

January 10th, 2007

Cisco v Apple Trademark Infringement, Unfair Competition Complaint

COMPLAINT FOR TRADEMARK INFRINGEMENT, UNFAIR COMPETITION,
FALSE DESCRIPTION, AND INJURY TO BUSINESS REPUTATION; CASE
NO.FOLGER LEVIN & KAHN LLP

Michael A. Kahn (SB# 057432, mkahn@flk.com)

Gregory D. Call (SB# 120483, gcall@flk.com)

Michael F. Kelleher (SB# 165493, mkelleher@flk.com)

Beatrice B. Nguyen (SB# 172961, bnguyen@flk.com)

Embarcadero Center West

275 Battery Street, 23rd Floor

San Francisco, CA 94111

Telephone: (415) 986-2800

Facsimile: (415) 986-2827

Attorneys for Plaintiffs

CISCO SYSTEMS, INC., CISCO TECHNOLOGY, INC.,
and CISCO-LINKSYS LLC

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

CISCO SYSTEMS, INC., a California Corporation;

CISCO TECHNOLOGY, INC., a California Corporation; CISCO-LINKSYS LLC, a
California Limited Liability Corporation, Plaintiffs,

v.

APPLE INC., a California Corporation, formerly known as APPLE COMPUTER,
INC., Defendant. Case No. COMPLAINT FOR TRADEMARK
INFRINGEMENT, UNFAIR COMPETITION, FALSE DESCRIPTION, AND INJURY
TO BUSINESS REPUTATION DEMAND FOR JURY TRIAL

Plaintiffs CISCO SYSTEMS, INC., CISCO TECHNOLOGY, INC., and CISCO
LINKSYS LLC (hereinafter "Plaintiffs" or "Cisco"), by their attorneys, as and for
their Complaint against Defendant, APPLE INC., allege as follows:

I. JURISDICTION AND VENUE

1. This is a complaint for Trademark Infringement, Unfair Competition, and False
Description arising under §§ 32 and 43 of the Lanham Act, 15 U.S.C. §§ 1114(1)
(Trademark Infringement) and 1125(a) (Unfair Competition and False Description), for

Unfair Business Practice arising under California Business and Professions Code § 17200 et seq., and for injury to business reputation.

2. This Court has original subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1338(a) and 15 U.S.C. § 1121. This Court has related claim jurisdiction over the state law claim pursuant to 28 U.S.C. § 1338(b) and 28 U.S.C. § 1367.

3. This Court has personal jurisdiction over the defendant Apple Inc. because Apple maintains its principal place of business in the State of California.

4. Venue is proper in this district under 28 U.S.C. § 1391(b) and (c) because a substantial part of the events or omissions giving rise to the claims occurred in this district, a substantial part of the property that is the subject of the action is situated in this district, and the defendant maintains its principal place of business in this district.

II. INTRADISTRICT ASSIGNMENT

5. This is a trademark case subject to district-wide assignment under Local Rule 3-2(c).

III. THE PARTIES

6. Plaintiff Cisco Systems, Inc. is, and at all times mentioned herein was, a corporation organized and existing under the laws of the State of California, having a principal place of business at 170 W. Tasman Drive, San Jose, California 95134. COMPLAINT FOR TRADEMARK INFRINGEMENT, UNFAIR COMPETITION, FALSE DESCRIPTION, AND INJURY TO BUSINESS REPUTATION; CASE NO.

7. Plaintiff Cisco Technology, Inc. (“CTI”) is, and at all times mentioned herein was, a corporation organized under the laws of the State of California, having a principal place of business at 170 W. Tasman Drive, San Jose, California 95134.

8. Plaintiff Cisco-Linksys LLC is a wholly-owned subsidiary of Cisco Systems headquartered at 121 Theory Drive, Irvine, California 92617.

9. Upon information and belief, Defendant Apple Inc. is, and at all times mentioned herein was, a corporation organized and existing under the laws of the State of California, having a principal place of business at 1 Infinite Loop, Cupertino, California 95014. Apple Inc. announced its new name yesterday. Previously, the company was known as Apple Computer, Inc.

IV. FACTUAL BACKGROUND

10. Cisco Systems is a pioneer in the invention, sale and marketing of devices which are transforming the way people around the world connect, communicate and collaborate using the Internet and global information networks. Cisco’s products are used every day

totransport voice, data and video to and over the Internet. Cisco came to its position of technological leadership by hard work, substantial investment in research and development and through acquisition of companies with complementary technology. As a result of itsendeavors, Cisco has created and owns valuable intellectual property in the form of patents,trademarks, copyrights and trade secrets.

11. Cisco was among the first companies to see the potential for voice communication using the Internet and other global information networks, commencing internal development efforts in the mid 1990s. In an interview in the September 15, 1997 edition of CIO Magazine, Cisco's then- and present Chief Executive officer John T. Chambers said he "believes the next step in networking's evolution will be increasing integration of data, voice and video traffic overthe Internet." In 1998, Cisco began acquiring companies which added complementary voicetechnology to its Internet equipment and internal voice development efforts. In May, 1998, thecompany referred to "a three-prong Internet voice strategy."

12. Cisco also allied itself very early with pioneers in offering innovative Internet voice services for consumers. One such pioneer was InfoGear Technology Corporation of Redwood City, California. InfoGear developed and offered to consumers devices which were designed to provide easy access to the Internet without the need for a personal computer.

13. To identify to its customers its innovative blend of the global information networkwith a traditional telephone, InfoGear created and, on March 20, 1996, applied to register the iPhone mark with the United States Patent and Trademark Office (the "PTO"). On November 16, 1999, the PTO approved the application and issued a Certificate of Registrationunder Registration Number 2,293,011. A copy of the registration certificate is attached as Exhibit A.

14. Cisco Systems acquired the rights to the iPhone trademark in June 2000, as part ofits acquisition of InfoGear Technology Corporation. Cisco Systems assigned the iPhone mark to CTI, which licenses the iPhone mark to Cisco-Linksys LLC. The Patent and Trademark Officerecord reflecting these transfers is attached as Exhibit B.

15. InfoGear first began selling iPhone-branded devices in 1997. The original iPhone was a device that combined a telephone and a dialup Internet portal. Today, Cisco continues to use the iPhone mark for its family of voice over IP telephones and other telephony equipmentdistributed by Cisco-Linksys LLC.

]16. For most of its existence, Defendant Apple Inc. has been known primarily as a manufacturer of personal computers and software. In the last several years, Apple has expanded into consumer audio devices and music distribution. Apple has not—until now—had anypresence in the field of internet or telephonic voice services or devices.

17. Fully aware that Cisco owned the rights to the iPhone mark, Apple first approached Cisco in 2001 about the possibility of acquiring or licensing the rights to

iPhone. Apple has continued making such requests to Cisco through the present, including several times in 2006. Each time, Apple was told that Cisco was not interested in ceding the mark to Apple.

18. Apparently dissatisfied with Cisco's refusal to allow Apple to use the mark iPhone for products that would conflict directly with Cisco's current use of the mark, Apple began a surreptitious effort to attempt to obtain rights to use the name "iPhone" in connection with the very products, telephones using cellular voice and data networks, for which it had asked Cisco for rights.

19. On September 26, 2006, an entity calling itself Ocean Telecom Services LLC filed an Intent to Use (ITU) application for the mark iPhone pursuant to 35 U.S.C. § 1051(b). A copy of the application is attached as Exhibit C.

20. The Ocean Telecom application claimed a priority date of March 27, 2006, pursuant to 35 U.S.C. § 1126(d), based on the filing of application number 37090 in Trinidad and Tobago.

21. On September 19, 2006, Apple filed an application to register the trademark iPhone in Australia. The IP Australia record reflecting this application is attached as Exhibit D.

22. Like the Ocean Telecom application, Apple's Australian application claimed a priority date of March 27, 2006, based on the filing of application number 37090 in Trinidad and Tobago.

23. The goods and services description in the Ocean Telecom ITU application is practically identical to the description found in Apple's Australian application.

24. Upon information and belief, Ocean Telecom Services LLC is owned or otherwise controlled by Apple and is the alter ego of Apple.

25. Upon information and belief, the Ocean Telecom ITU application is being held up in the United States Patent and Trademark Office because Cisco already has a registration for the same mark.

26. On January 9, 2007, Apple CEO Steve Jobs publicly announced, with great fanfare, the introduction of a new Apple product named "iPhone." The announcement was made during the keynote speech of the Macworld Conference & Expo, an annual event to exhibit Apple products, which speech receives widespread international press. Apple's "iPhone" combines MP3 and video playback capabilities with computer hardware and software for providing integrated telephone communication via both cellular networks and computerized global information networks, an internet browser, camera, and personal digital assistant functions. Details regarding pricing, availability, and retail distribution partners included with the product announcement demonstrate Apple's use of Cisco's mark in connection with the sale, offering for sale, distribution, or advertising of the Apple product.

27. Apple's use of "iPhone" in its product promotion and advertising at Macworld constitutes the use in commerce of a colorable imitation, copy and reproduction of Cisco's iPhone mark. Upon information and belief, the two marks will share an identical sight and sound and a strong similarity of meaning. Apple's use of "iPhone" for a cellular and internet phone device is deceptively and confusingly similar to Cisco's long-standing trademark for an internet based telephony device.

28. Apple's "iPhone" device will be distributed and sold in the same types of retail channels and to the same classes of purchasers as Cisco's iPhone family of products and services.

29. Apple's use of Cisco's mark is likely to cause confusion, mistake, or deception in the minds of the public.

30. Apple's infringement constitutes a willful and malicious violation of Cisco's trademark rights, aimed at preventing Cisco from continuing to build a business around a mark that it has long possessed.

COMPLAINT FOR TRADEMARK INFRINGEMENT, UNFAIR COMPETITION, FALSE DESCRIPTION, AND INJURY TO BUSINESS REPUTATION; CASE NO. FIRST CLAIM TRADEMARK INFRINGEMENT UNDER LANHAM ACT § 3231.

Plaintiffs repeat and hereby incorporate herein by reference, as though specifically pleaded herein, the allegations of paragraphs 1 through 30.

32. Apple's use of the iPhone brand name comprises an infringement of Cisco's registered trademark iPhone and is likely to cause confusion, mistake and deception of the public as to the identity and origin of Cisco's goods, causing irreparable harm to Cisco for which there is no adequate remedy at law.³³ By reason of the foregoing acts, Apple is liable to Cisco for trademark infringement under 15 U.S.C. § 1114.

SECOND CLAIM UNFAIR COMPETITION UNDER LANHAM ACT § 4334. Plaintiffs repeat and hereby incorporate herein by reference, as though specifically pleaded herein, the allegations of paragraphs 1 through 33.

35. Apple's use of the iPhone mark to promote, market, or sell telephony products or services in direct competition with Cisco's iPhone products and services constitutes Unfair Competition pursuant to 15 U.S.C. § 1125(a). Apple's use of the iPhone mark is likely to cause confusion, mistake, and deception among consumers. Apple's unfair competition has caused and will continue to cause damage to Cisco, and is causing irreparable harm to Cisco for which there is no adequate remedy at law.

THIRD CLAIM UNFAIR COMPETITION UNDER CALIFORNIA BUSINESS AND PROFESSIONS CODE § 17200 et seq.

36. Plaintiffs repeat and hereby incorporate herein by reference, as though specifically pleaded herein, the allegations of paragraphs 1 through 35.

37. Apple's actions discussed herein constitute unfair competition within the meaning of California Business and Professions Code § 17200.

38. Pursuant to California Business and Professions Code § 17203, Cisco is entitled to preliminary and permanent injunctive relief ordering Apple to cease this unfair competition, as well as disgorgement of all of Apple's profits associated with this unfair competition.

FOURTH CLAIM FALSE DESCRIPTION

39. Plaintiffs repeat and hereby incorporate herein by reference, as though specifically pleaded herein, the allegations of paragraphs 1 through 38.

40. Apple's iPhone mark is such a colorable imitation and copy of Cisco's trademark established in the market for telephony-related consumer products that Apple's use thereof in the context of cellular phone devices is likely to create confusion, or to cause mistake, or to deceive consumers as to the affiliation, connection or association of Cisco's products, or to deceive consumers as to the origin, sponsorship or approval of Cisco's products.

41. Cisco avers that Apple's use of the term iPhone comprises a false description or representation of such business or products under 15 U.S.C. § 1125(a) (Section 43(a) of the Lanham Act).

FIFTH CLAIM COMMON LAW INJURY TO BUSINESS REPUTATION

42. Plaintiffs repeat and hereby incorporate herein by reference, as though specifically pleaded herein, the allegations of paragraphs 1 through 41. 43. Cisco alleges that Apple's use of Cisco's trademark inures and creates a likelihood of injury to Cisco's business reputation because persons encountering Cisco and its products and services will believe that Cisco is affiliated with or related to or has the approval of Apple, and any adverse reaction by the public to Apple and the quality of its products and the nature of its business will injure the business reputation of Cisco and the goodwill that it enjoys in connection with its iPhone trademark.

COMPLAINT FOR TRADEMARK INFRINGEMENT, UNFAIR COMPETITION, FALSE

DESCRIPTION, AND INJURY TO BUSINESS REPUTATION; CASE NO.

WHEREFORE, Plaintiffs pray:

1. That Defendant Apple Inc. and its agents, officers, employees, representatives, successors, assigns, attorneys and all other persons acting for, with, by, through or under authority from Defendant, and each of them, be preliminarily and permanently enjoined from: (a) using Cisco's trademark depicted in Exhibit A, or any colorable imitation thereof; (b) using any trademark that imitates or is confusingly similar

to or in anyway similar to Cisco's trademark iPhone, or that is likely to cause confusion, mistake, deception, or public misunderstanding as to the origin of Cisco's products or their connectedness to Defendant.

2. That Defendant be required to file with the Court and serve on Cisco within thirty (30) days after entry of the Injunction, a report in writing under oath setting forth in detail the manner and form in which Defendant has complied with the Injunction;

3. That, pursuant to 15 U.S.C. § 1117, Defendant be held liable for all damages suffered by Cisco resulting from the acts alleged herein;

4. That, pursuant to 15 U.S.C. § 1117, Defendant be compelled to account to Cisco for any and all profits derived by it from its illegal acts complained of herein;

5. That the Defendant be ordered pursuant to 15 U.S.C. § 1118 to deliver up for destruction all containers, labels, signs, prints, packages, wrappers, receptacles, advertising, promotional material or the like in possession, custody or under the control of Defendant bearing a trademark found to infringe Cisco's iPhone trademark rights, as well as all plates, matrices, and other means of making the same;

6. That the Court declare this to be an exceptional case and award Cisco its full costs and reasonable attorneys' fees pursuant to 15 U.S.C. § 1117;

7. That the Court grant Cisco any other remedy to which it may be entitled as provided for in 15 U.S.C. §§ 1116 and 1117 or under state law; and,

8. For such and other further relief that the court deems just and proper