
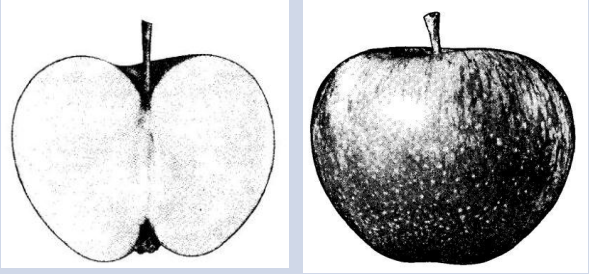

ARNOLD & PORTER (UK) LLP

The Apple Computer vs Apple Corps Trademark Litigation

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The Apple Computer Marks	The Apple Corps Marks
 <p data-bbox="459 939 776 982">APPLE/ZAPPLE</p>	 <p data-bbox="1190 939 1333 982">APPLE</p>

By 1981 Apple Corps were the registered proprietors of the word APPLE and/or the logo in 27 countries worldwide covering classes 9, 16 and 37-42

Chronology

June, 1963	The Beatles Limited
February 1968	Change of name to Apple Corps Ltd
1976	Apple Computer, Inc incorporated
November, 1981	First Trademark Delimitation Agreement
1990-1991	The first London Litigation (100+ days in Court)
September, 1991	Second Trademark Delimitation Agreement
2001	advent of the iTunes Software and the iPod
April, 2003	iTunes Music Stores
2004-2006	The second London Litigation

The First Trademark Delimitation Agreement: November, 1981

- The “Apple Goods and Services”
 - Records; music; entertainment; and sound
 - Reproducing apparatus
- The “Computer Goods and Services”
 - Computers; computer systems; and computer peripheral equipment
 - “move being specifically adapted for use in the recording or reproduction of music or of performing artistic works”
- Other Forbidden territory for Computer
 - Apple computer agreed not use the Computer Marks in relation [text cut off at bottom of page] specifically designed and intended for synthesising music

The Changed Circumstances (November, 1981 to May, 1987)

- At the date of the First Delimitation Agreement in November, 1981 Computer were selling the APPLE II computer. MACINTOSH was yet to be developed
- Computer allege that by 1987 many of Apple Corp's trademarks were invalid for non-use
- By 1987 Computer equipment was regularly being used for high quality (digitised) sound generation, including popular music
- Without computer and ancillary equipment having advanced electronic sound management and sound processing capabilities the Apple Computer products would be uncompetitive in the market

The First London Litigation: 1990-1991

- Efforts to renegotiate the First Delimitation Agreement to permit use by Computer of its APPLE name and logo on such new generation equipment failed
- Computer filed cancellation (for non-use) suits against the APPLE trademark registrations of Apple Corps in Germany; Sweden; the United Kingdom; Austria; Australia; Belgium; Canada; France; Hungary; Japan; Spain; New Zealand; and the United States **and** oppositions to pending Apple Corps trademark applications in France, Germany and South Korea
- Apple Corps allege these actions breach the “No Challenge” provision of the 1981 Delimitation Agreement
- February, 1990: Apple Corps obtaining preliminary injunction to prevent Apple Computer pursuing those cancellation and opposition proceedings

The 100 Days War

- The subsequent case brought by Apple Corps for breach of the 1981 Delimitation Agreement commenced in October, 1990
- It occupied 100 hearing days in the English High Court **and** a Complaint to the EC Competition to rule that the restriction on Computer's use of its APPLE trademarks was uncompetitive, because the Apple Corps trademark rights were no longer valid by reason of non-use
- The High Court case was stayed pending settlement discussions; and
- In September, 1991 the parties entered into the Second Trademark Delimitation Agreement

The Second Trademark Delimitation Agreement: September, 1991

- Apple Computer paid US\$26 million to Apple Corps to settle the litigation
- The expanded Computer “Field of Use”
 - Computer gained the exclusive rights to use the Apple Computer marks in relation to
 - Electronic goods including but not limited to computers, microprocessors and microprocessor controlled devices, telecommunications equipment, data processing equipment, ancillary and peripheral equipment, and computer software of any kind on any medium; and
 - On goods used to reproduce, run, play or otherwise deliver content within the Apple Corp “Field of Use” – e.g. Events and performances of the Apple Musical Artists – principally, The Beatles

The Second Trademark Delimitation Agreement: September, 1991 [cont.]

- A “No Challenge” clause remained, but subject to Apple Corps satisfying the trademark use requirements in Europe
- No governing law was specified
- No jurisdiction clause for disputes was specified
- The territory was worldwide
- No term/duration of the Agreement was specified

iTunes: the Second Changes of Circumstances (2001-2003)

- January, 2001: iTunes Software enabling storage of music which could be played back through the computer
- October, 2001: iPod player launched
- April, 2003: iTunes Music Store launched
- The Apple Computer logo appeared in the iTunes Software
- The Apple Computer website contained a link to the iTunes Music Store **but** only took the user to the store provided the computer contained the iTunes Software
- The iTunes Software was downloadable free of charge

The Second London Litigation: 2004-2006

The Long and Winding Road

- The First Case: February, 2004
 - This was to decide
 - which was the proper jurisdiction for Apple Corp’s allegation of breach by Computer of the Second Trademark Delimitation Agreement (September, 1991); and
 - the governing law of that Agreement
 - Apple Corps prevailed in obtaining a ruling from the English High Court that
 - the law with which the Second Trademark Delimitation Agreement had its closest and most real connection was English law rather than the Law of the State of California; and that
 - England was the appropriate jurisdiction – rather than California – to try Apple Corps’ breach of contract case

The Second London Litigation: 2004-2006

The Long and Winding Road [cont.]

- The Main Breach of Contract Case: March-May, 2006
 - Construction of the Second Trademark Delimitation Agreement
 - Use of the Apple Computer marks “on or in connection with” goods in its Field of Use was held only to occur where the marks were being used to indicate the commercial origin of the goods/services
 - Apple Computer was entitled to use its marks on the products [the iTunes Software] **but not** in relation to the musical content
 - The 36 alleged breaches – None were held to amount to use of the Apple Computer marks “on or in connection with” the Field of Use registered to Apple Corps