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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

**DEFENDANT’S MEMORANDUM OF LAW IN OPPOSITION TO
PLAINTIFFS’ MOTION TO EXCLUDE THE TESTIMONY, INCLUDING
AFFIDAVITS, DECLARATIONS, AND REPORTS, OF
DEFENDANT’S EXPERT WITNESS GREGORY S. CARPENTER**

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Defendant Apple Inc. (“Apple”) submits this memorandum of law in opposition to Plaintiffs J.T. Colby & Company, Inc. d/b/a Bricktower Press, J. Boylston & Company, Publishers LLC and ipicturebooks, LLC (collectively, “Plaintiffs”) Motion to Exclude the Testimony, including Affidavits, Declarations, and Reports, of Defendant’s Expert Witness Gregory S. Carpenter.

PRELIMINARY STATEMENT

Plaintiffs’ attempt to exclude Dr. Carpenter is an exercise in desperation. In order to answer this Court’s question about whether Plaintiffs have any trademarks “and what are [their] rights based on that?” (Apr. 27, 2012 Tr., 22:17–20), Dr. Carpenter conducted a comprehensive review of the documents Plaintiffs produced in discovery and of the deposition transcripts of Plaintiffs’ only fact witness, along with a meticulous analysis of the marketplace conditions in which Plaintiffs and Apple sell their respective products. Based on that review and analysis, as well as his nearly 30 years of marketing experience, Dr. Carpenter wrote an exhaustive 43-page report (with 78 exhibits), in which he concluded that Plaintiffs’ “ibooks” and “ipicturebooks” imprints are not recognized by consumers. (Apple SUF ¶ 12.)¹ Critically, Plaintiffs, like their own purported marketing rebuttal expert, do not—and cannot—dispute *any* of the facts upon which Dr. Carpenter relied, or argue that Dr. Carpenter somehow incorrectly concluded that

¹ As used herein, “Apple SUF” refers to Defendant’s Rule 56.1 Statement of Undisputed Facts in Support of its Motion for Summary Judgment; “Carpenter Dec.” refers to the Declaration of Gregory S. Carpenter in Support of Defendant’s Motion for Summary Judgment; “Ray 12/21 Dec.” refers to the Declaration of Claudia Ray in Support of Defendant’s Motion to Exclude Any Testimony, Argument or Evidence Regarding the Expert Report and Opinions of Mike Shatzkin; “Mazzello 12/21 Dec.” refers to the Declaration of Mary Mazzello in Support of Defendant’s Motion to Exclude the Expert Report and Testimony of Dr. Susan Schwartz McDonald; “Barry Dec.” refers to the Declaration of Jennifer L. Barry in Support of Defendant’s Motion to Exclude Any Testimony, Argument or Evidence Regarding the Expert Reports and Opinions of Robert T. Scherer, all of which are dated December 21, 2012. In addition, “Ray 1/25 Dec.” refers to the Declaration of Claudia Ray in Opposition to Plaintiffs’ Motion to Exclude the Testimony, including Affidavits, Declarations, and Reports of Defendant’s Expert Witness Gregory S. Carpenter, dated Jan. 25, 2013. The deposition testimony of Dr. Carpenter and Dr. Susan Schwartz McDonald cited herein is attached to the Ray 1/25 Declaration behind tabs labeled with the deponent’s name (*e.g.*, “Carpenter Dep.”).

consumers do not recognize the “ibooks” imprint. In fact, Plaintiffs’ rebuttal expert, Mike Shatzkin, actually agrees with Dr. Carpenter, as Mr. Shatzkin admits that he was not aware of any consumer branding activities by Plaintiffs, and in fact had never even heard of Plaintiffs prior to being retained as an expert in this case. Plaintiffs are thus forced to try a collateral attack, arguing that Dr. Carpenter is not qualified to testify as to his analysis and conclusions, either because he does not have experience in publishing, or because he is not a trademark lawyer. Both of these arguments fail.

First, Plaintiffs argue that Dr. Carpenter’s opinions should be excluded because even though he has almost 30 years of marketing experience and is the James Farley/Booz Allen Hamilton Professor of Marketing Strategy and Director of the Center for Market Leadership at the Kellogg School of Management at Northwestern University, he has no experience in the publishing industry. Plaintiffs would have this Court believe that marketing in the publishing industry is somehow different enough from any other industry to render Dr. Carpenter’s vast overall marketing experience meaningless. Plaintiffs also suggest that the factors that courts have applied for decades to determine whether marks have acquired secondary meaning, regardless of industry, somehow cannot be applied to Plaintiffs’ imprint absent publishing-specific experience. Nonsense. Courts consider the exact same factors Dr. Carpenter assessed—such as sales, advertising expenditures and unsolicited media coverage—regardless of industry to determine whether an alleged mark is recognized by consumers or otherwise had strength in the marketplace. Moreover, Plaintiffs wholly ignore the overwhelming case law—including a case upon which Plaintiffs themselves rely—holding that experts with broad, general expertise in fields such as marketing, economics and engineering can apply that expertise across a wide variety of industries.

Second, Plaintiffs argue that Dr. Carpenter is not qualified to testify about trademark law. On this point, the parties agree. Apple disagrees, however, with Plaintiffs' contention that *any* expert—trademark lawyer or not—should be permitted to testify about the ultimate legal issues in this case. Plaintiffs have submitted the opinions of Mr. Robert Scherer, a retired trademark attorney, on a host of such issues—including the validity of the assignment of the IBOOK mark from Family Systems, Ltd. (“Family Systems”) to Apple—but his legal opinions are improper, and Apple has moved to exclude that testimony.

As for Plaintiffs' criticism of Dr. Carpenter for allegedly rendering opinions on trademark law when he is not a trademark lawyer, the simple fact is that he is not rendering any such opinions. Rather, Dr. Carpenter uses his marketing expertise to shed light on the *facts* of this case concerning likelihood of confusion and goodwill from a marketing perspective, in order to assist the Court in making its own determination as to the legal and factual issues relating to Plaintiffs' infringement claim and its attack on the Family Systems trademark assignment. Specifically, Dr. Carpenter opines, from a marketing perspective, about (1) factors showing an absence of consumer recognition of Plaintiffs' imprints, (2) factors suggesting confusion is unlikely, and (3) the factual indicia indicating that Family Systems' goodwill in its IBOOK mark transferred to Apple. Unlike the opinions presented in Mr. Scherer's report, these are not opinions on ultimate legal issues.

Because Dr. Carpenter is qualified to testify on marketing issues, and because Plaintiffs do not dispute either the facts upon which Dr. Carpenter relied or Dr. Carpenter's conclusions, Plaintiffs' motion should be denied.

LEGAL ARGUMENT

I. DR. CARPENTER IS QUALIFIED TO TESTIFY ABOUT MARKETING IN THE PUBLISHING INDUSTRY.

Plaintiffs contend that Dr. Carpenter “is not qualified to opine on the adequacy of Colby’s marketing strategy, the strength of Colby’s imprints, or any likelihood of confusion arising therefrom” simply because Dr. Carpenter has not worked in the publishing industry.² (Memorandum of Law in Support of Plaintiffs’ Motion to Exclude the Testimony, including Affidavits, Declarations, and Reports, of Defendant’s Expert Witness Gregory S. Carpenter, dated December 21, 2012 (“Pl. Br.”), at 4–5.) This argument is contrary to Second Circuit law and wholly without merit.

A. Courts Have Repeatedly Recognized That Industry-Specific Experience Is Not Required.

As an initial matter, Plaintiffs’ criticism of Dr. Carpenter as lacking publishing-specific experience is directly contrary to applicable law from the Second Circuit and this District.

A witness may be qualified as an expert if he possesses specialized knowledge, skill, experience, training or education that may be helpful to a jury. *See* Fed. R. Evid. 702(a); *see*

² It is worth noting that although Plaintiffs have challenged Dr. Carpenter’s marketing opinions, arguing that he is not qualified as an expert because he has not worked in the publishing industry, they have simultaneously offered the opinions of Dr. Susan Schwartz McDonald, who admittedly is not an expert in publishing (Ray 1/25 Dec., McDonald Dep., at 71:14–72:12 (“ . . . I am absolutely not a publishing expert. . . . ”); *see also id.*, at 43:24–44:16 (explaining that she has “no way” to put Plaintiffs’ advertising expenditures “in context given the nature of, quote, advertising in the publishing industry” because she is not a publishing expert), but nevertheless has purported to opine on marketing and branding issues (*see id.*, at 63:19–64:24; 65:16–66:14) as well as the likely future evolution of the publishing industry. (*See* Mazzello 12/21 Dec., Ex. 9 (Expert Report of Susan Schwartz McDonald, dated Sept. 17, 2012), at 1–2.) Moreover, unlike Dr. Carpenter, who applied accepted marketing principles about brand-building to the facts of this case in offering a marketing opinion, as detailed in Apple’s motion to exclude Dr. McDonald’s testimony, her opinions are nothing more than rank speculation. (*See* Memorandum of Law in Support of Defendant’s Motion to Exclude Any Testimony, Argument or Evidence Regarding the Expert Reports and Opinions of Susan Schwartz McDonald, dated Dec. 21, 2012, at 24.) Dr. McDonald did not review any of the documents produced in discovery, did not review the parties’ written discovery, did not review any deposition transcripts, and “did no independent research” in forming her opinions about how “consumers (or readers) typically experience Plaintiffs’ mark.” (*See id.*, at 24–25.) Instead, Dr. McDonald simply accepted the allegations of Plaintiffs’ Amended and Supplemental Complaint at face value. (*See id.*, at 24–25.)

also *Stagl v. Delta Air Lines, Inc.*, 117 F.3d 76 (2d Cir. 1997) (quoting Rule 702 and reversing district court for excluding expert testimony because, contrary to the district court’s finding, the expert was sufficiently qualified). In the Second Circuit, “[t]he test for exclusion is a strict one’ [and] [a] witness’ qualifications to render an expert opinion are liberally judged” *Sullivan v. Ford Motor Co.*, No. 97 Civ. 0593, 2000 WL 343777, at *4–5 (S.D.N.Y. Mar. 31, 2000) (quoting *Thomas J. Kline, Inc. v. Lorillard, Inc.*, 878 F.2d 791, 799 (4th Cir. 1989)).

“In considering a witness’s practical experience and educational background as criteria for qualification, the only matter the court should be concerned with is whether the expert’s knowledge of the subject is such that his opinion will likely assist the trier of fact in arriving at the truth.” *Johnson & Johnson Vision Care, Inc. v. CIBA Vision Corp.*, No. 04 Civ. 7369, 2006 WL 2128785, at *5 (S.D.N.Y. July 28, 2006) (quoting *Valentin v. New York City*, No. 94 Civ. 3911, 1997 WL 33323099, at *14 (E.D.N.Y. Sept. 9, 1997)) (holding that expert was qualified to offer opinion on marketplace impact of false advertising by eye care company based on prior experience conducting financial and economic analyses of products in the marketplace); see also *Rich & Rich P’ship v. Poetman Records, USA, Inc.*, No. 08 Civ. 436, 2010 WL 1978804, at *2–3 (E.D. Ky. May 17, 2010) (finding that witness with 25 years of experience in “marketing many types of products, including consumer products,” was qualified to testify about “the marketing of compact disks,” even though she had “no experience in the music industry”); *TC Sys. Inc. v. Town of Colonie, N.Y.*, 213 F. Supp. 2d 171, 174–75 (N.D.N.Y. 2002) (in case involving telecommunications provider’s obligation to pay for use of public rights of way, holding that an economist was qualified to provide expert testimony even though he did not have “practical experience concerning compensation for use of public rights-of-way or the telecommunications industry” because the expert, “through his . . . educational training, [was] qualified to educate the

fact finder about . . . broad economic principles and market forces”); *Bunt v. Altec Indus., Inc.*, 926 F. Supp. 313, 317–18 (N.D.N.Y. 1997) (finding that witness with expertise in mechanical engineering was qualified to testify about the safety of a digger derrick, even though he had “never seen, worked with, [or] designed’ a digger derrick”) (alteration in original); *Lappe v. Am. Honda Motor Co.*, 857 F. Supp. 222, 226–27 (N.D.N.Y. 1994) (finding that engineering expert was qualified to testify about the design of the 1984 Honda Civic even though he was not an automotive design engineer), *aff’d sub nom., Lappe v. Honda Motor Co. Ltd. of Japan*, 101 F.3d 682 (2d Cir. 1996).

Plainly, there is no requirement that Dr. Carpenter have publishing experience in order to opine on marketing matters in that industry, and Plaintiffs do not cite a single case in which an expert was excluded due to a perceived lack of industry-specific experience. To the contrary, in *Stagl v. Delta Air Lines, Inc.*, 117 F.3d 76 (2d Cir. 1997), one of the three cases upon which Plaintiffs rely, the Second Circuit went so far as to find that the district court abused its “broad discretion” when it excluded expert testimony based on the erroneous conclusion that the expert’s qualifications were too general. *See Stagl*, 117 F.3d at 81. Specifically, the plaintiff in *Stagl* alleged that she was injured at LaGuardia Airport because of Delta Air Lines’ “negligent supervision and management of its baggage retrieval system.” *Id.* at 78. In an effort to prove her claims, *Stagl* sought to introduce the testimony of Grahme Fischer, an engineer with an undergraduate degree from Manhattan College, a master of science degree from Columbia University, and approximately 20 years of experience as a licensed engineer. *See id.* at 82. Fischer did not, however, have experience with “airline terminal or baggage claim design,” testifying that “his field of expert knowledge is the interaction between machines and people.” *Id.* The district court “concluded that Fischer was unqualified because his expertise was

insufficiently tailored to the facts of this case,” and excluded Fischer’s testimony. *See id.* The Second Circuit reversed, holding that industry-specific experience is not required “where, as here, well-trained people with somewhat more general qualifications are available.” *See id.* The same result should obtain in this case.

Similarly, in *Alfa Corp. v. OAO Alfa Bank*, 475 F. Supp. 2d 357 (S.D.N.Y. 2007), on which Plaintiffs also rely, the court allowed an expert who had worked in the insurance industry for 36 years, during which time he worked primarily as an underwriter and reinsurance marketer, to testify about the importance of brand identity in the insurance industry. *See id.* at 365–66. Although the court concluded that the expert’s experience was *sufficient* support for his opinion, nowhere did it hold that industry-specific experience was a *prerequisite* to providing expert testimony about insurance-related branding issues. *See id.* at 365–66.

Because Dr. Carpenter has “educational and experiential qualifications in a general field,” in this case marketing, that is “closely related to the subject matter in question,” this Court should “not exclude the testimony solely on the ground that [he] lacks expertise in the specialized areas that are directly pertinent.” *In re Zyprexa Prods. Liab. Litig.*, 489 F. Supp. 2d 230, 282 (E.D.N.Y. 2007) (admitting several experts who qualified to testify based on their educational backgrounds and/or experience). Stated another way, the Court ““should not . . . require[] [Dr. Carpenter] to satisfy an overly narrow test of his own qualifications.”” *Johnson & Johnson Vision Care*, 2006 WL 2128785, at *5 (quoting *Valentin*, 1997 WL 33323099, at *14). “[T]o require the degree of specificity [demanded by Plaintiffs would allow the publishing] industry indirectly to set its own standards” for trademark law in order to avoid a finding that Plaintiffs’ alleged marks have not acquired secondary meaning and are weak. *See Stagl*, 117 F.3d at 82. That is especially true here where not only are the facts upon which Dr. Carpenter

relied undisputed but, as discussed in greater detail in Part I.C below, Plaintiffs’ own expert reached the same conclusions as Dr. Carpenter—that Plaintiffs have not taken any steps to create consumer awareness of their “ibooks” imprint. (See Ray 12/21 Dec., Ex. 2 (Shatzkin Dep.), at 190:18–192:4; see also *id.*, at 212:17–19.) Thus, this case is nothing like *United States v. Tin Yat Chin*, another case upon which Plaintiffs rely. There, the court affirmed the exclusion of expert testimony because it was based on insufficient facts and data—not because, as Plaintiffs contend, the “expert’s area of expertise [was not] comparable to the subject matter of the testimony.” See *Tin Yat Chin*, 371 F.3d 31, 40–41 (2d Cir. 2004). Plaintiffs do not claim that Dr. Carpenter’s opinions are based on insufficient facts and data, nor could they, given the extensive investigation that Dr. Carpenter conducted. (See Carpenter Dec., Ex. 1, Ex. B (Documents Considered).)

Plaintiffs’ argument that Dr. Carpenter is not qualified to testify in this matter boils down to an argument that this Court should treat Plaintiffs differently from other companies, simply because Plaintiffs sell books.³ That argument is contrary to well-settled case law. When

³ Plaintiffs criticize Dr. Carpenter for his lack of familiarity with the term “niche imprint,” which they seem to assert is a commonly recognized term. (See Pl. Br., at 7.) They provide no evidentiary basis, however, for that assertion. In any case, the relevant fact is that, as Dr. Carpenter discussed in his deposition, “ibooks” is *not* a niche science fiction imprint as Plaintiffs purport to define it. Since 1999, “ibooks” has been promoted as a general trade publisher. (See Ray 12/21 Dec., ¶¶ 37–41.) For example, a May 24, 1999, *Publishers Weekly* article about the launch of the “ibooks” imprint stated that the “ibooks” imprint “will emphasize titles in science, history, science fiction and mystery.” (See *id.*, ¶ 38, Ex. 7.) Similarly, a May 17, 2000 memo from Byron Preiss, the founder of Ibooks, Inc., described “ibooks” as a “general trade imprint” that published media tie-ins, science, history, mystery, science fiction and literary classics. (See *id.*, ¶ 39, Ex. 8.) In fact, Plaintiffs themselves assert in their Amended and Supplemental Complaint that “many of [the books published under the “ibooks” imprint] focus on history;” that the “imprint also features a number of well-known fictional works and annotated versions of classical fictional works. . . ;” and that the “ibooks’ print books also include numerous graphic novel versions of famous novels. . . .” (Am. Compl., ¶¶ 15–16, 18.) Even now, the “About Us” page on Plaintiffs’ website describes the “ibooks” imprint as being “known for its extensive backlist titles in trade fiction, science fiction, fantasy, graphic novels, history and popular culture.” (See Ray 12/21 Dec., ¶41, Ex. 9.) In any case, even if “ibooks” were a niche science fiction imprint, which it is not, Apple is unaware of any case in which a court has excluded an expert because he or she was unfamiliar with a single term. Nor is that lack of authority surprising—regardless of whether he is familiar with the term “niche imprint,” Dr. Carpenter’s analysis is still relevant because “Plaintiffs seek an injunction reaching [Apple’s] market as a whole [such that] it is the distinctiveness of plaintiffs’ [alleged] mark in this broader market that is at issue.” *Strange Music, Inc. v. Strange Music, Inc.*, 326 F. Supp. 2d 481, 490 (S.D.N.Y. 2004) (finding

(Continued....)

evaluating whether consumers recognize an alleged mark, such that the mark has achieved secondary meaning or can be considered commercially strong, courts in this Circuit and others apply the same factors in publishing cases that they apply in all cases, including sales, advertising expenditures, and unsolicited media coverage. *See, e.g., Harlequin Enters. Ltd. v. Gulf & W. Corp.*, 644 F.2d 946, 949–50 (2d Cir. 1981) (holding that Harlequin presented “sufficient evidence to support the district court’s preliminary finding that the ‘Harlequin Presents’ cover” had achieved secondary meaning based on evidence of “Harlequin’s extensive national advertising, its phenomenal sales success and the results of a consumer survey,” as well as evidence of “extensive, unsolicited media coverage” and copying of the cover); *Casa Editrice Bonechi, S.R.L. v. Irving Weisdorf & Co.*, No. 95 Civ. 4008, 1995 WL 528001, at *7–8 (S.D.N.Y. Sept. 6, 1995) (finding trade dress of plaintiff’s souvenir guide books strong based on length and exclusivity of use, advertising, media coverage, and policing of trade dress); *Atl. Monthly Co. v. Frederick Ungar Publ’g Co.*, 197 F. Supp. 524, 528–30 (S.D.N.Y. 1961) (determining that ATLANTIC had achieved secondary meaning as an imprint for books based on evidence of sales, use of the mark in advertising, mentions of the imprint in book reviews, and length of use of the mark). Dr. Carpenter analyzed those very factors from a marketing perspective in forming his opinion that consumers do not recognize Plaintiffs’ “ibooks” imprint.

B. Dr. Carpenter Is Qualified To Testify About Recognition Of Plaintiffs’ Imprints Based On His Broad Marketing Expertise And Thorough Investigation.

Dr. Carpenter is eminently qualified to testify about whether Plaintiffs (or Byron Preiss before them) conducted the marketing activities necessary to create consumer awareness of the

plaintiffs’ record label mark weak, and rejecting argument that court should consider “distinctiveness of plaintiffs’ mark within the new music community” because it was “not probative of the distinctiveness of plaintiffs’ mark upon the market on the whole”).

“iBooks” imprint. He received his B.A. from Ohio Wesleyan University in 1978. (*See* Carpenter Dec., Ex. 1, ¶ 1; *see also id.*, Ex. A, p. 1 (curriculum vitae).) Dr. Carpenter then attended Columbia University, and was awarded his M.B.A. in 1980, and M. Phil. and Ph.D. degrees in 1983. (*See id.*, Ex. A, p. 1.) Since receiving his Ph.D., Dr. Carpenter has served on the faculties of the University of California, Los Angeles; Columbia University; and Yale University. (*See id.*, Ex. 1, ¶ 2; *see also id.*, Ex. A, p. 1.) Today, Dr. Carpenter is the James Farley/Booz Allen Hamilton Professor of Marketing Strategy at the Kellogg School of Management at Northwestern University, a position he has held since 1999. (*See id.*, Ex. A, p. 1.) Dr. Carpenter also is the Director of the Center for Market Leadership at the Kellogg School, and is a past chair of the marketing department. (*See id.*, Ex. 1, ¶¶ 1–2; *see also id.*, Ex. A, p. 1.)

Dr. Carpenter’s research on marketing strategy has appeared in publications such as the *Journal of Marketing*, *Journal of Consumer Research*, *Journal of Marketing Research*, *Marketing Science* and *Management Science*. (*See id.*, Ex. 1, ¶ 3.) Dr. Carpenter also has served on the editorial boards of the *Journal of Marketing Research*, *Marketing Science*, and *Marketing Letters*. (*See id.*) Dr. Carpenter has received four awards from the American Marketing Association for his research contributions, as well as numerous other honors. (*See id.*; *see also id.*, Ex. A, p. 1.) Dr. Carpenter also has edited two books, and written several book chapters addressing marketing and branding issues. (*See id.*, Ex. A, p. 4–5.)

In addition to his research and scholarly work, Dr. Carpenter has provided consulting and executive education on marketing strategy and branding issues for a wide variety of companies. (*See id.*, Ex. 1, ¶ 4.) Among other things, Dr. Carpenter has “provided executive seminars for people in magazine publishing and media and related businesses and many businesses that have characteristics associated with book publishing.” (*See* Ray 1/25 Dec., Carpenter Dep., at 9:12–

18.) His clients have included companies such as Coca-Cola, General Electric, Harley Davidson, Dow Chemical, Carnival Corporation, and Cunard Lines. (*See* Carpenter Dec., Ex. 1, ¶ 4.)

In order to prepare his September 17, 2012 expert report, Dr. Carpenter reviewed the parties' written discovery responses, documents produced in discovery, and the testimony of Plaintiffs' only witness, John T. Colby. (*See id.*, Ex. B (Documents Considered).) Dr. Carpenter also investigated publishing industry statistics; studied Plaintiffs' website; reviewed New York *Times* bestseller lists from 1999 to 2010; reviewed publishing industry directories such as *Literary Market Place*; consulted marketing texts; and conducted various online research. (*See id.*, Ex. B (Documents Considered); *see also id.*, Exs. 1, 42, at 49–50; *id.*, ¶ 11, n. 1; ¶ 14, n. 2; ¶¶ 19–21.) Dr. Carpenter then applied his marketing expertise to determine whether, based on that investigation, Plaintiffs' "ibooks" and "ipicturebooks" imprints are recognized by consumers. In doing so, Dr. Carpenter considered, *inter alia*, the *de minimus* sales of books bearing the "ibooks" and "ipicturebooks" imprints; the meager advertising and marketing expenditures of Plaintiffs and Ibooks, Inc.; the absence of any consumer advertising depicting the "ibooks" and "ipicturebooks" imprints; the abandoned trademark application for IBOOKS filed by Ibooks, Inc. in 1999; the liquidation of Ibooks, Inc. in 2006; and the absence of a website featuring the "ibooks" and "ipicturebooks" imprints since at least 2005. (*See id.*, ¶¶ 24–101.) Based on that comprehensive review and analysis, Dr. Carpenter concluded that Plaintiffs have not built a brand that consumers recognize. (*See id.*, ¶ 9.) Because Dr. Carpenter is qualified to apply universal marketing principles to the facts of this case, the Court should deny Plaintiffs' motion to exclude his testimony. *See Stagl*, 117 F.3d at 82; *see also In re Zyprexa Prods. Liab. Litig.*, 489 F. Supp. 2d at 282; *Johnson & Johnson Vision Care*, 2006 WL 2128785, at *5.

C. Plaintiffs Do Not Dispute The Facts Upon Which Dr. Carpenter Relies, And Their Own Rebuttal Expert Agrees With Dr. Carpenter’s Conclusions.

Finally, Plaintiffs’ argument that Dr. Carpenter is not qualified to apply marketing principles to the publishing industry is belied by the fact that Mike Shatzkin—who purports to have 50 years of experience in the publishing industry and submitted an expert report in rebuttal to Dr. Carpenter—offered nearly the same opinion as Dr. Carpenter. Specifically, Dr. Carpenter concluded that “Byron Preiss [the founder of Ibooks, Inc.] and Plaintiffs have not taken the actions necessary to create a brand that consumers recognize and associate with a particular source.” (*See* Carpenter Dec., Ex. 1, ¶ 9.) Likewise, Mr. Shatzkin testified that he was “not aware of any specific steps that were taken to capitalize on” the alleged “ibooks” mark. (*See* Ray 12/21 Dec., Ex. 2 (Shatzkin Dep.), at 190:18–192:4; *see also id.*, at 212:17–19 (Mr. Shatzkin has seen “no evidence” that the publishers of “ibooks” ever turned their attention to consumer branding).) In fact, Mr. Shatzkin only was aware of the “ibooks” imprint in the “[l]ate 1990s,” “when it was new” because he “knew Byron Preiss [the founder of Ibooks, Inc.,] and . . . knew what Byron Preiss did.” (*Id.*, at 25:20–26:6.) Mr. Shatzkin had no knowledge of the “ibooks” imprint in the ensuing 12 years, and had never even heard of Plaintiffs or their owner, John Colby, prior to this litigation. (*See id.*, at 24:23–26:17.) Moreover, Mr. Shatzkin has never mentioned Mr. Preiss, “ibooks” or Plaintiffs in any of the hundreds of blog posts that he has written about the publishing industry since February 2009. (*See id.*, at 214:15–215:3.) Plaintiffs had the opportunity to rebut Dr. Carpenter’s conclusions, but instead they put forward an expert who actually *agrees* that nothing was ever done to create awareness of the “ibooks” imprint among consumers—even those purportedly very familiar with the publishing industry. (*See* Ray 12/21 Dec., Ex. 2 (Shatzkin Dep.), at 190:18–192:4; *see also id.*, 212:17–19).

* * *

Because Dr. Carpenter is qualified to testify on marketing issues, and neither Plaintiffs' nor their purported publishing expert dispute the facts upon which Dr. Carpenter relied or his conclusions, Plaintiffs' motion should be denied.

II. DR. CARPENTER DOES NOT OPINE ON LEGAL ISSUES.

Plaintiffs similarly argue that Dr. Carpenter is unqualified to testify about (1) whether Plaintiffs' imprints have achieved secondary meaning, (2) whether there is a likelihood of confusion between Plaintiff's imprint and Apple's iBooks mark or (3) the transfer of goodwill from Family Systems to Apple, again because he "has no background in trademark law." (Pl. Br., at 9.) These arguments fail because Dr. Carpenter is not offering any legal opinions. Instead, Dr. Carpenter opines on these factual issues from a marketing perspective.

A. Dr. Carpenter's Opinions About The Lack Of Consumer Recognition Of Plaintiffs' Imprints Are Proper.

Plaintiffs argue that because Dr. Carpenter "has no background in trademark law," he should be barred from testifying about "secondary meaning achieved by Colby's ibooks imprint." (Pl. Br., at 9.) As a preliminary matter, Dr. Carpenter does not opine on secondary meaning *per se*. Instead, he opines that, as a factual matter from a marketing perspective, Plaintiffs have not taken the steps that would cause the "ibooks" and "ipicturebooks" imprints to be recognized by consumers. (*See, e.g.*, Carpenter Dec., Ex. 1, ¶¶ 9, 118.)

As courts have recognized, secondary meaning is not a legal question, but a question of fact. *See, e.g., Erchonia Corp. v. Bissoon*, 410 Fed. App'x. 416, 418 (2d Cir. 2011) (noting that secondary meaning is a question of fact and affirming district court's grant of summary judgment for defendant); *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1041 (2d Cir. 1992) (noting that secondary meaning is a question of fact and affirming district court's refusal to enjoin defendant's use of a descriptive mark); *Brandwynne v. Combe Int'l, Ltd.*, 74 F.

Supp. 2d 364, 382–83 (S.D.N.Y. 1999) (noting that secondary meaning is a question of fact and granting summary judgment for defendant because the plaintiff “failed to elicit [such] evidence”). Because Dr. Carpenter is qualified to testify about marketing in the publishing industry as a factual matter, Plaintiffs’ motion should be denied.

B. Dr. Carpenter’s Opinions About The Likelihood Of Confusion Factors Are Also Proper.

In his September 17, 2012 report, Dr. Carpenter discusses—again as a factual matter—alleged instances of actual confusion between Plaintiffs and Apple; the differences between the parties’ respective marketing strategies, products, logos, and marketing channels; and the weakness of Plaintiffs’ alleged marks. (See Carpenter Dec., Ex. 1, ¶¶ 109–117.) While it is true that likelihood of confusion is a legal question, “the weighing of the . . . *Polaroid* factors [is] plainly a factual inquiry.” See *Brown v. Quiniou*, 744 F. Supp. 463, 467 (S.D.N.Y. 1990). Courts may rely on non-survey marketing experts in considering whether there is a likelihood of confusion. See, e.g., *THOIP v. Walt Disney Co.*, 736 F. Supp. 2d 689, 709 (S.D.N.Y. 2010) (relying on expert testimony regarding the marketing of defendant’s products in certain department stores); *Acxiom Corp. v. Axiom, Inc.*, 27 F. Supp. 2d 478, 488–89 (D. Del. 1998) (relying on marketing expert’s testimony regarding similarity of marketing channels, products and customers); see also 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:2.75 (4th ed. 2012) (explaining that “expert testimony on the factual factors that go into the ultimate finding on the confusion issue is generally quite proper and helpful to both judge and jury”). Dr. Carpenter’s opinions about the *Polaroid* factors thus are not improper legal conclusions and should be admitted.

C. Dr. Carpenter’s Rebuttal Opinions About The Factual Indicia That Goodwill Transferred Are Proper.

On September 17, 2012, Plaintiffs submitted the expert report of Robert Scherer, a retired

trademark attorney. (*See* Barry Dec., (Expert Report of Robert T. Scherer, dated Sept. 17, 2012), Ex. 1.) Mr. Scherer offered several opinions, including that the assignment of the IBOOK mark from Family Systems to Apple is an invalid assignment in gross. (*See, e.g., id.*, at 29 (stating that “the transfer of the IBOOK mark to Apple was an assignment in gross [that] failed to transfer both the mark and the priority to Apple”).) In his October 26, 2012 rebuttal report, Dr. Carpenter rebuts that opinion. (*See* Carpenter Dec., Ex. 2, ¶ 14.) In so doing, Dr. Carpenter expressly acknowledges his “understanding that many of Mr. Scherer’s opinions—including his opinion that the assignment from Family Systems . . . to Apple is invalid—are legal conclusions, and that Apple reserves the right to seek exclusion of those opinions.” (*Id.* at ¶ 10.) In fact, Mr. Scherer himself admitted that “[a]ny determination of the validity or effectiveness of a purported assignment will be decided by the Court.” (*See* Barry Dec., Ex. 1, at 2; *see also id.*, Ex. 3 (Scherer Dep.), at 261:9–262:3 (testifying that whether an assignment is in gross is a question of law for the court).) Apple has moved to exclude Mr. Scherer’s testimony on this basis.⁴ (*See Memorandum of Law in Support of Defendant’s Motion to Exclude Any Testimony, Argument or Evidence Regarding the Expert Reports and Opinions of Robert T. Scherer*, dated Dec. 21, 2012, at 11–14.)

By contrast, Dr. Carpenter did not offer any legal opinions. Rather, he applied his marketing expertise to assess whether Family Systems’ goodwill (or brand equity) in its IBOOK mark was in fact transferred to Apple. Specifically, Dr. Carpenter’s conclusion that the goodwill transferred was based on his marketing analysis of the following facts: (1) the assignment

⁴ If the Court were to grant Apple’s motion to exclude Mr. Scherer’s testimony, Dr. Carpenter’s rebuttal opinions on this issue would not be necessary. If, however, the Court allows Mr. Scherer to testify regarding the validity of the assignment of the IBOOK mark from Family Systems to Apple, Dr. Carpenter should also be allowed to offer his opinion that, from a marketing perspective, Family Systems transferred its goodwill in the IBOOK mark to Apple.

agreement expressly stated that the parties intended that the goodwill transfer to Apple; (2) Family Systems transferred its “iBook” domain names to Apple; (3) Family Systems ceased its use of IBOOK and adopted a new mark, VERBOL, for its software product; (4) there is no indication that any consumers have been confused by the assignment; (5) the Family Systems and Apple e-book reader software products are substantially similar; and (6) patents do not affect consumer perceptions of products and their associated brands. (*See, e.g.*, Carpenter Dec., Ex. 2, ¶ 57.) The Court should deny Plaintiffs’ motion to exclude Dr. Carpenter’s rebuttal of Mr. Scherer’s opinion regarding whether, as a factual matter, Family Systems’ goodwill in the IBOOK mark transferred to Apple. Given his marketing expertise, as discussed above, it is entirely appropriate for him so to testify.

* * *

Dr. Carpenter does not offer any opinions as to ultimate legal issues, and thus his marketing testimony regarding the lack of consumer recognition of Plaintiffs’ imprints, the lack of facts supporting a finding of likelihood of confusion, and the factual indicia that the goodwill in the IBOOK mark transferred from Family Systems to Apple is admissible as proper expert opinion. Unlike Plaintiffs’ expert, Dr. Carpenter refrained from making legal conclusions, and there is no basis for excluding his testimony. The Court should deny Plaintiffs’ motion.

CONCLUSION

For the foregoing reasons, Apple respectfully requests that the Court deny Plaintiffs' Motion to Exclude the Testimony, Including Affidavits, Declarations, and Reports of Defendant's Expert Witness Gregory S. Carpenter.

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Respectfully submitted,

s/ Dale M. Cendali

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