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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

ECF Case

**APPLE INC.’S OPPOSITION TO
MOTION TO WITHDRAW AS
COUNSEL OF RECORD FOR
PLAINTIFFS**

Apple Inc. (“Apple”) opposes the Notice of Motion to Withdraw as Counsel of Record for Plaintiffs [Doc. 27] (the “Motion”) to the extent it (1) would allow Plaintiffs to avoid paying the costs of producing their own electronic documents and (2) seeks a 30-day stay in this case.

I. PRELIMINARY STATEMENT

On Friday, March 30, 2012, with no notice to Apple and just four days after Apple told Plaintiffs it would cost \$19,000 to process the hard drive they had delivered, counsel for Plaintiffs moved for leave to withdraw and for a stay of this case “for a maximum of thirty days, at which point new counsel would either appear or the Complaint would be dismissed.” *See* Declaration of Thomas C. Morrison in Support of Motion to Withdraw as Counsel of Record for

Plaintiffs [Doc. 28] (“Morrison Decl.”), ¶ 7. Apple does not oppose counsel’s request to withdraw, but it does oppose Plaintiffs’ effort to use that withdrawal to avoid the costs of electronic discovery and engaging in any meaningful discovery for a further a 30 days.¹

Plaintiffs chose to file suit against Apple ten months ago, but by their own admission began “pull[ing] back” from pursuing their claims after the New Year holiday as their counsel tried “to sort of draw a line and let the new firm deal with these [discovery] issues.” *See* Transcript, Feb. 27, 2012 (the “Transcript”), 33:12-15. No new firm has appeared, however, and it is unclear whether it ever will. *See* Morrison Decl., ¶ 4 (noting that Plaintiffs and their funding firm are “close to an agreement with a pair of firms,” and that those firms have agreed to commit to meeting the trial date in this case “if they agree to go forward as plaintiffs’ counsel”) (emphasis added). Apple has tried to push the case along in an effort to meet this Court’s firm deadlines, but its efforts have been met with a pattern of deliberate delays and last-minute cancellations of depositions and inspections by Plaintiffs. Plaintiffs’ conduct is neither appropriate, nor contemplated by the Federal Rules of Civil Procedure or basic notions of fairness. Apple therefore opposes the Motion to the extent it would force Apple to bear the costs of Plaintiffs’ electronic discovery until such time as Plaintiffs retain new counsel.

Apple also opposes Plaintiffs’ request for a 30-day stay. Plaintiffs’ inaction has already effectively created a three-month stay. If a further stay is granted, there simply will not be

¹ Rule 1.E of this Court’s Individual Practices require that “[a]ll requests for adjournments or extensions of time must state,” among other things, “the number of previous requests for adjournment or extension, . . . whether those previous requests were granted or denied, and . . . whether the adversary consents, and, if not, the reasons given by the adversary for refusing to consent.” Plaintiffs ignored the spirit of this requirement. During the February 27, 2012 status conference before the Court, Plaintiffs requested that some “new firm negotiate the final schedule” in this case. *See* Transcript, Feb. 27, 2012, 4:20-24. The Court denied that request, and instructed Plaintiffs that any “other firm will need to work within” the existing schedule. *See id.*, 38:22-23. None of that is set forth in Plaintiffs’ request for a 30-day stay. Moreover, Plaintiffs never asked Apple if it would consent to a stay in this case, and thus did not provide the Court with Apple’s reasons for opposing the Motion.

enough time under the existing schedule to obtain the necessary discovery and draft expert reports. There also will not be enough time to file dispositive motions, which could obviate the need for a trial in this case by making clear that Plaintiffs have trumped up claims based on a trademark that simply does not exist in the hopes of obtaining a windfall from Apple (which will not happen). In short, a month-long stay will exacerbate the prejudice Apple has suffered by Plaintiffs' refusal to prosecute their claims during the past three months. For this additional reason, Plaintiffs' motion should be denied to the extent it seeks a 30-day stay of this case.

II. PLAINTIFFS HAVE NOT COMPLIED WITH THEIR DISCOVERY OBLIGATIONS, RESULTING IN SIGNIFICANT DELAYS.

Plaintiffs have not fully complied with discovery. Their document production still is incomplete and they have obstructed Apple's discovery efforts at every turn. Apple, for its part, has diligently sought to meet its discovery obligations, despite Plaintiffs' obstructive conduct.

A. Plaintiffs' Document Production is Incomplete.

1. The Production Did Not Include Any Bona Fide Business Records.

Plaintiffs' March 7, 2012 production, which was made following the Court's February 27, 2012 Order, included only 74 hard copy documents consisting primarily of (1) media reports and press releases related to Byron Preiss, the founder of certain publishing companies allegedly acquired by Mr. Colby in 2006; (2) documents that purport to show that "ibooks" books are available for sale; and (3) advanced Google search results that appear to have been run in 2011 for the terms "ibooks" and either "publishers," "publisher" or "publishing" — none of which such results include a link to Plaintiffs' website. *See* Declaration of Bonnie L. Jarrett, dated Apr. 4, 2012 ("Jarrett Decl."), ¶ 2.

Conspicuously absent from Plaintiffs' March 7th production were any *bona fide* business records, including, *inter alia*, documents related to (1) actual sales of books bearing the "ibooks" imprint; (2) advertisements for "ibooks" books, if any; (3) the brick and mortar channels through which "ibooks" books are sold, if any; (4) the target market for "ibooks" books; (5) samples of Plaintiffs' and their predecessors' products; (6) U.S. Patent & Trademark Office ("PTO") records related to Plaintiffs' predecessor's abandoned trademark application for IBOOKS; and (7) Mr. Colby's acquisition of the "ibooks" business. *See id.*, ¶ 3. While it is possible that some of these documents may be found on Plaintiffs' hard drive, it is inconceivable that Plaintiffs do not also possess hard copies of any such documents that are responsive to Apple's discovery requests. In any event, the documents that Plaintiffs did produce give no indication whatsoever that Plaintiffs' alleged common law "ibooks" trademark has achieved secondary meaning.

Courts are wary of allowing plaintiffs who have engaged in only *de minimis* use of an unregistered mark to assert claims for trademark infringement. *See, e.g., Kinbook, LLC v. Microsoft Corp.*, No. 10-4828, 2012 WL 246013, at * 10 (E.D. Pa. Jan. 25, 2012) (in reverse confusion case, granting motion for summary judgment in favor of Microsoft where "Kinbook acknowledge[d] that it ha[d] not dedicated any significant time, money, or effort to advertise, promote, or market its marks or services"); *Major League Baseball Props., Inc. v. Opening Day Productions, Inc.*, 385 F. Supp. 2d 256, 265-66 (S.D.N.Y. 2005) (in action seeking a declaratory judgment that plaintiff did not infringe defendant's purported common law trademark, finding that defendant did not establish a valid, protectable mark based on, *inter alia*, revenues of \$300 in 1991 and \$3,000 in 1996); *Momentum Luggage & Leisure Bags v. Jansport, Inc.*, No. 00 Civ. 7909 (DLC), 2001 WL 830667, at *4 (S.D.N.Y. July 23, 2001) (granting defendant's motion for

summary judgment, and holding that plaintiff's "informal and sporadic sales activity does not constitute sufficient use of a trademark in commerce to qualify for Lanham Act protection").

Apple contends that Plaintiffs do not actually have any trademark rights or any ongoing business related to their purported "ibooks" mark, but are simply hoping for a windfall at Apple's expense. Plaintiffs presumably have failed to produce any documents related to their purported advertising and sales because those documents would support Apple's defense. Granting a 30-day stay would further delay the production of additional hard copy documents or product samples, and further prejudice Apple's ability to defend itself against Plaintiffs' claims by impairing its ability to conduct expert discovery and prepare a dispositive motion.

2. Plaintiffs Must Pay Their Own E-Discovery Costs.

Rather than retaining and paying an electronic discovery vendor to process their hard drive, on March 23, 2012, Plaintiffs delivered a hard drive, which contained raw, unsearched electronic data, to Apple. *See Jarrett Decl., Exhibit A.* Apple reviewed the properties of the hard drive, and discovered that it contained approximately 950 GB of data. *See id., Exhibit B, at 1.*

On Monday, March 26, 2012, Apple informed Plaintiffs that it would cost "approximately \$19,000 for an electronic discovery vendor to process the hard drive and run search terms." *Id.*² Apple explained that while it would comply with the Court's February 27 order that Apple "manage [the] process" of reviewing the hard drive (*see Transcript, 36:9-11*), there was no good cause for cost-shifting and therefore Apple would invoice Plaintiffs for the costs of that review. *See Jarrett Decl., Exhibit B, at 2.* Plaintiffs responded to Apple on March 28, 2012, stating that the hard drive included "materials relating to all of Mr. Colby's companies," even those that are not parties to this action. *See id., Exhibit C, at 2* (emphasis

² Other vendors quoted fees of \$68,000 and \$141,750 to process and search Plaintiffs' hard drive.

added). Plaintiffs also claimed that they had met their discovery obligations by merely delivering the drive, and demanded that Apple incur the costs of processing and reviewing all of the materials that it contains. *See id.* In a March 30, 2012, letter, Apple rejected that demand. *See id.*, Exhibit D, at 1-2.³

There is no basis for Plaintiffs' insistence that Apple pay to produce Plaintiffs' own documents. Rather, "the presumption is that the responding party must bear the expense of complying with discovery requests." *Oppenheimer Fund, Inc. v. Sanders*, 437 U.S. 340, 358 (1978); *see also Quinby v. WestLB AG*, 245 F.R.D. 94, 101 (S.D.N.Y. 2006); *Zubulake v. UBS Warburg LLC*, 216 F.R.D. 280, 283 (S.D.N.Y. 2003). Indeed, even plaintiffs who have been granted *in forma pauperis* status are required to pay the costs of discovery. *See, e.g., Koehl v. Greene*, No. 9:06-CV-0478, 2007 WL 4299992, at *3 (N.D.N.Y. Dec. 6, 2007). The costs of complying with discovery requests may be shifted to the requesting party "only upon motion of the responding party to a discovery request, and 'for good cause shown.'" *Zubulake*, 216 F.R.D. at 283. Plaintiffs have not made any such motion, nor is there good cause for cost-shifting in this case.

First, if Plaintiffs' funding firm agrees to retain new counsel, it surely can also provide Plaintiffs with the funds necessary to conduct discovery in this case. Second, even absent such funding it seems likely that Plaintiffs can pay their own expenses, given that Mr. Colby maintains both an apartment on Park Avenue and a home on Shelter Island. *See Jarrett Decl.*, Exhibit E, at 1-2. Finally, courts have held that cost-shifting is only appropriate when electronically-stored information ("ESI") is inaccessible. *See Fed. R. Civ. P. 26(b)(2)(B); see*

³ Apple then asked (1) whether Plaintiffs' counsel had conducted an investigation to confirm that the hard drive provided is the sole source of Plaintiffs' electronic documents; (2) what period of time was encompassed on the hard drive; and (3) whether the hard drive includes electronic documents obtained from the Byron Preiss entities. *See id.*, at 2. As of the date of this filing, Plaintiffs have not responded to Apple's inquiries.

also Zubulake, 216 F.R.D. at 291 (noting that if UBS’s ESI had “always been accessible, there is no question that UBS would have had to produce the data at its own cost”). Plaintiffs have never even asserted that such is the case here, and even if they had it is clear that the ESI on the hard drive can in no way be considered inaccessible. As a result, Plaintiffs themselves must bear the costs of producing the ESI contained on their own hard drive.

B. Plaintiffs Have Obstructed Apple’s Discovery Efforts.

Plaintiffs claim that “most of the meaningful discovery that has occurred has been the result of plaintiffs’ efforts” (*see Morrison Decl.*, ¶ 6), the plain fact is that Plaintiffs have consistently blocked Apple’s efforts to conduct any meaningful discovery:

- Plaintiffs have refused to set an expert schedule: On February 29, 2012, and again during a meet-and-confer call on March 20, 2012, Plaintiffs’ counsel refused to agree to a schedule for the exchange of expert witness reports, purportedly because they did not want to bind successor counsel. *See Jarrett Decl.*, Exhibit F and ¶ 5.
- Plaintiffs have refused to permit an inspection: On Friday, March 16, 2012 at 4:16 PM, Plaintiffs cancelled the inspection of Plaintiffs’ premises that had been noticed for Monday, March 19, 2012 -- three and a half hours after Apple’s counsel sent an e-mail to confirm the inspection and despite having been served with a notice of inspection two weeks earlier, on March 7, 2012. *See id.*, Exhibit E, at 1-2. Although Plaintiffs’ Complaint states that Plaintiffs’ offices are located in New York City,⁴ Plaintiffs have since claimed that the “warehouse” Mr. Morrison described during the February 27 status

⁴The Complaint alleges that Plaintiffs have offices at 1230 Park Avenue, New York, NY. *See* Complaint [Doc. 1], at ¶¶ 9-11. Even as late as Friday, March 30, 2012, Plaintiffs’ website indicated that several businesses are located at that address, including all three Plaintiffs in this case. *See Jarrett Decl.*, Exhibit E, at Exhibit A (printed on March 30, 2012). The phone numbers for those businesses have a 212 area code, rather than Shelter Island’s 631 area code. *See id.* In other words, all indications are that any businesses Plaintiffs may operate are based in New York City, not on Shelter Island.

conference is actually at Mr. Colby's home on Shelter Island. *See id.*, at 1-2. On March 21, 2012, Plaintiffs' counsel proposed that Apple inspect Mr. Colby's Shelter Island "warehouse" on April 3, 2012, and Apple's counsel agreed. *See id.*, Exhibit G. At 3:08 PM on March 28, 2012, however, just a few hours after counsel for Apple left Plaintiffs' counsel a voicemail message asking for the address of the Shelter Island warehouse, Mr. Morrison again cancelled the inspection. *See id.*, Exhibit C and ¶ 8. On March 30, 2012 Apple requested that the inspection of Plaintiffs' Shelter Island warehouse go forward on April 3rd as previously agreed; Plaintiffs have never responded to that request.

- Plaintiffs have refused to set deposition dates: During the March 20th meet-and-confer call, Plaintiffs' counsel cancelled the deposition of Mr. Colby that had been noticed for March 27, 2012. *See id.*, ¶ 6. To date, Plaintiffs have not responded to Apple's letter of March 28, 2012, in which Apple sought to schedule depositions to take place in April. *See id.*, ¶ 11.

Because Plaintiffs have already caused significant delays in this case, a 30-day stay is unwarranted and Plaintiffs' request for such a stay should be denied.

C. Apple Has Complied with Its Discovery Obligations.

Contrary to Plaintiffs' assertions, Apple has worked hard to comply with its discovery obligations. Unlike Plaintiffs, Apple has gone to significant effort and expense to locate, preserve, search for and produce responsive documents in a professional manner, including interviewing numerous document custodians and collecting and processing thousands of electronic documents. Furthermore, when counsel for the parties met and conferred on March 20, 2012, Plaintiffs' counsel did not raised any concerns regarding Apple's discovery responses, insisting that they were unwilling to address any substantive issues at that time. *See Jarrett*

Decl., ¶ 7. In any event, had Plaintiffs' counsel so inquired, counsel for Apple would have explained that Apple will continue producing documents on a rolling basis, and plans to produce another set of documents on April 9, 2012.

Also contrary to Plaintiffs' belated assertions,⁵ Apple has complied with the Court's Order at the February 27th status conference, when the Court ordered Plaintiffs to produce, by March 7th, the documents "that underlie [their] complaint in this case" and directed Apple to do the "same thing." *See* Transcript, 41:24-42:3. In addition to the documents that Apple expected to obtain from Plaintiffs, Apple's initial disclosures identified one category of relevant documents in its possession, namely, "documents concerning Apple's use and ownership of the IBOOK and IBOOKS mark, and federal trademark registrations related thereto." *See* Defendant Apple Inc.'s Initial Disclosures Pursuant to Rule 26(a)(1), dated Sept. 23, 2011, at 3-4. Apple's March 7th production therefore included, among other things, the PTO file wrappers for Apple's IBOOK and IBOOKS marks, along with various press releases and marketing materials related to Apple's iBooks software. Thus, Apple believes that it has fully complied with the Court's February 27th Order.

III. CONCLUSION

For the past three months Plaintiffs have avoided engaging in any meaningful discovery, instead opting to "pull back" as much as possible and seeking to shift Plaintiffs' discovery obligations to Apple. Because a further stay will only exacerbate the prejudice that such conduct has already caused Apple, Apple respectfully requests that the Court deny the Motion to the extent it (1) would allow Plaintiffs to avoid paying the costs associated with the production of their own electronic documents and (2) seeks a 30-day stay in this case.

⁵ Plaintiffs have made no attempt to meet and confer with Apple about its supposed non-compliance. *See* Jarrett Decl., ¶ 7.

Dated: New York, New York
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/s Dale Cendali

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