

Apple Rumor Site to Close as Part of Deal

Firm Still Won't Know Who Leaked Secrets; Is It a Victory for Jobs?

By Nick Wingfield

When **Apple Inc.** sued a Harvard University freshman, Nicholas Ciarelli, nearly three years ago, it wanted the names of sources for some juicy scoops about still-secret Apple products he had published on his Apple news-and-rumor Web site, Think Secret. The suit sparked accusations that Chief Executive Steve Jobs was, in essence, attempting to censor a member of the modern digital press.

Mr. Jobs never received the names of Mr. Ciarelli's sources, but yesterday he obtained part of what he wanted: Think Secret will stop publishing as part of a settlement Mr. Ciarelli and Apple announced.

Still, while Mr. Jobs has now lost an online gadfly, it isn't clear whether he really won his battle against Mr. Ciarelli—or what the case says about press freedoms in the Internet era.

The settlement is curious because, by all appearances, Mr. Ciarelli was winning the case that Apple filed against him in early 2005 in California superior court in Santa Clara County, in which it alleged that Mr. Ciarelli had published trade secrets about unannounced Apple products. After Mr. Ciarelli several months later filed a motion to dismiss the lawsuit on First Amendment grounds, Apple effectively stopped litigating the case, said Terry Gross, the San Francisco attorney who represents Mr. Ciarelli. "Obviously, the reason they were doing that is they knew they would lose," Mr. Gross says.

Indeed, Mr. Ciarelli, now a senior at Harvard, said in an interview that he is shutting down the site because he has other career interests. Mr. Ciarelli suggests he was ready to quit anyway. "I've been running the site since I was thirteen," Mr. Ciarelli, now 22 years old, said. "I've been ready to move on. Now I have that opportunity."

Mr. Ciarelli declined to say whether he had received a cash payment from Apple as part of their agreement, though he said he was "very satisfied" with the terms of the settlement. An Apple spokesman, Steve Dowling, also declined to comment on the terms of the settlement. "We are pleased to reach this amicable settlement and happy to have this behind us," Mr. Dowling said.

The settlement brings to an end a long-running legal battle that sparked controversy over press freedoms in an era when independent Internet journalists sometimes face pressure from companies over their reporting on corporate news. Apple, based in Cupertino, Calif., has been among the most aggressive in seeking to quash Internet leaks about coming products, in part because of the large and active community of rumor and news sites devoted to chronicling the company's every move.

Mr. Ciarelli's Web site was often a major irritant, particularly at this time of year. During the first half of January every year, Apple unveils an array of new products at the Macworld conference in San Francisco. In the weeks leading up to the conference, Apple news and rumor sites are often atwitter with speculation about what Mr. Jobs will unveil at the event.

While the rumors are sometimes off-base, Think Secret's sources were often dead on. For example, in the days before Apple filed its lawsuit against Think Secret, Mr. Ciarelli published a story predicting Apple would introduce a low-cost version of its Macintosh computer without a monitor. Mr. Jobs, in fact, unveiled such a product, the Mac mini, at Macworld that year.

Apple's Mr. Jobs is known to be a stickler for secrecy, believing that it



Apple had sued Nicholas Ciarelli over his Web site.

greatly amplifies the publicity and market impact of new Apple products when the products are released. A master of corporate showmanship, he often teases his audiences with the line, "One more thing," before announcing another series of surprises.

Mr. Jobs, for a time, seemed committed to stanching the flow of leaks onto rumor sites. Around the time Apple filed suit against Think Secret, the company also sued several unnamed individuals in California state court in Santa Clara County. The company said the individuals, called "John Does," had allegedly leaked word to the rumor sites PowerPage and AppleInsider about an

Apple product, code-named Asteroid, that was designed to let users plug musical instruments into their Macs. Apple had subpoenaed the rumor sites for their sources of information, though an appeals court denied that motion.

When asked about the lawsuits on-stage at a Wall Street Journal conference several months after they were filed, Mr. Jobs said he would pursue the cases all the way to the Supreme Court, if necessary.

Kurt Opsahl, an attorney at the online civil liberties organization Electronic Frontier Foundation, said "it would be surprising if Apple didn't include a payment as part of the settlement, given the bargaining position" of Mr. Ciarelli.

Mr. Opsahl helped Mr. Ciarelli find his attorney in the Apple case, though he says he isn't privy to the details of the settlement. Earlier this year, a California judge ordered Apple to pay more than \$700,000 in attorney fees incurred by PowerPage and AppleInsider as part of the separate lawsuit by Apple. Mr. Opsahl was one of the attorneys representing those sites.

Mr. Opsahl, for one, said he sees the decision to shut down Think Secret as a personal one by Mr. Ciarelli, not a victory for Apple. "It doesn't worry me too much, the free-speech implications of this," he said. "There are plenty of rumor sites out there."

Mr. Ciarelli said his career plans are unclear, but that they might include a future in journalism. He said the settlement will also give him more flexibility to do a start-up company, if he chooses that path. Mr. Ciarelli has been both a reporter and editor for the Harvard Crimson, the college's newspaper, throughout the lawsuit.