UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

J.T. COLBY & COMPANY, INC. d/b/a/ BRICKTOWER PRESS, J. BOYLSTON & COMPANY, PUBLISHERS LLC and IPICTUREBOOKS LLC,	Case No. 11 Civ. 4060 (DLC)
Plaintiffs,	
-against-	
APPLE INC.,	
Defendant.	

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) DEFENDANTS' REBUTTAL EXPERT STEPHEN M. NOWLIS

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Plaintiffs J.T. Colby & Company, Inc. d/b/a Bricktower Press, J. Boylston & Company, Publishers LLC and iPicturebooks, LLC (collectively, "Colby") submit this memorandum of law in support of their motions to exclude the testimony of E. Deborah Jay ("Jay") and Stephen M. Nowlis ("Nowlis"), including any affidavits, declarations, or reports proffered by Defendant Apple Inc. ("Apple") for all purposes, including trial.[1]

PRELIMINARY STATEMENT

In its proffering of the testimony of Jay and Nowlis, Apple has chosen to follow a peculiar and improperly offbeat path. Apple seeks to rely on ***two*** separate surveys that purport to measure the exact same thing—namely, to demonstrate that (purportedly) there is no likelihood of confusion between Colby's "ibooks"/"iBooks"-imprint digital books and Apple's "iBooks" e-reader and digital books software—yet both fail deliberately and/or by dint of inexperience to target the issues at the heart of this case and to account for the unique nature of books as consumer products (and of publishing imprints, such as ibooks/iBooks, as trademarks). These surveys (the "Jay Survey" or "Jay Study" and the "Nowlis Survey" or "Nowlis Study," respectively) are not merely similar to each other—rather, the Nowlis Survey, presented under the guise of a "rebuttal," simply mimics Jay's questions and is nothing more than a backdoor attempt to rehabilitate the irrevocably flawed Jay Survey by using a different stimulus.[2] Worse, in an attempt to subvert the scheduling orders entered in this action on May 2 and September 7, 2012, the Nowlis Survey was prejudicially untimely without good cause. Nowlis's "fixes" to the

[1] In the interest of economy and to avoid duplicative briefing, Colby submits this joint brief in support of both its motion to exclude the testimony of Jay and its motion to exclude the testimony of Nowlis. Because Nowlis's "rebuttal" survey utilized the questions and some of the methodology designed and used by Jay, many of the fatal flaws in the Jay Survey are also present in the Nowlis Survey, as discussed further below. *See infra* Part I.B.

[2] In all other respects, the Jay and Nowlis Surveys are materially the same.

Jay Survey merely constituted a new affirmative survey, not a rebuttal to any of Plaintiffs' experts. The sham nature of this "rebuttal" designation is made abundantly clear by the fact that Nowlis fielded his survey ***before*** Colby served its affirmative expert reports. Clearly Nowlis cannot have designed his survey to rebut a survey which he had not yet been seen. Therefore, the Nowlis Survey was in no way a "rebuttal," and should have been disclosed, if at all, on September 17, 2012, along with the parties' other case-in-chief experts. Such gamesmanship should not be tolerated by this Court.

In any event, both surveys suffer from such fatal design flaws and so miss the mark in attempting to reflect the issues presented by this case that they cannot offer any reliable assistance to the finder of fact. They both fail to target perceptions as to the "ibooks" name, or to capture them in a realistic manner modeled on how consumers would meaningfully encounter the imprint name. Specifically, the Jay Survey: (1) uses an improper universe that was not targeted to those e-reading consumers who represent the most highly relevant digital intersection of Colby's and Apple's worlds; (2) fails to test for the affiliation confusion at issue in this case; (3) does not properly measure sponsorship confusion in the publishing context; (4) uses an improper stimulus; and (5) takes no account of post-sale confusion. The Nowlis Survey, which is but a warmed-over, barely modified rehash of the Jay Survey, also (1) utilizes an improper universe; (2) fails to test for true affiliation confusion; (3) does not measure sponsorship confusion arising from the imprint name; and (4) does not represent post-sale confusion.[3] Each one of these flaws alone would be sufficient to exclude either survey and any opinions and conclusions based on the surveys.

[3] Additional flaws include, for Jay, an improper stimulus and control, and for Nowlis, a flawed control.

Moreover, Nowlis is not qualified to critique, much less conduct, a likelihood-of-confusion survey. Perhaps because of his inexperience, Nowlis did not design his own rebuttal survey, but instead replicated the Jay Survey's design, with the only material change being the use of a different stimulus. Also, based on his report and testimony, Nowlis apparently does not recognize that re-running the Jay Survey with no relationship whatsoever to the language or methodology of Dr. Susan McDonald's survey (the "McDonald Survey") does not constitute a proper rebuttal of Dr. McDonald. Because Nowlis's opinions in this matter are not informed by relevant experience, this Court should exclude his testimony in full.

As set forth above, while the Nowlis Study was submitted as part of a rebuttal report, it is nothing more than an affirmative-expert survey in rebuttal clothing. Though Nowlis was charged with the task of rebutting Plaintiffs' expert, Dr. McDonald, he could not tailor his study to respond to the McDonald Survey, as he fielded his own survey, on which his report was based, prior to Apple's receipt of the McDonald Survey and Dr. McDonald's accompanying report ("McDonald Report"). Instead, Nowlis simply re-ran the Jay Survey (with one minor modification), failing to control for or respond to any of the alleged defects in the McDonald Survey. In short, the Nowlis Survey does not speak directly to the McDonald Survey, and is simply a backdoor attempt to introduce expert evidence that should and could have been disclosed, if at all, during the initial expert phase, to avoid prejudice to Plaintiffs. This untimeliness provides a separate and independent reason to exclude the Nowlis Survey and Nowlis's testimony.

For these reasons, the Court should (1) exclude the entirety of Jay's testimony, including any opinions presented in her report (the "Jay Report" or "Jay Rep.")[4] as prejudicial; (2) exclude the entirety of Nowlis's testimony, including any opinions presented in his report (the "Nowlis Report" or "Nowlis Rep.")[5] based on his lack of qualifications; and also (3) exclude the Nowlis Survey and any of Nowlis's testimony relating to it as both fatally flawed and untimely, under the controlling scheduling orders entered in this action. *See* Fed. R. Evid. 401, 402, 403, 702 ("Rule 401," "Rule 402," "Rule 403" and "Rule 702," respectively); *see also* Fed. R. Civ. P. 26(a)(2)(D)(ii), 37(c)(1).

ARGUMENT

The Supreme Court has exhorted trial courts to scrutinize expert testimony and to exclude unreliable expert evidence. *Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 147-49 (1999); *Gen. Elec. Co. v. Joiner*, 522 U.S. 136, 142 (1997). Under *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993), district courts must act as "gatekeepers" with respect to expert testimony in order to ensure that speculative or unreliable expert testimony does not reach the fact finder. The guidelines from *Daubert* are equally applicable to all expert testimony, including that based on scientific, technical, or other specialized knowledge. *See Kumho Tire*, 526 U.S. at 147-49.

Under Rule 702, a witness "who is qualified as an expert by knowledge, skill, experience, training or education" may testify in the form of an opinion regarding technical or other specialized knowledge when such testimony will "help the trier of fact to understand that

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[4] Declaration of Claudia T. Bogdanos in Support of Plaintiff's Motions to Exclude the Testimony of (1) Defendant's Expert Witness E. Deborah Jay and (2) Defendant's Rebuttal Expert Witness Stephen M. Nowlis ("Bogdanos Decl."), Ex. A.

[5] Bogdanos Decl., Ex. B.

evidence or to determine a fact in issue." Rule 702. In addition, Rule 702 requires that: (1) the testimony is based on sufficient facts or data; (2) the testimony is the product of reliable principles and methods; (3) the expert has reliably applied the principles and methods to the facts of the case. *Id.*; *see also Nimely v. City of New York*, 414 F.3d 381, 396-97 (2d Cir. 2005) ("[W]hen an expert opinion is based on data, a methodology, or studies that are simply inadequate to support the conclusions reached, *Daubert* and Rule 702 mandate the exclusion of that unreliable opinion testimony.") (internal quotation marks and citation omitted). In other words, the expert testimony must be both rigorous and reliable, and the burden is on the proponent of this testimony to establish that it satisfies the requirements of Rule 702. *See U.S. v. Williams*, 506 F.3d 151, 160 (2d Cir. 2007).

In addition to satisfying *Daubert*'s reliability requirement, expert evidence must also satisfy the basic standards of relevance set forth in the Federal Rules. *See* Rules 401, 402, 403. Rule 402's explicit statement that "[i]rrelevant evidence is inadmissible" is echoed in *Daubert*'s requirement that the expert evidence be "relevant to the task at hand." *Daubert*, 509 U.S. at 597; *see also Medisim Ltd. v. BestMed LLC*, 861 F. Supp. 2d 158, 165-66 (S.D.N.Y. 2012). Together, Rules 402 and 702 operate to weed out expert testimony that is not sufficiently tied to the facts of the case in order to assist the fact finder in the resolution of factual disputes. *See Daubert*, 509 U.S. at 587, 597. In addition, Rule 403 works to exclude evidence any relevancy of which is outweighed by its potential to prejudice, mislead, or confuse the finder of fact. *See* Rule 403. And because of the particular danger that expert evidence—including expert surveys—will mislead the jury, "a court weighing admissibility under Rule 403 exercises more control over experts than lay witnesses." *Mastercard Int'l, Inc. v. First Nat'l Bank of Omaha, Inc.*, No. 02-CV-3691, 2004 WL 326708, at *7 (S.D.N.Y. Feb. 23, 2004) (Cote, J.). Apple bears the burden

of establishing by a preponderance of proof that the expert testimony it seeks to offer is admissible. *Baker v. Urban Outfitters, Inc.*, 254 F. Supp. 2d 346, 353 (S.D.N.Y. 2003). It cannot meet that burden here.

I. THE JAY AND NOWLIS SURVEYS ARE SO FLAWED AS TO BE UNRELIABLE, IMMATERIAL, AND INADMISSIBLE

Jay and Nowlis should not be permitted to testify regarding their respective studies, because their opinions, based on irredeemably flawed surveys, are consequentially meaningless and irrelevant to the issues in this case. When assessing the validity and reliability of a survey, courts consider various criteria, including, among others, whether: (1) the proper universe was examined and a representative sample was drawn from that sample; (2) the survey's methodology and execution were in accordance with generally accepted standards of objective procedure and statistics in the field of such surveys; (3) the questions were leading or suggestive; and (4) the person conducting the survey was a recognized expert. *See THOIP v. Walt Disney Co.*, 690 F. Supp. 2d 218, 230-31 (S.D.N.Y. 2010); *Mastercard Int'l.*, 2004 WL 326708, at *8 (citing *Schering Corp. v. Pfizer Inc.*, 189 F.3d 218, 225 (2d Cir. 1999)).

The Jay and Nowlis Surveys fail such judicial assessment—both, *inter alia*, examined an incomplete, overly narrow universe and did not measure post-sale affiliation confusion and sponsorship confusion, as these issues pertain to the facts of this case. The Jay Survey also employed improper and distracting stimuli. These errors render the Jay and Nowlis Surveys—and any testimony based on these surveys—wholly unreliable and incapable of providing any meaningful assistance to the finder of fact, and the Court accordingly should exclude them. *See* Rules 402, 702.

A. The Jay Survey Is Fatally Flawed

1. <u>The Universe in the Jay Survey Is Improperly Narrow</u>

The Jay Survey is fundamentally flawed because its respondents were selected from a universe that is not representative of the potential customers who are likely to be confused. Where, as here, a survey is testing for reverse confusion, the survey respondents should be selected from the universe of prospective customers of the senior user's mark. *See Sterling Drug, Inc. v. Bayer AG*, 14 F.3d 733, 741 (2d Cir. 1994). In addition, survey respondents must "adequately represent the opinions which are relevant to the litigation." *Big Dog Motorcycles, L.L.C. v. Big Dog Holdings, Inc.*, 402 F. Supp. 2d 1312, 1334 (D. Kan. 2005) (citation omitted). Because the Jay Survey failed to select, or measure or account for the perceptions of, the appropriate universe, its results are skewed and irrelevant.

In order to qualify for the Jay Study, respondents had to report that they would buy a ***paperback or hardcover book*** from either Amazon.com or the Barnes and Noble website during the next six months. (Jay Rep. at 16.) Jay never tried to identify or survey potential customers of Colby's ***electronic books***. Yet because Colby publishes both digital and print books and Apple's product is a digital-book reader software with readable e-books, the real-world marketplace intersection—and therefore the survey universe most relevant—lies with people who read digital books.

Not only did Jay fail to select the correct universe, she also failed to provide a means to extrapolate her survey data to the appropriate e-book-consuming universe. ***First***, because Jay did not include any follow-up questions probing respondents' usage, purchase, or awareness of electronic books, there is no way to determine which of her respondents might be members of the relevant universe—*i.e.* readers of ***digital*** books. ***Second***, even if the results of the Jay Survey could be extrapolated to the universe of digital-book consumers using statistical data on the percentage of print-book consumers who also purchase e-books, when questioned about such

data, Jay was unable to provide it.[6] Instead, Jay acknowledged that "many people who buy hardcover and softcover books do not buy digital books, but most people who buy digital books also buy hardcover and softcover books" and that "[a] lot of people [in her universe] would not buy digital books." (Deposition of E. Deborah Jay, November 30, 2012 ("Jay Tr."),[7] 144:21-24, 145:4-6.)

In other words, although Jay believes there may be some overlap between consumers of digital books and print books, she has done no work to quantify how much (if any) overlap exists. This failure is particularly critical because the digital space represents the neutral intersection between Colby's and Apple's markets and is a fast and ever-growing marketplace for book consumption. Lee Rainie et al., *The Rise of E-Reading* (Pew Research Ctr. 2012) ("Pew Study"),[8] at 4-5, (noting that, while at present print books remain the most prevalent form of books read, "[t]he prevalence of e-book reading is markedly growing."); *id.* at 13 (reporting the e-book "surge" in concluding that "[a]ll this ferment is changing the way many people discover and read books"); *id.* at 23 ("the number of adults reading e-books on any given day has jumped dramatically since 2010"); *see Universal City Studios, Inc. v. Nintendo Ltd.*, 746 F.2d 112, 118 (2d Cir. 1984) ("To be probative and meaningful . . . surveys . . . must rely upon responses by

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[6] In an *ex post facto* attempt to introduce e-reading consumers into her universe, Jay implies through her deposition testimony that because a large percentage of ***e-book-reading*** consumers also read print books, the converse must necessarily be true: that many print-book readers also read digital books and that therefore some of her survey respondents must have been e-book readers. (Jay Tr. 142:20-24 ("[M]y universe certainly includes people who read digital books because the majority of people who read digital books also purchased hardcover and softcover books."); *id.* 144:25-143:3 ("So to the extent the universe includes people who buy hardcover and softcover books, it would include people who buy digital books.").) Jay's by-extension assumption is logically incorrect, and her ***print-book-buying*** universe does ***not*** necessarily encompass readers of e-books.

[7] Bogdanos Decl., Ex. C.

[8] Bogdanos Decl., Ex. D.

potential consumers of the products in question.") (internal quotation marks and citation omitted). Because Jay surveyed an overly narrow universe of putative customers, and has provided no means by which a finder of fact could even attempt to estimate relevancy, the Jay Survey is fatally flawed and must be excluded. Rules 402, 702.

2. The Jay Survey Does Not Properly Measure for Confusion As To Company Affiliation

The Jay Survey is also irreparably flawed because it failed to ask an appropriate question to measure for confusion as to company affiliation—the type of confusion most at issue in this case. Section 43(a) of the Lanham Act prohibits, in part, the use in commerce of a word, term, name, or symbol, by a person or corporate entity, which "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such ***person*** with another ***person***." 15 U.S.C. § 1125(a)(1)(A) (emphasis added). With corporate parties, affiliation confusion can be shown by demonstrating that a product's source company is perceived as affiliated, connected, or associated with another company.

Survey questions designed to test for Lanham Act affiliation confusion are separate and distinct from another type of question in which the corporate source can be identified only through naming its products—especially pertinent to the scenario where the corporate name may be unknown or unfamiliar to respondents. This variety of question, often referred to as an *Eveready* "anonymous-source" question,[9] does ***not*** address the Lanham Act issue of ***affiliation between persons or companies***, but rather fleshes out perceptions of ***source*** by examining

[9] Named for the case in which such a question first gained acceptance, the *Eveready* format originated in *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F. 2d 366 (7th Cir. 1996), as a way to identify confusion as to the ***source*** of the defendant's (or, in a reverse confusion case, the plaintiff's) products. 6 J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition § 32:174 (4th ed.) ("McCarthy"). The particular "anonymous source" question is used when the name of that source (but not its identity) was likely not known. *Id.*

product associations. It is ***not*** a true affiliation question, designed to capture the Lanham Act's prohibition against use suggestive of corporate affiliation, but more aptly an additional source-confusion question.[10] Yet although a salient issue in this case is whether or not consumers would be confused as to a company-level affiliation between Plaintiffs and Apple—***not*** whether Apple, a company known for technology products not books, had "put out" or published the book—the Jay Survey asked only irrelevant questions designed to investigate product-level source confusion.

In order to measure confusion as to affiliation, Jay simplistically explained that her survey's Series 2 questions "ask[ed] the classic question . . .the gold Standard, the question in the Eveready . . . [respondents] were asked to name any other products put out by the concern that put out the product that they were shown. So that's effectively the same question that I asked to find out whether there was an affiliation." (Jay Tr. 66:10-21; *see* Jay Rep. App'x B, "Consumer Opinion Survey," at 4 (listing the Jay Survey questions).) Jay's Series 2 questions may well be "classic" anonymous-***source*** confusion questions,[11] but they are no "gold standard" for ***affiliation*** confusion. Instead, they amount to an additional form of source-confusion question

[10] Expert commentary setting forth the "anonymous-source," or product-affiliation, variety of source-confusion question treat it as a separate question from Lanham Act affiliation, positing that affiliation and sponsorship questions may permissibly ***follow*** the "anonymous source" question. *See* Shari Seidman Diamond & Jerre B. Swann, *Trademark and Deceptive Advertising Surveys: Law, Science and Design*, 57-58 (2012) ("Swann") (providing an example of such an affiliation question); *id.* at 57 n.30 (distinguishing between confusion as to affiliation and confusion as to origin or source); 6 McCarthy § 32:174 (presenting the *Eveready* survey format as a test for source confusion, with separate and distinct affiliation questions permissibly following); *id.* § 32:175 (illustrating that affiliation questions are something other than the who makes or "puts out" questions).

[11] Jay's Q2a asks "Now, with respect to the company or companies that printed, released, or put out this book . . .Do you think . . .that they have [or have not] made or put out other things, besides books." Q2b asks respondents who answer affirmatively to Q2a, "What else besides books do you think they have made or put out?" And Q2c-e are designed to determine the reasons for respondents answers to Q2b. (Jay Rep. App'x B, "Consumer Opinion Survey," at 4.)

and do not properly measure affiliation—itself a separate question that often follows the source/anonymous-source series. Swann, *supra*, at 57-58; 6 McCarthy § 32:174.

In fact, Swann suggests an exact formulation of an affiliation question that would have captured the true affiliation issue here:

> "Do you believe that whoever makes or puts out _____:
>
> ONE, has a business affiliation or connection with another company?
>
> TWO, does not have a business affiliation or connection with another company? or
>
> THREE, you don't know or have no opinion?
>
> [If ONE] With what other company?

Swann, *supra*, at 57-58; s*ee, e.g.*, *Starbucks U.S. Brands, LLC v. Ruben*, 78 U.S.P.Q. 2d 1741, 2006 WL 402564, at *10 n. 32 (T.T.A.B. Feb. 9, 2006) (In survey designed to test confusion as to affiliation between Starbucks brand and LessBucks Coffee brand, appropriate addition to *Eveready* format was "[d]o you think the company that owns this retail establishment is connected or affiliated with any other company?").

Jay herself never asked such a question, nor any other question designed to ascertain whether Colby's ibooks/iBooks imprint "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of [Colby] with [Apple]." 15 U.S.C. § 1125(a)(1)(A). Had she done so, her survey would have properly probed for affiliations with the ***publisher*** of the book (or whoever else respondents thought "put out" the book),[12] rather than

[12] Notably, Jay never asked about who published the books depicted in her stimuli, but rather asked who "printed, released, or put out" the books, despite ibooks/iBooks being identified in both stimuli as "publisher." (Jay Rep., App'x B, "Consumer Opinion Survey," at 3-5 (setting forth the Jay Survey questions); *id.* at App'x B, "Website A," App'x B, "Website X" (showing ibooks/iBooks listed as a "publisher" in the text of the Jay Survey stimuli).)

testing for the source of the ***book*** itself.[13] Because the Jay Survey did not ask the appropriate affiliation question, it failed to test for a key form of confusion in this case, where Apple's primary business is not as a book publisher. The Court should therefore exclude the Jay Study, and all related testimony, as irrelevant to the inquiry at hand and consequently prejudicial. Rules 402, 403, 702; *cf. Gucci America, Inc. v. Guess?, Inc.*, 831 F. Supp. 2d 723, 747 (S.D.N.Y. 2011) (finding survey designed to measure point-of-sale confusion was not admissible on issue of a different type of confusion); *Sterling Drug, Inc. v. Bayer AG*, 792 F. Supp. 1357, 1373 (S.D.N.Y. 1992) (minimizing survey evidence where survey questions were not properly drafted to test for actual confusion).

3. The Jay Survey's Permission Question Was Inappropriate

Not mindful of the nature of book publishing, the Jay Survey asked respondents whether they thought that the company that "printed, released or put out" the book (on the website page they were shown) had received permission or approval from some other company to print, release or put out the book. In asking about permission for "print[ing], releas[ing], or put[ting] out the ***book***," the question is overly broad, ambiguous, and ill-suited to a content-driven industry such as publishing. Because so many aspects go into "putting out" a book and because various content or copyright-related permissions may be required to publish a book, such a question is not specific enough to test for permissions related to use of the name ibooks/iBooks (the relevant issue), rather than permissions related to the content of the written work itself.[14] As

[13] The Jay Study also asked about sponsorship and approval, (Jay Rep., App'x B, "Consumer Opinion Survey," at 5), but, as discussed in Section I.A.3 *infra*, did so without regard to the nature of books and their written content, rendering the data generated from those questions meaningless.

[14] This misdirection is illustrated by respondent 2188 (in Jay's iLit control cell) who indeed identified "Ilit, Inc." as needing to provide permission—for content-based reasons: "They are

(***footnote continued***)

such, the Jay Survey does not provide any relevant or reliable information on the issue of sponsorship confusion. Especially when coupled with an inappropriate affiliation question, the Jay Study's failure to hone in on or capture impressions of ibooks/iBooks sponsorship renders its data contextually meaningless and inadmissible. Rules 402, 702. Particularly in view of the effect that the data from these inapt questions could have on jurors, the Court should exclude the Jay Survey. Rule 403. *See Mastercard Int'l*, 2004 WL 326708, at *7 (noting that courts have more control over experts than lay witnesses, because of the danger that expert testimony can mislead the jury).

4. The Jay Survey Used Improper Stimuli

The Jay Survey is further flawed by its use of inappropriate stimuli. Generally, confusion surveys use stimuli "that directly expose potential consumers to the products or the marks in question." *Troublé v. Wet Seal, Inc.*, 179 F. Supp. 2d 291, 308 (S.D.N.Y. 2001); *see also Conopco, Inc. v. Cosmair, Inc.*, 49 F. Supp. 2d 242, 253-54 (S.D.N.Y. 1999) (finding stimuli flawed because the pre-launch product, not the for-sale product, was used). Rather than using as a stimulus an ibooks/iBooks-imprinted print or digital book, or pages therefrom, or asking them to envision the same, the Jay Survey utilized Amazon or Barnes and Noble product webpages for

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copywritten. The author has to sell rights to the book to a publisher." (Jay Rep., App'x. H, at 8.) Jay clearly recognized this problem, as she coded for answers relating to approval from the "author" when tabulating her results. (Jay Rep. App'x U, at 39 (Table 33).) However, Jay did not appropriately code for all content-related permissions—for example, she failed to code for "writer," despite the fact that her verbatims indicate she received such responses, (*id.* App'x. H, at 4, 6 (IDs 2092, 2147)), and she has recognized that "writer" conveys the same copyright-rights sensibilities as "author," (Jay Tr. 190:22-192:10.) Further, because Jay tabulated her permission data based only on Q3a and Q3b, her tables did not include those respondents whose answers to ***Q3a and/or Q3b*** were not content-related, but whose ***subsequent answers*** to ***Q3c-e*** indicated perceptions relating to content. (Jay Rep., at 28-20, App'x U (Tables 33-35).) In addition, because the Jay Survey did not ask follow-up questions of respondents who indicated that no permission was needed in response to Q3a, there is no way to identify how many respondents answered this way because of content-based, not trademark-based, assumptions.

Colby's paperback or hardcover books ("Amazon Stimulus" and "BN Stimulus," respectively). (Jay Rep. at 17.) Given that, as Jay admits, her survey asked questions about the books depicted on the web sites, books (either in print or digital format, in actual or conceptual form) would have been more appropriate stimuli than internet pages.

Jay's webpage stimuli are especially problematic because they operated essentially to conceal the mark at issue amidst a range of extraneous information not seen in a book itself. In both the Amazon and BN Stimuli, Colby's ibooks/iBooks mark is in very small print, buried in the middle of the webpage, and completely divorced from the product that the Jay Survey was "asking questions about"—the book itself.[15] (*See* Jay Rep. App'x B, "Website A," "Website X.")

Significantly, neither the Amazon Stimulus nor the BN Stimulus displayed the mark in the format in which it appears on ibooks/iBooks-imprinted books. The Amazon Stimulus presents the mark as "Ibooks, inc.," although Colby has never used a capital-I when using the mark as an imprint. The BN Stimulus presents the mark as "ibooks, Incorporated," dwarfing the "ibooks" portion with the lengthy—and unrepresentative—"Incorporated." Both of these typographies are visually much less similar to Defendant's "iBooks" than is Plaintiffs' actual "ibooks"/"iBooks" usage. By thus failing to replicate, or even approximate, the mark as used in

[15] Jay did not even attempt to focus respondents on the imprint name, which roughly 75% of respondents may never have noticed in the morass of text on the four or six-page website stimuli. (Jay Rep. at 24 (Table 5).) Jay maintains that her survey did not direct respondents' attention to the ibooks name because supposedly doing so is improper. (Jay Tr. 154:3-6 ("[y]ou do not focus, when you do a survey in a trademark like confusion, respondents' attention on any particular portion of the product, of a label, of a page." [sic]).) However, in previous confusion surveys, Jay herself has directed respondents to particular and relevant product information. Report of E. Deborah Jay, *Peaceable Planet v. Ty, Inc.*, No. 01-cv-7350, 2002 WL 33004467 (N.D. Ill. Oct. 8, 2002) (focusing respondents in confusion survey on name of toy printed on inside of tag).

the marketplace, the Jay stimuli generated irrelevant, unreliable, and inadmissible data. Rules 402, 702; *see* Rule 403.

5. The Jay Study Failed To Account For Post-Sale Confusion

Further, because the Jay Survey tested for point-of-sale reactions at a particular moment in time, it does not fully capture the manner in which books and publishing imprints are encountered in the real world. A survey robotically designed to test on-sale confusion at a set instant in time fails to take account of the unique manner by which book imprints are observed by, and become known to, consumers.[16] "[T]he value of the brand is created over time by the *experiences* readers and consumers have with the published books." (Shatzkin Rep. at 5-6 (emphasis in original); *see* Shatzkin Tr. 202:15-20 ("It is my testimony that all brands, that is author brands, . . . imprint brands, series brands and publishing house brands are the sum total of awareness created by the books sold and read under those brands."); *id.* at 93:8-12 ("consistency of topic or subject or presentation of some kind"" gives "meaning [to] a publishing brand"); *id.* at 97:6-12; Freese Tr. 105:2-7 ("Basically what happens is, when [an imprint] brand becomes a

[16] It is no coincidence that imprints aren't marketed *per se* and certainly not in the traditional ways that potato-chip and shampoo products are advertised and promoted. (Deposition of Mike Shatzkin, December 4, 2012 ("Shatzkin Tr.") (Bogdanos Decl., Ex. E) 127:19-128:6 ("Book publishing companies . . . do not advertise their brands, period. They advertise their books, only their books, and they mention their brand within the advertising of their books but brand recognition is based on the cumulative book recognition."); *id.* at 202:22 - 203:24; Expert Report of Mike Shatzkin ("Shatzkin Rep.") (Bogdanos Decl., Ex. F) at 6 (In publishing, "[a]dvertising for brand building is virtually non-existent, as is brand-focused marketing."); *id.* at 7; *see* Shatzkin Tr. 202:15-21 (Consumers' experiences with books generate brand awareness, and "[t]here is very, very minimal impact of anything else."); *see also* Deposition of Richard Freese, September 25, 2012 ("Freese Tr.") (Bogdanos Decl., Ex. G) 106:21-107:2; *cf.* Deposition of John T. Colby, Jr., July 18, 2012 ("Colby Tr.") (Bogdanos Decl., Ex. H) 313:10-11 (Colby's "website is designed to help the authors market their own books").) In the world of publishing, publishers promote the books—an imprint's ***authors and titles—not*** the ***imprint name*** itself. (*See id.*) That an imprint's brand identity comes about through the accretion of consumers' personal experiences, over time and following their initial purchase of a book under that imprint, is precisely because imprints are not designed to be recognized in an instant. (*Id.*)

trusted brand and you are looking for something else, you know, if you have read books by that publisher, that brand, before, you will look at it and say . . . I know that publisher, I like their books."); *id.* at 106:21-107:2 ("[I]f you lock up authors and you have the right authors, the authors define the brand and then the brand begins to define the new authors."); *id.* at 92:5-93:19; 102:7-107:2.)

The shopping frame of mind that Jay's survey experiment attempted to replicate ignores that a book is a post-sale experience. The laboratory of Jay's on-sale study virtually eliminates serious consideration of the imprint, because shopping is not how consumers meaningfully encounter and process publishers' imprints. It is only after a book has been read and experienced that the reader may be drawn to learn more about the book, and that certain subtleties, such as the imprint, come into play. (*Id.*) A standard shopping scenario, typical of simple consumer-product purchases, does not do justice to the plethora of post-sale interactions between consumers and books. *See Gucci America*, 831 F. Supp. 2d at 745-47 (excluding a point-of-sale survey because it was irrelevant to the ***post-sale confusion*** at issue in the case, where consumers may have been confused by glimpsing a handbag logo in passing in a post-sale environment). Thus limited, the Jay Study was inappropriate for the product and garnered incomplete and—in totality—irrelevant, unreliable and prejudicial results. Rules 402, 403, 702.

B. The Nowlis Survey Is Similarly Fatally Flawed

Rather than designing his own survey questions and methodology, Nowlis simply adopted the questions and instructions from Jay's survey, changing only the stimuli. Accordingly, the Nowlis Survey has many of the same fatal flaws as the Jay Survey, specifically (1) an overly narrow universe; (2) improper affiliation questions; and (3) an inapt measure of permission. Again, any one of these defects is on its own is fatal to the efficacy of the survey,

and the Nowlis Survey must thus be excluded for the same reasons as the Jay Survey. Rules 401, 402, 702.

Nowlis's own admissions regarding these methodological flaws further detract from his study, as well as from the Jay Survey, which he copied in "creating" his survey:

1. In straining to defend his/Jay's overly narrow universe, Nowlis testified, incorrectly, to an 88% "***overlap***" between print-book and e-book-reading individuals, (Deposition of Stephen M. Nowlis, December 14, 2012 ("Nowlis Tr.")[17] 209:18-214:23 (emphasis added).) What the Pew Study actually shows is that 88% of people reading digital books also read print books, ***not*** the converse, which is far less—a distinction which Nowlis fails to grasp. Pew Study at 1, 3, 4, 8, 19 (finding that 21% of Americans have ever read an e-book and that 17% of American adults had read an e-book in the December 2010-2011 calendar year).

2. Defining affiliation confusion as "whether [consumers] think the ***companies*** are affiliated," (Nowlis Tr. 38:7-8), and acceding to popular recognition of Apple as "a computer company" not as a book publisher,[18] (*id.* 45:17, 20, 25; 46:5-6,10,12,14; 240:2-6; 249:7-11), Nowlis conceded that his/Jay's Question 2 "affiliation" series asked about "the same company" as the source, (*id.* 230:7-8), and measured responses "affiliating ***a company*** through ***its products***," (*id.* 232:1-5 (emphasis added); *see id.* 229-234, 246-247, 246:24-25 – 247:2-7.) Admitting the near-identity of purpose between the source and his purported "affiliation" questions, Nowlis acknowledged that an answer to Question 2 "gives ***more information about***

[17] Bogdanos Decl., Ex. I.

[18] Like Jay, Nowlis testified that the words used in his study "printed, released, and put out" convey the concept of "publishing," (Nowlis Tr. 47:20-22; 249:2-6)—a term that he, like Jay, fastidiously avoided despite (or as he would have it, because of, (*id.* 91:10-25)) the statement in his stimulus: "an Original Publication of ibooks, inc." (Nowlis Rep. at 35.)

the products that that company puts out so you would be affiliated through those products."[19] (*Id.* 247:4-7 (emphasis added).) Expressing a degree of uncertainty, Nowlis stated that it was his "understanding" that his/Jay's Question 2 series had been asked in the *Eveready* case, (*id.* at 234:3-5), yet acknowledged his belief that another form of affiliation-confusion question exists, (*id.* at 234:15-18). Indeed, Nowlis cites Swann with approval numerous times throughout his report, and Swann himself has proffered an appropriate way of directly asking about affiliation confusion. Swann, *supra*, at 57-58 (suggesting a question as to "business affiliation or connection").

3. Nowlis defined sponsorship confusion, properly, in terms of approval of the ***mark*** at issue: "whether [consumers] thought another company had sponsored the use of this term." (Nowlis Tr. 18:18-22.) Yet nowhere in his/Jay's survey questions are respondents asked about approval to use the "ibooks" name.

4. While Nowlis professes that his study applies to post-sale confusion, the plain language of the instructions in the Nowlis Survey belie his strained claim. The Nowlis Survey placed respondents in a shopping, on-sale mindset, explicitly instructing them to "look at or browse this book the way you normally do ***when you are deciding whether to buy a book***." (Nowlis Rep. App'x C, "Hardcover Book Survey, Main Questionnaire," Instruction D (emphasis added).) Just like the Jay Survey in its over-strict adherence to standard survey constructs, the Nowlis Survey blindly ignored the relevant post-sale experience that is so meaningful here.

[19] Nowlis further testified, when asked whether his study in any way captured the idea of separate companies perceived by respondents as related because of the trademark used: "No. That is not what . . . it was designed to test." (Nowlis Tr. 251:7-8.) This concept of affiliation, however, is squarely embodied by Section 43 of the Lanham Act, 15 U.S.C. § 1125(a)(1)(A), and is at the core of this case.

II. THE COURT SHOULD PRECLUDE NOWLIS FROM SERVING AS AN EXPERT AND EXCLUDE THE NOWLIS REPORT AS UNTIMELY AND PREJUDICIAL

The Court should exclude Nowlis' testimony because he lacks relevant, reliable expertise in consumer-confusion surveys for trademark litigation. *See* Rule 403, 702. In addition, Dr. Nowlis' Report and Survey are improper rebuttals, as evidence by the fact that his survey was fielded ***before*** the report Nowlis alleges to rebut was served, and so should be excluded because submitted past the date for disclosure of initial expert reports. *Ebbert v. Nassau County*, No. CV 05-5445, 2008 WL 4443238, at *14 (E.D.N.Y. Sept. 26, 2008) (excluding portions of a rebuttal report that should have been included in the party's initial expert reports).

A. Nowlis Is Not Qualified As An Expert

Nowlis lacks the qualifications necessary to opine on survey measurements of consumer confusion. Only a "witness qualified as an expert by knowledge, skill, experience, training or education" may offer expert opinion testimony, and judges must evaluate whether an expert has "sufficient specialized knowledge to assist the jurors in deciding the particular issues in the case." Rule 702; *Kumho Tire*, 526 U.S. at 156 (internal quotation marks and citations omitted). By its plain language, Rule 702 does not afford experts unlimited license to testify on any topic. Rather, courts may exclude the testimony of an expert whose "expertise is too general or too deficient," even if his or her proffered testimony is relevant to the case. *Stagl v. Delta Air Lines, Inc.*, 117 F.3d 76, 81 (2d Cir. 1997).

While Nowlis may have expertise in the general fields of marketing and consumer psychology, he lacks the specific expertise necessary to conduct or critique surveys designed to measure consumer confusion. In the trademark context, courts have excluded expert testimony as to consumer confusion when the purported expert had no experience in confusion

determination or measurement. *Troublé*, 179 F. Supp. 2d at 302-303; *see also John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 979 n. 23 (11th Cir. 1983). Nowlis admittedly has scant experience in, or familiarity with, surveying consumer confusion. Most critically, Nowlis has never had any of his (at most) four prior confusion studies subjected to judicial review or comment. (Nowlis Tr. at 19:9-16.)

He is also unfamiliar with basic terms of art related to trademark surveys. He was uncertain of a standard term in the context of mall-intercept surveys: "probability study."[20] (*Id.* at 178-189; *see id.* at 183:10-12 ("I don't think that's true" that "there is a technical meaning that everybody ascribes to it.").) *Cf.* Robert M. Groves et al., *Survey Methodology* 94 (2004) ("When chance methods . . . are applied to all elements of the sampling frame, the samples are referred to as 'probability samples.'"); 6 McCarthy § 32:165 (comparing probability and nonprobability studies); Leslie Kish, *Survey Sampling* 20 (1965) ("In probability sampling, every element in the population has a known nonzero probability of being selected."). He was similarly unaware of the meaning of the phrase "puts out," though it is commonly used in consumer-product, trademark-confusion studies. (Nowlis Tr. at 48:5-8; *see id.* at 59:11-60:5 (unable to recall if he had ever used that term before and unable to name any such study of his that did, while freely admitting that he looked to the language employed by others, including Jay).)

In addition, he is unable to comprehend basic statistical concepts to such a degree that his ability to extrapolate from or opine based on any of his survey data is severely undermined.

[20] A mall-intercept study is well-recognized to be a ***non***-probability study. *See Simm v. Louisiana State Bd. of Dentistry*, No. CIV.A 01-2608, 2002 WL 257688, at *6 (E.D. La. Feb. 22, 2001), *aff'd* 57 F. App'x 212 (5th Cir. 2003) (describing mall-intercept studies that are not random probability studies); *Prince Mfg., Inc. v. Bard Int'l Assocs., Inc.*, No. CIV 88-3816, 1988 WL 142407 (D.N.J. Dec. 22, 1998) (describing a mall-intercept survey as a "'non-probability' study").

Specifically, as mentioned above, Nowlis improperly conflated the percentage of e-books readers who also read print books with the percentage of print book readers who also read e-books. He testified that "[his] interpretation" of the statement that 88% of e-book readers also read printed books was that there was "an overlap between the two groups of 88%," and that therefore "we can extrapolate from [the Nowlis Survey] results [to] people who would also buy electronic books. (*Id*. at 211:2-6; 212:17-25.) This is simply wrong—you cannot extrapolate to data about a given situation based on statistics representative of the converse situation—as anyone with even a basic understanding of statistical analysis and survey data should know. Thus inexperienced and untrained in consumer-confusion surveys, Nowlis's commentary on and critique of the McDonald Survey lacks reliability. Moreover, his duping of the survey methods designed by Jay resulted in invalid, unreliable, and irrelevant conclusions. The Court should preclude the entirety of his testimony under Rules 402 and 702.

B. The Nowlis Survey Should Be Excluded Because it Constitutes Improper Rebuttal and Was Not Timely Submitted as a Direct Expert Survey

Even if this Court finds Nowlis to be qualified to provide expert testimony as to the nuances of confusion surveys, the Nowlis Survey itself is actually an affirmative study masquerading as rebuttal to the McDonald Survey. As such, and because the it was improperly submitted after the deadline for affirmative expert disclosures, the Nowlis Survey should be excluded as untimely and prejudicial.

1. <u>The Nowlis Survey Is Not Proper Rebuttal to Dr. McDonald's Survey</u>

As purported rebuttal to the McDonald Survey, the Nowlis Survey is irrelevant and inadmissible. *See* Rules 401, 402, 403. The Nowlis Survey does not respond to perceived methodological or linguistic flaws in the McDonald Survey, but rather constitutes an entirely new survey that was not designed to re-field the McDonald Survey with a few altered

parameters. The Nowlis Survey does not counter any of the alleged defects in the McDonald Survey, and therefore cannot speak to its value.

Rebuttal reports are limited to evidence "intended solely to contradict or rebut evidence on the same subject matter identified by another party" in an expert report. Fed. R. Civ. P. 26(a)(2)(C)(ii). A rebuttal report must be responsive to the report that it purports to rebut, *see Plumley v. Mockett*, 836 F. Supp. 2d 1053, 1065 (C.D. Cal. 2010) (finding non-responsive portions of an expert report to be improper in a rebuttal report), it should not go beyond the scope of the report submitted with the initial disclosure, and should generally not present new arguments, *Ebbert*, 2008 WL 4443238 (citing cases). A proper rebuttal survey must be similarly responsive. *Cf. I.P. Lund Trading ApS v. Kohler Co.*, 118 F. Supp. 2d 92, 110-11 (D. Mass. 2000) (describing a rebuttal report that "essentially replicated" the criticized report, but with "important modifications" designed to "test the proposition that [the expert] would have found different results had he conducted his study with these modifications").

However, the Nowlis Survey is entirely devoid of any responsiveness to the McDonald Survey, which is unsurprising given that the Nowlis Survey was fielded beginning on September 14, 2012 ***three days before the parties disclosed their affirmative experts and before Apple was served with the McDonald Survey***. (Letter from Bonnie L. Jarrett to David Shaiman dated December 20, 2012;[21] McDonald Report at 19[22].) Because he could not possibly have seen the McDonald Survey when he designed and began fielding his survey, the Nowlis Survey clearly could not have been designed to modify and rebut the McDonald Survey. Rather, the Nowlis Survey is a transparent attempt to shore up defects in the stimuli used in the Jay Survey. It

[21] Bogdanos Decl., Ex. J.

[22] Bogdanos Decl., Ex K

adopted wholesale the questions and methodology of the Jay Survey, varying from that survey only in the use of different stimuli, and making ***no*** attempt to tailor the questions or methodology to even the most basic elements of the McDonald Survey.[23] (*See* Jay Tr. 210:6-12.) The Nowlis Survey is in no way related to the McDonald Survey and so does not shed any light on the validity and strength of Dr. McDonald's results, as a rebuttal study should do.

As a notable example, Nowlis did not replicate Dr. McDonald's universe of people likely to purchase digital books. Nowlis also did not employ any version of Dr. McDonald's principal question,[24] which he might have done by substituting the words "made or put out" for Dr. McDonald's phrase "made available." (*See* Nowlis Rep. ¶ 50-51.) As these examples make clear, the Nowlis Survey was not designed to test the alleged flaws in the McDonald Survey and therefore cannot be said to contradict or rebut Dr. McDonald's survey results. It is instead a wholly separate survey that purports to show the likelihood of reverse confusion between Plaintiffs' and Defendant's mark—a survey which, admissibility aside, should have been disclosed as direct expert evidence.

Because the Nowlis Survey was not designed as a rebuttal to and does not respond to the McDonald Survey, it is improper "new argument" in a rebuttal report. This inclusion of new argument is not justified and prejudices Plaintiffs. *See Ebbert*, 2008 WL 4443238, at *13.

2. The Nowlis Survey Was Not Timely Disclosed and Should Be Excluded

As improper rebuttal evidence, the Nowlis Survey was not timely disclosed and should be excluded. The deadline for affirmative expert disclosures was September 17, 2012, but Nowlis

[23] Nowlis himself does not customarily conduct rebuttal surveys , and the instant "rebuttal study" is quite possibly his first attempt to do so. (Nowlis Tr. at 53:25; 54:4; 61:18-21.)

[24] The main question in Dr. McDonald's study asked: "[W]hat company or companies would you think ***had made the book*** available?" (McDonald Report at 11.)

was not disclosed until October 26, 2012. The Court should not countenance Apple's gamesmanship and should exclude the Nowlis Study as an untimely affirmative expert submission. Fed. R. Civ. P. 37(c)(1); *see, e.g.*, *Ebbert*, 2008 WL 4443238, at *14 (excluding portions of a rebuttal report that should have been included in the party's initial expert reports); *Plumley*, 836 F. Supp. 2d at 1066 (excluding non-responsive opinions in a rebuttal expert report as a sanction for failure of timely disclosure under Rule 37(c)); *First Years, Inc. v. Munchkin, Inc.*, 575 F. Supp. 2d 1002, 1008 (W.D. Wis. 2008) (excluding from evidence portions of defendant's expert report that discussed issues different from those the report was purportedly submitted to rebut).

CONCLUSION

For the foregoing reasons, Plaintiffs respectfully request that this Court grant their motions to exclude the expert evidence, including all testimony, affidavits, or reports, of E. Deborah Jay and Stephen M. Nowlis.

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Respectfully submitted,

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