such fact or that such a fact is relevant or material to the motions at issue.
4. Even if the Court were to assume *arguendo* that Plaintiffs’ various conclusory facts are true, Plaintiffs would still be unable to support a finding that the assignment of the IBOOK mark from Family Systems Ltd. (“Family Systems”) to Apple is invalid, that Plaintiffs’ alleged marks are protectable, or that there is a likelihood of confusion.

### **APPLE’S RESPONSES TO PLAINTIFFS’ STATEMENT OF ADDITIONAL FACTS**

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.)

**RESPONSE:** Undisputed but immaterial. Apple does not dispute that Mr. Freese testified that he knows that Plaintiff J.T. Colby & Co., Inc. “publish[es], that they were involved in the purchase of the Byron Preiss ibooks out of the bankruptcy.” (*See* Chatteraj Opp. Decl., Ex. 47, Freese Dep., 26:4-19.) Apple further states that it does not believe the fact set forth in Paragraph 1 of Plaintiffs’ Statement of Additional Facts is material to the issues addressed in the parties’ respective motions.

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.)

**RESPONSE:** Undisputed but immaterial. Apple does not dispute that Mr. Freese testified: “As President of Publishers Group West, I was the primary contact for John on the purchase of Byron Preiss. The primary contact from a PGW standpoint. The purchase of ibooks.” (*See* Chatteraj Opp. Decl., Ex. 47, Freese Dep., 29:12-17.) Apple further states that it does not believe the fact set forth in Paragraph 2 of Plaintiffs’ Statement of Additional Facts is material to the issues addressed in the parties’ respective motions.

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.)

**RESPONSE:** Undisputed but immaterial. Apple does not dispute that Mr. Freese testified that Mr. Freese testified that he “was part of the team that acquired Byron Preiss to bring him into Publishers Group West. . . .” (*See* Chatteraj Opp. Decl., Ex. 48, Freese Dep., 40:14-41:6.) Apple further states that it does not believe the fact set forth in Paragraph 3 of Plaintiffs’ Statement of Additional Facts is material to the issues addressed in the parties’ respective motions.

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.)

**RESPONSE:** Undisputed but immaterial. Apple does not dispute that Mr. Freese testified: “Well, I know that [Plaintiff J.T. Colby & Co., Inc.] publish[es], that they were involved in the purchase of the Byron Preiss ibooks out of bankruptcy. And I am familiar with the list as it was then. And I am familiar with that backlist specifically, because that was what was so attractive to me.” (*See* Chatteraj Opp. Decl., Ex. 47, Freese Dep., 26:4-19.) Apple also does not dispute that Mr. Freese testified that in 2010, “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 author base that was well recorded in retail. And we believed that we still had very significant opportunities.” (*See* Chatteraj Opp. Decl., Ex. 49,

Freese Dep., 48:14-22.) Apple believes, however, that Mr. Freese’s testimony is immaterial. Apple further states that to the extent Plaintiffs are purporting to offer Mr. Freese’s testimony as expert testimony, Apple notes that Mr. Freese was not disclosed as an expert and did not submit an expert report. Apple had no notice of Mr. Freese’s purported expert opinions and did not have the opportunity to rebut any such opinions. Therefore, Mr. Freese’s testimony is inadmissible pursuant to Fed. R. Civ. P. 26(a)(2)(B). Furthermore, there has been no showing that any opinion testimony by Mr. Freese would satisfy Fed. R. Evid. 403, 701, 702 or 703. Finally, Plaintiffs have offered no evidence that the testimony of Mr. Freese—who is a long-time friend of John T. Colby and has worked for distributors of “ibooks” books at certain times (*see* Declaration of Bonnie L. Jarrett in Support of Defendant’s Summary Judgment Reply Brief, dated February 6, 2013 (“Jarrett 2/6 Dec.”), Freese Dep., 12:13-17; 15:21-16:2; 17:6-11; 30:17-33:5; 47:7-9)—reflects the views of any “disinterested consumers,” and for that additional reason, his testimony is not relevant to whether the “ibooks” imprint ever achieved secondary meaning. *See Jewish Sephardic Yellow Pages, Ltd. v. DAG Media, Inc.*, 478 F. Supp. 2d 340, 370 (E.D.N.Y. 2007).

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.)

**RESPONSE:** Undisputed but immaterial. Apple does not dispute that in response to the question “What were those opportunities?,” *i.e.*, for the “ibooks” imprint in 2010, Mr. Freese

provided the testimony set forth above. (*See* Chatteraj Opp. Decl., Ex. 49, Freese Dep., 49:1-15.) Apple believes, however, that Mr. Freese’s testimony is immaterial. Apple further states that to the extent Plaintiffs are purporting to offer Mr. Freese’s testimony as expert testimony, Apple notes that Mr. Freese was not disclosed as an expert and did not submit an expert report. Apple had no notice of Mr. Freese’s purported expert opinions and did not have the opportunity to rebut any such opinions. Therefore, Mr. Freese’s testimony is inadmissible pursuant to Fed. R. Civ. P. 26(a)(2)(B). Furthermore, there has been no showing that any opinion testimony by Mr. Freese would satisfy Fed. R. Evid. 403, 701, 702 or 703. Finally, Plaintiffs have offered no evidence that the testimony of Mr. Freese—who is a long-time friend of Mr. Colby and has worked for distributors of “iBooks” books at certain times (*see* Jarrett 2/6 Dec., Freese Dep., 12:13-17; 15:21-16:2; 17:6-11; 30:17-33:5; 47:7-9)—reflects the views of any “disinterested consumers,” and for that additional reason, his testimony is not relevant to whether the “iBooks” imprint ever achieved secondary meaning. *See Jewish Sephardic Yellow Pages*, 478 F. Supp. 2d at 370.

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.” (Chatteraj Opp. Decl. Ex. 51, Freese Dep. 92:7-16.)

**RESPONSE:** Undisputed but immaterial. Apple does not dispute that in response to the question “And what did you know about why your customers bought books?,” Mr. Freese testified as set forth above. Apple believes, however, that Mr. Freese’s testimony is immaterial. Apple further states that to the extent Plaintiffs are purporting to offer Mr. Freese’s testimony as expert testimony, Apple notes that Mr. Freese was not disclosed as an expert and did not submit an expert report. Apple had no notice of Mr. Freese’s purported expert opinions and did not have the opportunity to rebut any such opinions. Therefore, Mr. Freese’s testimony is inadmissible pursuant to Fed. R. Civ. P. 26(a)(2)(B). Furthermore, there has been no showing that any opinion testimony by Mr. Freese would satisfy Fed. R. Evid. 403, 701, 702 or 703. Finally, Plaintiffs have offered no evidence that the testimony of Mr. Freese— who is a long-time friend of Mr. Colby and has worked for distributors of “ibooks” books at certain times (*see* Jarrett 2/6 Dec., Freese Dep., 12:13-17; 15:21-16:2; 17:6-11; 30:17-33:5; 47:7-9)— reflects the views of any “disinterested consumers,” and for that additional reason, his testimony is not relevant to whether the “ibooks” imprint ever achieved secondary meaning. *See Jewish Sephardic Yellow Pages*, 478 F. Supp. 2d at 370.

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.)

**RESPONSE:** Undisputed but immaterial. Apple does not dispute that in response to the question “What were those opportunities?,” *i.e.*, for the “ibooks” imprint in 2010, Mr. Freese

provided the testimony set forth above. (*See* Chatteraj Opp. Decl., Ex. 49, Freese Dep., 49:16-19.) Apple believes, however, that Mr. Freese’s testimony is immaterial. Apple further states that to the extent Plaintiffs are purporting to offer Mr. Freese’s testimony as expert testimony, Apple notes that Mr. Freese was not disclosed as an expert and did not submit an expert report. Apple had no notice of Mr. Freese’s purported expert opinions and did not have the opportunity to rebut any such opinions. Therefore, Mr. Freese’s testimony is inadmissible pursuant to Fed. R. Civ. P. 26(a)(2)(B). Furthermore, there has been no showing that any opinion testimony by Mr. Freese would satisfy Fed. R. Evid. 403, 701, 702 or 703. Finally, Plaintiffs have offered no evidence that the testimony of Mr. Freese— who is a long-time friend of Mr. Colby and has worked for distributors of “ibooks” books at certain times (*see* Jarrett 2/6 Dec., Freese Dep., 12:13-17; 15:21-16:2; 17:6-11; 30:17-33:5; 47:7-9)— reflects the views of any “disinterested consumers,” and for that additional reason, his testimony is not relevant to whether the “ibooks” imprint ever achieved secondary meaning. *See Jewish Sephardic Yellow Pages*, 478 F. Supp. 2d at 370.

8. Mr. Freese testified that he was aware that consumers recognized the ibooks and ipicturebooks imprints “through our retail presentations.” (Chatteraj 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.)



**RESPONSE:** Undisputed but immaterial. Apple does not dispute that in response to the question whether he had “any knowledge of whether consumers recognize the *ipicturebooks* imprint, Mr. Freese provided the testimony set forth above. Apple believes, however, that Mr. Freese’s testimony is immaterial. Apple further states that to the extent Plaintiffs are purporting to offer Mr. Freese’s testimony as expert testimony, Apple notes that Mr. Freese was not disclosed as an expert and did not submit an expert report. Apple had no notice of Mr. Freese’s purported expert opinions and did not have the opportunity to rebut any such opinions. Therefore, Mr. Freese’s testimony is inadmissible pursuant to Fed. R. Civ. P. 26(a)(2)(B). Furthermore, there has been no showing that any opinion testimony by Mr. Freese would satisfy Fed. R. Evid. 403, 701, 702 or 703. Finally, Plaintiffs have offered no evidence that the testimony of Mr. Freese— who is a long-time friend of Mr. Colby and has worked for distributors of “ibooks” books at certain times (*see* Jarrett 2/6 Dec., Freese Dep., 12:13-17; 15:21-16:2; 17:6-11; 30:17-33:5; 47:7-9)— reflects the views of any “disinterested consumers,” and for that additional reason, his testimony is not relevant to whether the “ibooks” imprint ever achieved secondary meaning. *See Jewish Sephardic Yellow Pages*, 478 F. Supp. 2d at 370.

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.)

**RESPONSE:** Undisputed but immaterial. Apple does not dispute that Mr. Freese testified that when Publishers Group West distributed books for Ibooks, Inc. (not Plaintiffs), sales of “ibooks” books “were in the millions.” (*See* Chatteraj Opp. Decl., Ex. 48, Freese Dep., 42:2-20.) Apple further states that it does not believe the fact set forth in Paragraph 9 of Plaintiffs’ Statement of Additional Facts is material to the issues addressed in the parties’ respective motions.

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.)

**RESPONSE:** Disputed. Apple notes that Plaintiffs have misquoted Mr. Freese’s testimony. In fact, Mr. Freese testified: “*I don’t specifically remember any advertising. But, co-op advertising normally would include the publisher’s logo, so I would assume that is the case.*” (*See* Chatteraj Opp. Decl., Ex. 116, Freese Dep., 96:8-16.) In addition, Apple believes that Mr. Freese’s testimony is immaterial. Apple further states that to the extent Plaintiffs are purporting to offer Mr. Freese’s testimony as expert testimony, Apple notes that Mr. Freese was not disclosed as an expert and did not submit an expert report. Apple had no notice of Mr. Freese’s purported expert opinions and did not have the opportunity to rebut any such opinions. Therefore, Mr. Freese’s testimony is inadmissible pursuant to Fed. R. Civ. P. 26(a)(2)(B). Furthermore, there has been no showing that any opinion testimony by Mr. Freese would satisfy Fed. R. Evid. 403, 701, 702 or 703. Finally, Plaintiffs have offered no evidence that the testimony of Mr. Freese— who is a long-time friend of Mr. Colby and has worked for distributors of “ibooks” books at certain times (*see* Jarrett 2/6 Dec., Freese Dep., 12:13-17; 15:21-16:2; 17:6-11; 30:17-33:5; 47:7-9)— reflects

the views of any “disinterested consumers,” and for that additional reason, his testimony is not relevant to whether the “ibooks” imprint ever achieved secondary meaning. *Jewish Sephardic Yellow Pages*, 478 F. Supp. 2d at 370.

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).

**RESPONSE:** Undisputed that Mr. Preiss died in a car accident on July 9, 2005 and that Ibooks, Inc. and Byron Preiss Visual Publications, Inc. (“BPVP”) filed for Chapter 7 bankruptcy on February 22, 2006. (Apple 12/21/2012 SUF, ¶¶ 44, 46.) For the sake of clarification, Apple notes that by early 2005, Ibooks, Inc. was on the verge of bankruptcy, and e-mails from before Mr. Preiss’s death reflect that the company did not have “cash flow to use for timely payments” and that certain payroll taxes had been unpaid. (Declaration of Bonnie L. Jarrett in Support of Defendant’s Motion for Summary Judgment, dated Dec. 21, 2012 (“Jarrett 12/21 Dec.”), Exs. 82 and 83, respectively; *see also* Apple SUF, ¶ 43.) In addition, documents indicate that the [www.ibooks.net](http://www.ibooks.net) domain name became inactive in the mid-2000s. (*See* Jarrett 12/21 Dec., Ex. 28.) Apple further notes that Mr. Freese, who worked for Ibooks, Inc.’s distributor at the time, testified that around the time Mr. Preiss died “returns started to outstrip sales, and that the returns were not related to Mr. Preiss’s death.” (Jarrett 2/6 Dec., Freese Dep., 44:25-46:20). In addition, Plaintiffs’ 30(b)(6) witness, Mr. Colby, testified that Mr. Preiss had been trying to sell Ibooks, Inc. before he died, and that he was not aware of any sales of “ibooks” books to distributors in the two months immediately before Mr. Preiss’s death. (Jarrett 2/6 Dec., Colby 30(b)(6) Dep., 88:12-24; 166:11-

168:7.) Mr. Colby also testified that Ibooks, Inc. was having financial difficulties before Mr. Preiss's death. (Jarrett 2/6 Dec., Colby Dep., 115:12-116:8.)

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.)

**RESPONSE:** Undisputed that for \$125,000, Plaintiffs purchased all the assets of Ibooks, Inc. and BPVP—including all publishing rights, copyrights, trademarks, rights and licenses to software programs, computer hardware, manuscripts, as well as more than 300,000 unsold copies of physical books. (Apple 12/21/2012 SUF, ¶ 49.)

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.)

**RESPONSE:** Undisputed that for \$125,000, Plaintiffs purchased all the assets of Ibooks, Inc. and BPVP—including all publishing rights, copyrights, trademarks, rights and licenses to software programs, computer hardware, manuscripts, as well as more than 300,000 unsold copies of physical books. (Apple 12/21/2012 SUF, ¶ 49.)

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 100,000 a year...I think it's done, it's a miracle frankly."

(Chattoraj Opp. Decl. Ex. 57, Colby Dep. 262:12-263:3.)

**RESPONSE:** Undisputed.

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 Chattoraj Decl. Ex. 60, Intent to Use Application Serial No. 75/182,820; see also Chattoraj Opp. Decl. Ex. 61, U.S. TM Reg. No. 2,446,634.)

**RESPONSE:** Undisputed, except that Apple notes, for clarity, that the description of goods and services in the 634 Registration is actually “computer hardware and software used to *support and create* interactive, user-modifiable electronic books,” rather than “computer hardware and software used to *create and support* interactive, user-modifiable electronic books,” as stated by Plaintiffs. (*See* Chattoraj Dec., Ex. 3 (emphasis added).)

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 Chattoraj 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 Chattoraj Opp. Decl. Ex. 63, U.S. Patent No,

7,571,212.)

**RESPONSE:** Undisputed, except that Apple notes, for clarity, that Paragraph 16 contains factual inaccuracies. Specifically, the United States Patent and Trademark Office (“PTO”) records show that the 748 Patent was filed on February 20, 2004, not February 28, 2004 (*see* Chatteraj Dec., Ex. 4), and the 212 Patent was awarded to Brian Reynolds and Mark J. Conway, not Mark J. Hanover (*see* Chatteraj Dec., Ex. 68). Moreover, Apple notes that, although it is not disputed that patents were issued for Family Systems’ iBook software, there is no evidence establishing (i) the extent to which Family Systems worked those patents and (ii) whether Family Systems owns, or owned, the 748 Patent, as the PTO’s record states that it was assigned by Brian Reynolds and Richard S. Goldhor (the inventors) to Fasm Network Service, LLC, not Family Systems, in 2007. (*See* Chatteraj Dec., Ex. 4.) Neither of these unknown facts is material to the issues addressed in the parties’ respective motions, however.

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.)

**RESPONSE:** Undisputed. Apple does not dispute that the 748 Patent contains the quoted text.

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).)

**RESPONSE:** Undisputed. Apple does not dispute that the 212 Patent contains, in large part, the quoted text, except that Apple notes, for clarity, that Plaintiffs appear to have partially misquoted the 212 Patent as, in the 212 Patent, the word “web” appears in parentheses after the term “World Wide Web” and the word “website” is always written as two separate words, “web site.” (See Chattoraj Dec., Ex. 68.)

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.)

**RESPONSE:** Undisputed. Apple does not dispute that Dr. Goldhor’s testimony contained the quoted text, except that Apple notes, for clarity, that Plaintiffs have partially misquoted that testimony, in that Dr. Goldhor’s actual quote was, “Family Systems ibook was a system and *an* architecture for allowing a community to create *material, including* text, but not limited to text, and to publish it using web technologies, but *to also* 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.” (*See* Chattoraj Dec., Ex. 5 (Goldhor Dep., at 20:4-11) (emphasis added).) Apple further adds, for clarity, that Dr. Goldhor also described the Family Systems ibook software as follows:

Q. The ibook technology, including the ibook software, would allow users to read books created by other people, correct?

A. Any kind of content.

Q. Any kind of –

A. If someone had created a novel and put it up in – using the ibook technology, then people could read that.



Q. The content that could be accessed using the ibook technology would include both text and visual material, correct?

A. Yes, that's correct.

\* \* \*

Q. The ibook technology, including the ibook software, could have been used by individuals to make books they had written available to others, correct?

A. Yes.

Q. The ibook technology, including the ibook software, could be used by commercial publishers to make their books available to others, correct?

A. The technology certainly could be used that way. As I said, Brian struggled with the whole notion of commercial use, and at various times there were various limitations suggested. But as far as the technology goes, this was technology that could be used either by an individual or an organization.

Q. And as it was designed and made available, the ibook technology, including the ibook software, could really be used by anybody to make content available to others; is that correct?

A. This is anyone who agreed to the licensing terms –

Q. Assuming –

A. – and had a computer and access to the Internet.

(Declaration of Bonnie L. Jarrett in Support of Defendant's Motion for Summary Judgment, dated Dec. 21, 2012 ("Jarrett 12/21 Dec."), ¶ 242 (Goldhor Dep., at 78:4-79:25).)

Dr. Goldhor also testified:

Q. And you said that the ibooks technology – excuse me, ibook technology, including the ibook software, could be used to support and create user-modifiable electronic books, correct?

A. Yes.

Q. Is it fair to say that a user could read a book or other content using that technology?

A. You mean if someone had created – let me answer it this way. If someone had created, let’s say, a novel, had written a novel using the ibook technology, then a user could access the ibook and read the novel just using that software.

Q. They could use the ibook software to look for material, find it, decide they wanted to read it and then read it using the software?

A. That’s correct, yes.

Q. And if a user, in reading some content that they had found using the ibook software, decided that they wanted to add to or modify that content, for example, by adding a note, they could do that as well, correct?

A. If they had the appropriate permissions, they could, yes.

(Declaration of Dale M. Cendali in Opposition to Plaintiffs’ Motion for Summary Judgment, dated Jan. 25, 2013 (“Cendali Dec.”), Goldhor Dep., at 80:19-81:20.)

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).

**RESPONSE:** Undisputed. Apple does not dispute that Family Systems issued a press release containing, in large part, the quoted text, except that Apple notes, for clarity, that Plaintiffs

appear to have partially misquoted the press release, in that the actual quote from the Press Release, dated March 12, 2002, states: “Family Systems has announced the launch of the iBook® family of products, which support individuals and distributed project groups as they work and collaborate *together* wherever they are.” (See Chatteraj Dec., Ex. 6 (emphasis added).) Further, Apple adds that Family Systems’ iBook software was marketed to both individuals and businesses, as its mission was to support the needs of “individuals and their communities, whether project teams, affiliation groups, families, or enterprises.” (*Id.*) In addition, according to the press release, the iBook system also “provide[d] interactive Web books for anyone with access to a Web browser, a text editor, and the Internet.” (*Id.*)

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? (Chatteraj Opp. Decl. Ex. 66, APPLE-IBOOKS0020321; see also Chatteraj Opp. Decl. Ex. 67, La Perle Dep. 108:5-109:9.)

**RESPONSE:** Undisputed but immaterial. Apple does not dispute (1) that on October 1, 2008, Brian Reynolds of Family Systems sent the e-mail described in Paragraph 21 of Plaintiffs’

Statement of Additional Facts to Apple, and (2) that between 1999 and January 2010, it also communicated with Family Systems regarding consents for trademark applications. Apple states that the phrase “substantive contact” is subjective, vague and ambiguous. In any event, Apple does not believe that the number of communications between it and Family Systems since 1999 is material to the issues addressed in the parties’ respective motions.

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:

- [1] 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 Chatteraj Opp. Decl. Ex. 68, APPLE-IBOOKS0022066.)
- [2] 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. (Chatteraj Opp. Decl. Ex. 68, APPLE-IBOOKS0022065.)

- [3] 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).)

- [4] On January 15, with Lupo refusing to make an offer Reynolds stated, “I would have preferred that Apple make us an offer, and without any information about Apple’s intentions and timescales or any opportunity to take advice, I can indicate that an offer of [REDACTED] would most likely be accepted and include a full transfer of rights and our conversion costs.” (Chattoraj Opp. Decl. Ex. 68, APPLE-IBOOKS0022063.)
- [5] Lupo responded on January 18 that [REDACTED] was not within “Apple’s realm of reality” and later made a counteroffer of [REDACTED] ([REDACTED] for the mark and [REDACTED] for the domain name registrations) on January 20. (Chattoraj Opp. Decl. Ex. 68, APPLE-IBOOKS0022062.)
- [6] 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 of [REDACTED].” (Chattoraj Opp. Decl. Ex. 68, APPLE-IBOOKS0022059.)
- [7] Lupo countered at 11:01PM on January 22 with an offer of [REDACTED], 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.*)
- [8] On January 25, Reynolds suggested that the parties close at “[REDACTED]” the [sic] (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 [REDACTED].” (Chattoraj Opp. Decl. Ex. 69, APPLE-IBOOKS0023658.)
- [9] 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 [REDACTED]. (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.)
- [10] 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 Chatteraj Opp. Decl. Ex. 73, APPLE-IBOOKS0023912-15.)

**RESPONSE:** Undisputed, except that Apple notes, for clarity, that the reference to “January 27, 2012” in the first clause of Paragraph 22 of Plaintiffs’ Statement of Additional Facts appears to be a typographical error, and clarifies that the correct date is January 27, 2010. Apple’s additional responses to each bullet point set forth in Paragraph 22 of Plaintiffs’ Statement of Additional Facts (which Apple has numbered for the Court’s convenience) are set forth below.

[1] Undisputed. Apple does not dispute that Mr. Lupo sent an e-mail to Family Systems’ outside trademark counsel on January 13, 2010, except that Apple adds, for clarity, that Mr. Lupo’s e-mail to Mr. Taylor, which is partially quoted in the first bullet point, also stated: “Your client reached out some time ago to see if we were interested. I thought they might have an idea of how much they wanted since they were shooing [sic] the portfolio.” (Chatteraj Dec., Ex. 16, at APPLE-IBOOKS0022066.) In any event, Mr. Lupo’s e-mail speaks for itself.

[2] Undisputed, except that Apple notes, for clarity, that Mr. Reynolds’ January 14, 2010 e-mail, which is partially quoted in the second bullet point, correctly referred to Apple as “Apple Inc.,” rather than “Apple, Inc.”

[3] Undisputed but immaterial. Apple does not dispute that Mr. Lupo made the statement described in the third bullet point, but does not believe that it is material to the issues addressed in the parties’ respective motions. Apple adds, for clarity, that Mr. Lupo also stated in his January 14, 2010 e-mail, a portion of which is set forth in the third bullet point, that Apple “would want to own the domains,” and that the e-mail speaks for itself. (See Chatteraj Dec., Ex. 16, at APPLE-IBOOKS0022064.) Apple further clarifies that in a subsequent e-mail dated January 15, 2010, Mr.

Lupo informed Mr. Reynolds that that “Apple would want all of these domains and any left over trademark or trademark rights you have.” (Chattoraj Dec., Ex. 16, at APPLE- IBOOKS0022063.)

[4] Undisputed but immaterial. Apple does not dispute that Mr. Reynolds sent the e-mail that is partially quoted in the fourth bullet point. Apple notes that it is unclear what Plaintiffs mean by the use of the term “refused” in the fourth bullet point. Apple adds, for clarity, that Mr. Reynolds’s e-mail was sent after Mr. Lupo informed Mr. Reynolds: “We do not have an idea what the value of the marks and domains are to you so we thought you would be in the best position to tell us what it would cost for you to move your goods and services to another domain and mark.” (Chattoraj Dec., Ex. 16, at APPLE-IBOOK0022064 (January 14, 2010 e-mail).) Mr. Reynolds’s and Mr. Lupo’s statements are immaterial to the issues set forth in the parties’ respective motions.

[5] Undisputed but immaterial.

[6] Undisputed but immaterial. Apple notes, for clarity, that the actual quote from the e-mail described in the sixth bullet point is “[w]e are willing to reduce our expectation of an Apple offer price to [REDACTED].” (Chattoraj Dec., Ex. 16, at APPLE-IBOOKS0022059 (emphasis added).)

[7] Undisputed but immaterial.

[8] Undisputed but immaterial. Apple adds, for clarity, that in Mr. Reynolds’ January 25, 2010 e-mail described in the eighth bullet point, he also stated that he understood that Family Systems had active trademark registrations for IBOOK in 24 countries. (*See* Chattoraj Dec., Ex. 17, at APPLE-IBOOKS0023745.) Apple further clarifies that Mr. Lupo responded on January 25, 2010, stating that the offer “reflects the fact that [Family Systems] has active trademark registrations in only three countries,” not 24, as Mr. Reynolds believed. (*See* Chattoraj Dec., Ex. 18, at APPLE-IBOOKS0023658.)

[9] Undisputed. Apple notes, for clarity, that Mr. Lupo received a copy of the Assignment Agreement signed by Family Systems on January 27, 2010 at 3:28 A.M. Eastern Standard Time. (See Cendali Dec., Ex. 5.) In addition, while the ninth bullet point indicates that Exhibit 45 to Mr. Chatteraj's Declaration is pages 117-119 of the transcript of Mr. Lupo's deposition testimony, that exhibit is actually certain pages from the Family Systems website.

[10] Undisputed but immaterial. Apple does not dispute that the Assignment Agreement was effective as of January 26, 2010, executed prior to the announcement of the iBooks app on January 27, 2010, and that Apple paid Family Systems on or before February 3, 2010, days before payment was due under the terms of the Assignment Agreement. (See Chatteraj Dec., Ex. 21, at APPLE-IBOOKS0033421-32; see also Chatteraj Dec., Ex. 22, at 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 Chatteraj Opp. Decl. Ex. 74, La Perle Dep. 125:10-126:9.)

**RESPONSE:** Undisputed but immaterial. Apple adds, for clarity, that it did acquire from Family Systems the trademark registrations and domain names set forth in Paragraph 23 of Plaintiffs' Statement of Additional Facts, as well as "any common law rights [in IBOOK], and all goodwill associated" with the trademark IBOOK and all of the trademark registrations listed in Paragraph 23 of Plaintiffs' Statement of Additional Facts. (See Chatteraj Dec., Ex. 21, at APPLE- IBOOKS0033421-32.) Apple further states, for clarity, that any customers using those domain



names would be redirected to Apple's website, as stated in Paragraph 24 of Plaintiffs' 56.1 Statement.

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.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); [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-i-book.net>, a printout of which is attached as Chatteraj Opp. Decl. Ex. 75.)

**RESPONSE:** Undisputed.

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). (Chatteraj Opp. Decl. Ex. 76, Application No. 85/008,412.)

**RESPONSE:** Undisputed but immaterial. Apple notes that the phrase "wide variety" is subjective, vague and ambiguous. Apple further notes, for clarity, that Exhibit 27 to Mr. Chatteraj's Declaration is not a copy of the application filed by Apple on April 7, 2010, but is a response to an office action regarding the application. In any event, Apple does not believe the

fact set forth in Paragraph 25 of Plaintiffs' Statement of Additional Facts is material to the issues addressed in the parties' respective motions.

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

**RESPONSE:** Undisputed but immaterial. Apple does not believe this fact is material to the issues addressed in the parties' respective motions.

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. (Chatteraj Opp. Decl. Ex. 76, Amendment to Allege Use, dated March 13, 2012.)

**RESPONSE:** Undisputed but immaterial. Apple notes, for clarity, that it is unclear what Plaintiffs mean by the term "substantially," which is subjective, vague and ambiguous. Apple further clarifies that Exhibit 27 to the Chatteraj Declaration is not a copy of the Amendment to Allege Use, dated March 13, 2012, but is a copy of a Response to an Office Action. In any event, Apple does not believe the fact set forth in Paragraph 27 of Plaintiffs' Statement of Additional Facts is material.

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 2:23PM on March 14, 2012.)

**RESPONSE:** Undisputed. Apple, however, does not believe that this fact is material to the issues addressed in the parties' respective motions.

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

**RESPONSE:** Undisputed but immaterial. Apple does not believe this fact is material to the issues addressed in the parties' respective motions.

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 Chattoraj Opp. Decl. Ex. 78, APPLE-IBOOKS0021100-03; see also Chattoraj Opp. Decl. Ex. 79, Gedikian Dep. 110:8-12.)

**RESPONSE:** Undisputed.

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:

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

**RESPONSE:** Undisputed. Apple does not dispute that users of the iBooks software can interact with and modify electronic books in various ways. Apple further notes, for clarity, that it is unclear what Plaintiffs mean by the phrase “environmental factors,” which term is vague and ambiguous. Apple further adds, for clarity, that when an iBooks user wants to share highlights or annotations (as discussed in the fourth bullet point), the user can do so “directly from inside of iBooks,” and that there is no need to open a separate app because an e-mail sheet, pre-populated by the iBooks software, opens on top of the iBooks app such that “iBooks is still visible” after the user sends the message. (*See* Chatteraj Dec., Ex. 36 (Gedikian Dep. at 221:3-5, 221:13-19).)

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.)

**RESPONSE:** Undisputed. Apple does not dispute that while a user's modifications to a book, such as highlights, notes, commentary, or bookmarks, will be reflected across all of the user's devices that have the iBooks software, provided the user has chosen to activate that preference (*see* Chatteraj Dec., Exs. 31, 35 (Gedikian Dep., at 114:8-21)), other users accessing the same book will not see these changes unless they are accessing the book through the same account as the original user. (*See* Chatteraj Dec., Ex. 37 (Gedikian Dep., at 219:25-220:4).) Apple notes, for clarity, that the phrase "environmental changes" is vague and ambiguous. Apple further adds, for clarity, that Mr. Gedikian testified that the ability of multiple iBooks users to make edits and changes to electronic books that are visible to other users of the same account is one of the ways in which Apple's iBooks software is an "interactive Web collaboration system." (*See* Chatteraj Dec., Ex. 37 (Gedikian Dep., at 219:25-220:4).)

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.)

**RESPONSE:** Undisputed, except that Apple notes, for clarity, that "from a customer's perspective, there is no representation of that separate data file. From the customer's experience perspective, when they open the document, they are viewing a singular document." (Cendali Dec., Gedikian Dep., at 112:1-11.)

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).)

**RESPONSE:** Disputed. The term “accounts” is vague and ambiguous. Furthermore, the iBooks License Agreement does not address sharing accounts, and thus neither prohibits nor allows users to share accounts.

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.)

**RESPONSE:** Undisputed, except that Apple notes, for clarity, that neither Ms. Kvamme nor Mr. Gedikian was shown the iBooks License Agreement at their depositions. Instead, Ms. Kvamme, who is responsible for certain marketing of the iBooks software, was asked at her deposition: “Does Apple encourage people to share their iTunes accounts with others so that they can share books through the iBooks application?” (Chatteraj Dec., Ex. 59 (Kvamme Dep., at 45:12-14).) Ms. Kvamme responded: “Apple doesn’t encourage sharing of accounts.” (Chatteraj Dec., Ex. 59 (Kvamme Dep., at 45:16-17). Mr. Gedikian, who is also responsible for certain marketing of the iBooks software, was asked at his deposition: “Are you and your wife permitted by Apple’s terms of use to share the same account?” (Chatteraj Dec., Ex. 37 (Gedikian Dep., at 220:5-6). Mr. Gedikian responded that he did not know. (*See* Chatteraj Dec., Ex. 37 (Gedikian Dep., at 220:7).) Mr. Gedikian was then asked: “Is it part of Apple’s marketing communications to the general public that they should share iTunes accounts?” (Chatteraj Dec., Ex. 37 (Gedikian

Dep., at 220:8-10).) Mr. Gedikian testified, “In my experience, when we talk about ‘accounts,’ we talk about them in the context of one account per person.” (Chattoraj Dec., Ex. 37 (Gedikian Dep., at 220:11-13).) Apple further notes, for clarity, that it allows consumers to link multiple devices to a single iTunes or iBookstore account and promotes this functionality as follows: “So you can read one of your favorites on your iPhone during your morning commute and pick up right where you left off on your iPad at bedtime.” (Cendali Dec., Ex. 6.) Furthermore, as noted above, the iBooks License Agreement does not address sharing accounts, and thus neither prohibits nor allows users to share accounts.

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

**RESPONSE:** Disputed but immaterial. Apple does not believe that Apple witnesses’ knowledge about the Family Systems iBook software or system is material to the issues addressed in the parties’ respective motions. The phrase “specific details” is subjective, vague and ambiguous. Plaintiffs appear to have ignored extensive testimony by Apple’s witnesses on this point. In fact, Apple’s witnesses offered testimony about the Family Systems iBook software based on personal knowledge. First, Mr. La Perle personally viewed Family Systems’ website and

trademark registrations (*see* Cendali Dec., La Perle Dep., at 95:6-9) and he testified that as part of the clearance process, Apple did additional investigation into Family Systems’ business (*see* Cendali Dec., La Perle Dep., at 100:13-24). Based on his review of the website and trademark registrations and his knowledge of the 1999 Consent Agreement, Mr. La Perle testified that “Family Systems was in the E-book reader software business” and that Family Systems made “[s]oftware that supports and creates user-modifiable electronic books” available for download from its website. (*See* Cendali Dec., La Perle Dep., at 94:22-98:2.) Mr. La Perle also testified that he believed the ebooks created using Family Systems’ software were “hosted on the Web sites,” that a person visiting a book owned by or made available by Family Systems could “make changes to such ebooks,” and that “user modifiability was part of the interactiveness.” (Cendali Dec., La Perle Dep., at 244:16-246:5.) Second, Glenn Gundersen, one of Apple’s outside trademark counsel, also visited the Family Systems website in January 2010. (*See* Cendali Dec., Gundersen Dep., at 140:6-12.) He testified that Family Systems was “offering [a] software application.” (Chattoraj Dec. Ex. 67 (Gundersen Dep., at 144:15-23).) Finally, Hal Borden, another of Apple’s outside trademark counsel, testified that he “saw one or more pages from Family Systems’ Web site” and that he “would have some knowledge of [Family Systems’] products based on seeing that Web site.” (Chattoraj Dec., Ex. 66 (Borden Dep., at 140:18-24).)

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



**RESPONSE:** Undisputed but immaterial because Apple can establish that it acted in good faith by, *inter alia*, conducting a thorough trademark search and detailed clearance process that as a factual matter did not reveal the Plaintiffs’ existence. Trademark searches are “factual in nature,” not privileged, and thus can be relied upon to demonstrate good faith even when advice of counsel is not claimed. *See THOIP v. Walt Disney Co.*, 736 F. Supp. 2d 689, 700, n. 73; 713-14 (S.D.N.Y. 2010).

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.)

**RESPONSE:** Undisputed but immaterial because Apple can establish that it acted in good faith by, *inter alia*, conducting a thorough trademark search and detailed clearance process that as a factual matter did not reveal the Plaintiffs’ existence. Trademark searches are “factual in nature,” not privileged, and thus can be relied upon to demonstrate good faith even when advice of counsel is not claimed. *See THOIP*, 736 F. Supp. 2d at 700, n. 73; 713-14.

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.)

**RESPONSE:** Undisputed but immaterial because Apple can establish that it acted in good faith by, *inter alia*, conducting a thorough trademark search and detailed clearance process that as a factual matter did not reveal the Plaintiffs' existence. Trademark searches are "factual in nature," not privileged, and thus can be relied upon to demonstrate good faith even when advice of counsel is not claimed. *See THOIP*, 736 F. Supp. 2d at 700, n. 73; 713-14.

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.)

**RESPONSE:** Undisputed but immaterial. For the sake of clarity, Apple notes that it has not withheld any results of Dechert LLP's trademark searches. The search results to which Plaintiffs refer above were carried out online, and were not printed. (Jarrett 2/6 Dec., Borden Dep., 108:17-109:16; 177:12-178:4; Gundersen Dep., 340:24-341:17.) Furthermore, the phrase "the results of Dechert LLP's search for IBOOKS plural" is vague and confusing. Apple's trademark searches revealed many variations of the term "ibook," including "ibooks" and "iboox," among others. (Apple SUF, ¶ 222.) In any event, Apple can establish that it acted in good faith by, *inter alia*, conducting a thorough trademark search and detailed clearance process that as a

factual matter did not reveal the Plaintiffs' existence. Apple has produced the results of those trademark searches, which are "factual in nature," not privileged, and thus can be relied upon to demonstrate good faith even when advice of counsel is not claimed. *See THOIP*, 736 F. Supp. 2d at 700, n. 73; 713-14.

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").)

**RESPONSE:** Undisputed that Dr. McDonald conducted two surveys in connection with this litigation. Apple has moved, however, to exclude Dr. McDonald's report, opinions, and testimony.

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.)

**RESPONSE:** Undisputed that Dr. McDonald's September 17, 2012 report includes the statement quoted in ¶ 42 of Plaintiffs' Statement of Additional Facts. Apple has moved, however, to exclude Dr. McDonald's reports, opinions, and testimony.

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'" (Chattoraj 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.)

**RESPONSE:** Undisputed that Dr. McDonald conducted two surveys, one of which used "iBooks" and "eBooks" as the test and control, respectively, and one of which used "ibooks" and "ebooks" as the test and control, respectively. It is also undisputed that the Sur-Rebuttal and Supplemental Report of Dr. Susan Schwartz McDonald, Ph.D., dated December 6, 2012, includes the statement quoted in ¶ 43 of Plaintiffs' Statement of Additional Facts. Apple has moved, however, to exclude Dr. McDonald's reports, opinions, and testimony.

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 Chattoraj Opp. Decl. Ex. 107, APPLE-IBOOKS0017702 ("iBooks: Books you never have to put down"); see also Chattoraj Opp. Decl. Ex. 108, iBooks Survey Results at page APPLE-IBOOKS0024489 ("How Many iBooks Have You Downloaded?"); see also Chattoraj Opp. Decl. Ex. 109, email from Tom Neumayr to Randi Wolfson, sent on September 11, 2010 at 2:10PM ("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).))

**RESPONSE:** Undisputed but immaterial. Apple does not dispute that the three internal documents cited above reflect the quoted text, but Apple notes that the documents are immaterial because consumers are not aware of these internal uses of the term “iBooks.” Since those documents were created, for reasons unrelated to this litigation, Apple has made it clear to its employees that “iBooks” is only to be used to refer to the e-book reader software application, and not electronic books. (Chattoraj Opp. Decl., Ex. 111.) Furthermore, Apple has not used “iBooks” to refer to electronic books in any of its advertising or in any of its marketing materials directed to consumers. (Jarrett 2/6 Dec., Kvamme Dep., 99:22-100:13.) Therefore, Apple does not believe the fact set forth in Paragraph 44 of Plaintiffs’ Statement of Additional Facts is material to the issues addressed in the parties’ respective motions.

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 Chattoraj 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.”).)

**RESPONSE:** Undisputed but immaterial. Apple does not dispute that the survey of iTunes users that it conducted in August 2011 for internal marketing research purposes included the question quoted above. Since that time, for reasons unrelated to this litigation, Apple has made it clear to its employees that “iBooks” is only to be used to refer to the e-book reader software application, and not electronic books. (Chattoraj Opp. Decl., Ex. 111.) Furthermore, Apple has not used the term “iBooks” to refer to electronic books in any of its advertising or any of its

marketing materials directed to consumers. (Jarrett 2/6 Dec., Kvamme Dep., 99:22-100:13.)

Therefore, Apple does not believe the fact set forth in Paragraph 45 of Plaintiffs' Statement of Additional Facts is material to the issues addressed in the parties' respective motions.

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.)

**RESPONSE:** Undisputed as a factual matter, except that Apple disputes Plaintiffs' characterization of the August 2011 online survey as "outward facing materials." Apple further notes that this fact is immaterial because the August 2011 online survey does not constitute consumer-directed advertising or marketing. Since that time, for reasons unrelated to this litigation, Apple has made it clear to its employees that "iBooks" is only to be used to refer to the e-book reader software application, and not electronic books. (Chatteraj Opp. Decl., Ex. 111.) Furthermore, Apple has not used "iBooks" to refer to electronic books in any of its advertising or any of its marketing materials directed to consumers. (Jarrett 2/6 Dec., Kvamme Dep., 99:22-100:13.) Therefore, Apple does not believe the fact set forth in Paragraph 46 of Plaintiffs' Statement of Additional Facts is material to the issues addressed in the parties' respective motions.

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.” (Chattoraj 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.)

**RESPONSE:** Undisputed but immaterial. Apple does not believe the fact set forth in Paragraph 47 of Plaintiffs’ Statement of Additional Facts is material to the issues addressed in the parties’ respective motions.

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 Chattoraj 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 Chattoraj 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.)

**RESPONSE:** The first sentence of Paragraph 48 is undisputed but immaterial. Apple notes that the two third-party books described above incorrectly use the term “iBooks” to refer to electronic books available through Apple’s iBookstore service. Apple disputes the second

sentence of Paragraph 48, which is not a fact, but an unsubstantiated allegation from Plaintiffs' Amended Complaint. Apple further notes that by providing only a citation to their Amended and Supplemental Complaint, Plaintiffs have not complied with Local Civil Rule 56.1(d), which provides that "Each statement by the movant or opponent pursuant to Rule 56.1(a) and (b), including each statement controverting any statement of material fact, must be followed by citation to evidence, which would be admissible, set forth as required by Fed. R. Civ. P. 56(c)."

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).)

**RESPONSE:** Undisputed.

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>.)



**RESPONSE:** Undisputed but immaterial. Apple further states that it does not believe the fact set forth in Paragraph 50 of Plaintiffs' Statement of Additional Facts is material to the issues addressed in the parties' respective motions.

Date: February 6, 2013

Respectfully submitted,

*s/ Dale M. Cendali*

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