

EXHIBIT B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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JT COLBY AND COMPANY, INC., D/B/A
BRICK TOWER PRESS, J. BOYLESTON AND
COMPANY PUBLISHERS, LLC, AND IPICTURE
BOOKS, LLC,

Plaintiffs,

-against-

Index No.
11-CV-4060 (DLC)

APPLE, INC.,

Defendant.

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VIDEOTAPED DEPOSITION OF ROBERT SCHERER

New York, New York

November 16, 2012, 9:06 a.m.

Reported By:

Nicole Sesta

Ref: 8577

1 R. Scherer

2 Q Do you have any expertise in the
3 book publishing industry?

4 MR. RASKOPF: Note my
5 objection to the form of the
6 question. You may answer.

7 A In working for a company like Time
8 Warner we owned two or three publishers, and I
9 was somewhat familiar with the nature of their
10 business.

11 Q Do you consider yourself an expert
12 in the book publishing industry?

13 A No.

14 Q Have you ever worked for a
15 computer hardware or software company?

16 A No.

17 Q Do you consider yourself an expert
18 on computer hardware or software?

19 A No.

20 Q In your view is your expertise
21 more in the magazine publishing industry than
22 the book publishing industry?

23 MR. RASKOPF: Note my
24 objection to the form of the
25 question.

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2 relevant.

3 MR. RASKOPF: Would you
4 like some water?

5 THE WITNESS: Yes.

6 MR. RASKOPF: Are you okay
7 because you're clearing your
8 throat? I want to make sure.

9 THE WITNESS: I'm good.
10 I'm just waking up.

11 Q Is it fair to say you haven't
12 cleared a trademark in over seven years?

13 A That's correct.

14 Q Is it also fair to say you haven't
15 been involved in a trademark litigation case in
16 over seven years?

17 MR. RASKOPF: Objection to
18 the form of the question.

19 A I have been involved with
20 trademark litigation more recently than that.

21 Q When was the last time you were
22 involved with trademark litigation?

23 A It would be this suit.

24 Q Other than this lawsuit have you
25 been involved in trademark litigation in the

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2 last seven years?

3 A Yes.

4 Q What matter?

5 A It would have been a trademark
6 infringement claim in I believe the Central
7 District of California.

8 Q How were you involved in that
9 case?

10 A I was asked to be an expert
11 witness.

12 Q Who asked you to be an expert
13 witness in that case?

14 A Tom Morrison of Manatt Phelps.

15 Q Who was Manatt's client in that
16 case?

17 A Crayola.

18 Q Who were the other parties to that
19 lawsuit?

20 A A company, to the best of my
21 recollection, a company called Spin Master.

22 Q Did you agree to be an expert
23 witness in that case?

24 A I did.

25 Q Did you prepare a report in that

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2 case?

3 A I never finalized a report, no.

4 Q Did you prepare a draft report in
5 that case?

6 A I began to draft a report but
7 never completed it.

8 Q Why did you never complete that
9 draft report?

10 A The case was settled.

11 Q Were you asked to provide an
12 opinion on various topics in that lawsuit?

13 A Yes.

14 Q What topics were you asked to
15 provide an opinion?

16 A I don't recall.

17 Q Did you ever have your deposition
18 taken in that case?

19 A No.

20 Q And you never testified in court?

21 A Correct, never did.

22 Q Do you still have a copy of your
23 draft report from that case?

24 A No.

25 Q What year was that when you were

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2 asked to be an expert witness in the Central
3 District of California case?

4 A I don't recall.

5 Q Was it within the last five years?

6 A Yes.

7 Q Do you recall who the judge was in
8 that case?

9 A No.

10 Q Other than the case involving
11 Manatt Phelps and this case here today, have you
12 ever been asked to be an expert witness in a
13 case?

14 A No.

15 Q Are those the only two cases where
16 you ever were retained as an expert witness?

17 A Yes.

18 Q Have you ever been qualified to
19 testify in court as an expert witness?

20 MR. RASKOPF: Note my
21 objection to the form.

22 A What do you mean by qualified?

23 Q Have you ever been allowed by any
24 court to give an opinion as an expert witness in
25 a case?

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2 parameters of the use.

3 Q Is it your understanding that
4 there is a duty to conduct a full search when
5 clearing a mark?

6 MR. RASKOPF: Note my
7 objection to the form of the
8 question.

9 A I think the case law has made it
10 clear that there's no duty to conduct a full
11 search but it is certainly a good practice and
12 evidence of good faith when you conduct an
13 appropriate full search.

14 Q Can you conduct a full search
15 without the use of a commercial vendor?

16 A I think we touched on that
17 earlier, but I don't think that you can conduct
18 a full -- again, the comprehensive issue, I
19 don't believe that you can conduct an
20 appropriate full comprehensive search hitting
21 all the necessary databases without going to a
22 commercial vendor.

23 Q What is the basis for that
24 statement?

25 A I think that they had the means,

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2 of that search, make a determination as to
3 whether there's a potential obstacle in the use
4 of that mark, and if so I advise the client and
5 they make some other arrangements. If it's
6 clear at that point I then go ahead and order a
7 full commercial search report, the timing of
8 that depending upon the needs of the client.

9

We would receive that

10 electronically. I would review all the results
11 from PTO, state, common law, domain name, all of
12 the information that's in there, and decide
13 whether or not there are any obstacles,
14 potential obstacles for use of the mark. If it
15 appears to be clear based upon all of that we
16 would most often, we would advise the client
17 accordingly and in many cases file an
18 application to register it in the US.

19

If there's a potential problem

20 with the mark we will then initiate an
21 investigation starting with looking on the
22 internet in various relevant databases, ordering
23 the file history to see how the mark might have
24 been used, what the status is in the PTO, and if
25 all of that in the opinion of the trademark

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2 attorney fails to disclose a confusing similar
3 mark we will again advise the client and proceed
4 accordingly.

5 Q When Dechert conducted its search
6 of the iBooks mark for Apple, it's your
7 testimony that they found plaintiffs' abandoned
8 applications in the PTO records, correct?

9 A Through the SAEGIS search, that's
10 correct.

11 Q After finding the plaintiffs'
12 abandoned applications in the PTO records do you
13 know what Dechert did to investigate those
14 applications?

15 MR. RASKOPF: Asked and
16 answered. I'm sorry. Objection
17 to the form of the question.

18 A I'm trying to think of the order
19 of things. I don't recall if they ordered the
20 file histories. It's my recollection that they
21 may not have. But they went and did some
22 searching on Google and found, for example, that
23 Byron Preiss, who was the founder of iBooks,
24 Inc., they found he had been tragically killed
25 in 2005 and that the company subsequently went

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2 A No.

3 Q Why?

4 MR. RASKOPF: Asked and
5 answered. Objection to the form.
6 You may answer.

7 A I don't believe that they did the
8 appropriate full search in that they left out a
9 variety of targeted databases. From what I've
10 seen, they cut off the Google search that they
11 did do too early and didn't review all of the --
12 it's my understanding didn't review all of the
13 thousands of hits that were there in iBooks.

14 They didn't look in databases or
15 web sites targeted to the industry that they
16 were looking to use the mark, publishing, for
17 example, and in that they failed to find the
18 facts surrounding plaintiffs use of the iBooks
19 mark.

20 Q What facts surround the plaintiffs
21 use of the iBooks mark?

22 A The fact that Amazon.com, for
23 example, had numerous hits of iBooks, which they
24 would have found had they looked in that
25 database. I believe Barnes & Noble.com also had

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2 several hits of iBooks, and if Dechert was
3 looking to see whether or not the iBooks mark
4 was continued, was still in use, they failed to
5 look in the appropriate places because it's
6 there. For that reason I think the search that
7 was done was inappropriate.

8 Q Anything else?

9 A I'm sure there is but I can't
10 think of it right now.

11 Q What databases do you believe
12 Dechert should have searched and didn't in
13 connection with the iBooks trademark?

14 MR. RASKOPF: Objection to
15 the form of the question.

16 Q Well, you mentioned some databases
17 in your answer. What databases were you
18 referring to?

19 A Again, if I could look at my
20 report I could give you a more extensive list of
21 the databases. I mentioned Amazon.com because
22 they're one of the largest, if not the largest,
23 booksellers in the country. Another one is
24 Barnes & Noble.com. They also would have found
25 references. So those are two that come to mind.

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2 There are other smaller targeted web sites that
3 they could have looked at.

4 Q What other smaller targeted web
5 sites?

6 A Without my report I couldn't tell
7 you. It's in the report.

8 MR. RASKOPF: Let the
9 record reflect that the witness
10 has submitted a full report in
11 this case but he's not testifying
12 with it in front of him.

13 Q In your view Dechert should have
14 looked at Amazon.com, Barnes & Noble, and these
15 other smaller targeted web sites, correct?

16 A Since they were searching a mark
17 iBooks that was going to be used in connection
18 with E-readers and downloadable electronic
19 books, yes, they should have targeted their
20 search to some publishing web sites.

21 Q What is the basis for your
22 statement that Dechert did not look at
23 Amazon.com?

24 A I have seen no evidence in the
25 materials that I reviewed that they looked at

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2 it.

3 Q What materials did you review?

4 A The materials that were provided,
5 I assume, in response to document requests of
6 search results and investigation results.

7 Q So in all the materials that were
8 provided to you you didn't see any printouts of
9 Amazon.com, correct?

10 A That's correct.

11 Q What is the basis of your
12 statement that Dechert didn't review Barnes &
13 Noble.com?

14 A As with Amazon.com I did not find
15 any materials showing that that search had been
16 done.

17 Q What is the basis of your
18 statement that Dechert didn't look at smaller
19 targeted web sites?

20 A The same reason. I haven't seen
21 any reports showing that they did and the only
22 web site materials that I've seen in addition to
23 SAEGIS are the Google searches.

24 Q Do you know whether Dechert looked
25 at any web sites in connection with its search

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2 for iBooks but didn't print them out?

3 A One thing I want to clarify, I
4 believe that it's not an answer to that question
5 but it's relevant, in reviewing the Google
6 searches there were some printouts of pages that
7 had turned up in the Google search unrelated to
8 our client. There were other third party marks.
9 So they would have gone to those, they would
10 have clicked on the reference in Google and gone
11 to that other web site and found that, but those
12 are very specific instances. Having gone there,
13 the question again?

14 Q My question is do you know whether
15 Dechert printed out every web site it looked at
16 when conducting its trademark search?

17 MR. RASKOPF: Objection to
18 the form of the question.

19 A I don't know the answer to that.
20 I just know what I've seen. If that was
21 pursuant to a document request I assume
22 everything was produced.

23 Q Well when you conduct trademark
24 searches do you go visit web sites?

25 MR. RASKOPF: Objection to

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2 the form of the question.

3 A Yes, if it was a relevant
4 appearing web site I would go look at it.

5 Q Why would you go look at the web
6 site?

7 A I would want to see how the mark
8 that appeared that caused me to go to that web
9 site was being used.

10 Q When you were clearing trademarks
11 did you print every web site that you visited?

12 MR. RASKOPF: Objection to
13 the form.

14 A Yes, I did.

15 Q So every time you cleared a mark
16 you printed every web site that you visited and
17 put it in the file?

18 A Yes. I wanted there to be
19 evidence that I had gone and looked at that web
20 site. We had a very big file room.

21 Q When you were clearing trademarks
22 for Time did you ever clear any marks for use on
23 magazines?

24 A Yes.

25 Q What marks?

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2 A The major -- I mean there were
3 hundreds, if not thousands over the years. But
4 the major ones that we know of are In Style,
5 Entertainment Weekly, Real Simple. Those are
6 some of the major ones.

7 Q Did you clear the trademark In
8 Style for use?

9 A Yes.

10 Q Did you conduct a full search for
11 In Style?

12 A Yes.

13 Q Did you go look at web sites for
14 In Style?

15 A Yes, to the best of my
16 recollection.

17 Q To the best of your recollection
18 what web sites did you --

19 A I don't know.

20 Q Did you look at any databases?

21 A Yes.

22 Q What databases?

23 A I don't know.

24 Q If you were clearing the mark In
25 Style today for a magazine what databases would

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2 you look at?

3 A After the full search was done,
4 after I had received the full search results?

5 Q Yes.

6 A I would look to the databases
7 involving any marks or trade names that showed
8 up in a search report. I would try to visit
9 each one of those, if I could, if they had a web
10 site. I may, if I felt it necessary, do my own
11 additional searching in an Amazon.com or Barnes
12 & Noble, I'm talking magazines, appropriate
13 magazine databases. I might go to a Conde Nast
14 or I might go to a Shed or Advanced Publications
15 and see if something turned up.

16 Q Anything else?

17 A I'm sure there were other
18 databases and web sites that I look at if it was
19 called for.

20 Q So I believe you said you would go
21 to magazine databases; is that correct?

22 A Magazine publishing --

23 MR. RASKOPF: Excuse me.

24 Objection to the form of the

25 question.

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2 those companies that wrote those pamphlets?

3 A No.

4 Q Were they outside law firms?

5 A Most of them were corporations.

6 Q Do you know whether other
7 trademark lawyers conduct full searches without
8 using third-party vendors?

9 A I understand some firms are
10 beginning to do that but I would question the
11 efficacy of that practice.

12 Q Why?

13 A Because I think as in this case it
14 misses some potential references or information.

15 Q How do you know that?

16 A From this case I know that Dechert
17 did not, because of its limited efforts, did not
18 locate current uses of the iBooks mark by
19 plaintiffs which were clearly on the internet.

20 Q But it's your understanding that
21 some law firms are now doing their own full
22 searches?

23 A I don't have any information but
24 in reading some of the materials that's what
25 I've been told.

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2 Q It's your understanding that it's
3 becoming more common now for companies and law
4 firms to conduct their own searches as opposed
5 to using commercial vendors, correct?

6 MR. RASKOPF: Note my
7 objection to the form of the
8 question.

9 A I don't know if it's becoming more
10 common. I just know some firms are beginning to
11 do that.

12 Q To your knowledge what firms are
13 beginning to conduct their full searches?

14 MR. RASKOPF: Asked and
15 answered.

16 Q Without using a commercial vendor?

17 A Dechert.

18 Q Any other law firms?

19 A Not that I know of.

20 Q In your numerous years as a
21 trademark lawyer were you aware of particular
22 trademark lawyers who had great reputations for
23 conducting trademark searches?

24 MR. RASKOPF: Objection to
25 the form.

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2 Q Why not?

3 A Why didn't they acquire them?

4 Q Why do you believe they didn't

5 acquire the assets necessary to make the

6 assignment valid?

7 A I haven't seen any documents or
8 any material that indicate that anything other
9 than the trademark itself and a couple of domain
10 names, which I'll clarify in a moment, were
11 transferred by Family Systems to Apple. While
12 we're talking about that, I want to clarify a
13 point that I made in my report. In the report
14 in one paragraph I made the statement that Apple
15 did not acquire any of the foreign registrations
16 that were owned by Family Systems, nor did they
17 acquire the domain names that had been owned by
18 Family Systems.

19 The reason for that is those
20 assets were referenced in a six, seven, eight
21 page assignment agreement, which I'll call the
22 main agreement. While I had seen that agreement
23 early on I completely lost focus and began to
24 look at the US assignment, which was a one-page
25 document dated January 29, 2010, which was

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2 subsequently recorded in the PTO assignment
3 branch. So I want to clarify. And the domain
4 names also were mentioned, that main assignment
5 agreement. They weren't mention in the one page
6 US filing. That's why there was a discrepancy
7 or inconsistency with what happened. I'm now
8 aware that the domain names and the two foreign
9 registrations were transferred to Apple.

10 Q So now that you know that you had
11 those two facts wrong when you submitted your
12 report does that change your opinion in any way?

13 A It does not change my opinion in
14 any way, no.

15 Q But in your report when you said
16 that Apple did not acquire any foreign
17 registrations you were wrong on that, correct?

18 MR. RASKOPF: Objection to
19 the form of the question.

20 A As I just stated, I didn't focus
21 on that when I wrote the report. I've
22 subsequently been reminded that it's in the main
23 assignment document.

24 Q So it's your testimony that Apple
25 did in fact acquire at least two foreign

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2 application?

3 A Not a utility patent. I may have
4 prepared a design patent in the past.

5 Q How many design patents have you
6 designed in your entire career?

7 A If any, one or two.

8 Q Have you ever litigated a utility
9 patent?

10 A No.

11 Q Do you own any utility patents?

12 A No.

13 Q Do you own any design patents?

14 A No.

15 Q Have you ever been trained as a
16 patent attorney?

17 A No.

18 Q Do you feel like you're an expert
19 on patent law?

20 A No.

21 Q Do you feel like you're an expert
22 on copyright law?

23 A I'm conversant in copyrights but
24 not an expert, no.

25 Q What is your field of expertise?

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meaning based upon substantially exclusive and continuous use for five years. If you go back and look at the date when it was first adopted, which I think was 1999, it would be in the range of 2004, 2005 when I would say would have acquired secondary meaning.

Q Are you offering an opinion in this case that plaintiffs' iBooks mark acquired secondary meaning?

MR. RASKOPF: Objection to the form.

A We've gone back to where we were. I'm saying that if it was required, if the mark had been found to be merely descriptive, I believe that based upon five years of substantially exclusive continuous use of the mark that it has acquired secondary meaning. If you look at the response filed in the iBooks, Inc., iBooks application I think it was dated 2002 when the response was filed.

In that response it refers to the fact that the mark had been used since 1999, although a declaration of use hadn't been filed but reference was made. It talked about in a

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2 period of two-and-a-half to three years that
3 there had been more than \$5 million worth of
4 iBooks branded books sold and over a quarter
5 million dollars of advertising and promotional
6 expenditures which for a niche publisher like
7 iBooks, Inc. I think that's a substantial use in
8 a relatively short period of time.

9 Q The fourth expert opinion you
10 mentioned earlier in your testimony was the
11 assignment of the mark and registration from
12 Family Systems to Apple. You believe that
13 that's an assignment in gross and, therefore,
14 invalid, correct?

15 A Correct.

16 Q We've already covered that in your
17 earlier testimony, correct?

18 A Correct.

19 Q Other than what you've already
20 testified about today, are you aware of any
21 other basis on why the assignment of the mark
22 from Family Systems to Apple was an invalid
23 assignment?

24 A I can go back and kind of provide
25 a little more clarity in terms of what I said in

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2 elements and I would say since none of them went
3 to Apple with the trademark, that there was no
4 transfer of goodwill because Apple was not in a
5 position to continue to conduct the business in
6 substantially the same manner as Family Systems
7 had done it.

8 Q So it's your testimony that of all
9 the tangible assets that could have been
10 transferred the patent is the most important
11 tangible asset?

12 MR. RASKOPF: Objection to
13 the characterization of the
14 witness' prior testimony.

15 A I would say it's one of the most
16 important because it covered the entirety of the
17 Family Systems computer software product
18 identified by the iBooks mark. If Apple did not
19 receive that patent in an assignment Apple
20 couldn't use the mark on the same goods and
21 services in which it had used before because it
22 would be infringing that patent. I think the
23 patent is terribly important in terms of what
24 needed to be transferred, but it's one of
25 several indicia of goodwill.

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2 A I don't know if it is. I refer to
3 it as an app, whatever that might be.

4 Q What is the difference between an
5 app and computer software?

6 A I don't know.

7 Q If you don't know what the iBooks
8 application is how can you say that it's not
9 similar to Family Systems computer software?

10 A I've used it. I'm talking about
11 from a consumer standpoint. I've used the Apple
12 iBooks system or product on my iPhone. As a
13 consumer, as well as a trademark lawyer, I'm
14 familiar with the way the market is being used.

15 Q In your opinion what is the
16 difference between software and an application?

17 A I answered that I don't know. I
18 would assume if an application is software they
19 would call it software.

20 Q Well, you have an iPhone, correct?

21 A I do.

22 Q Isn't it true that Apple's iBooks
23 app creates an electronic book on the iPhone?

24 MR. RASKOPF: Objection to
25 the form.

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2 A If I press the appropriate buttons
3 and pay the appropriate fee, yes, an electronic
4 book will show up on my iPhone. How that
5 happens or why that happens, I don't know.

6 Q So when Apple's iBooks software
7 creates that E-book you're able to flip through
8 pages?

9 A Yes.

10 Q Have you ever read Apple's iBooks
11 terms of service?

12 A That's like do you ever beat your
13 wife. You have to be careful with that. No, I
14 haven't.

15 Q Have you ever read Family Systems
16 software terms of use?

17 A I read materials that describe how
18 it's used in some of the various components, but
19 I have not read their terms of service.

20 Q Do you know whether the terms of
21 use for Apple's iBooks app refers to it as
22 software?

23 A I do not know.

24 Q Do you know whether Apple's iBooks
25 app is a software program available for

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2 contend that Apple purchased Family Systems'
3 mark to gain priority over plaintiffs' marks?

4 MR. RASKOPF: Objection to
5 the form.

6 A Yes, two reasons, I think. One,
7 the primary reason, yes, to get priority over
8 plaintiffs' mark and two, to deal with the
9 consent agreement from 1999. It had reached
10 some accommodation with Family Systems.

11 Q Let's talk about the second thing
12 you mentioned, the consent agreement with Family
13 Systems. Why do you believe Apple had to
14 purchase the mark from Family Systems under that
15 consent agreement?

16 A They did not have to purchase it
17 but there were going to have to be discussions
18 between Apple and Family Systems because that
19 consent agreement limited Apple's ability to
20 expand the use or adopt a new use of the iBooks
21 mark beyond computer hardware.

22 Q If Apple wanted to use the iBooks
23 mark for computer software it would be in breach
24 of that consent agreement, correct?

25 A That's correct.

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2 Q So isn't it true that Apple had to
3 purchase the rights from Family Systems in order
4 to be able to use the mark iBooks for computer
5 software?

6 MR. RASKOPF: Objection to
7 the form.

8 A They didn't have to purchase the
9 mark. They just had to reach the new agreement
10 or amend the agreement with Family Systems. I
11 believe given the timing of the situation, the
12 timing of the purchase, that the primary reason
13 was to acquire priority over plaintiffs use of
14 iBooks, and at the same time they were able to
15 deal with the consent agreement issue from 2000
16 or 1999, whatever it was.

17 Q So is it your contention that
18 Apple already had received a notice from the
19 plaintiffs when it acquired the rights from
20 Family Systems?

21 MR. RASKOPF: Objection to
22 the form.

23 A I'm thinking dates here. It's my
24 understanding that Apple was aware of
25 plaintiffs' rights in the iBooks mark at about

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2 Q Were you aware that Byron Preiss
3 visual publications launched a new imprint that
4 focused on books with content appropriate for
5 marketing on the internet?

6 MR. RASKOPF: Objection to
7 the form of the question.

8 Q Did you ever hear that before?

9 A I believe I've heard that before.

10 Q Did you ever read any marketing
11 materials in connection with your work in this
12 case that said that Byron Preiss launched a new
13 imprint under the name iBooks for the purpose of
14 marketing books on the internet?

15 MR. RASKOPF: Objection to
16 the form of the question.

17 A That statement sounds familiar.

18 It may be in my report, I'm not sure, but I
19 believe I've heard that before, yes.

20 Q Have you read the most recent
21 version of the TMEP?

22 A No.

23 Q Do you know whether the TMEP has a
24 section in it related to I descriptive marks?

25 A I am now.

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2 Q Prior to this case were you aware
3 of that?

4 A No.

5 Q When you worked at the trademark
6 office you never reviewed any applications
7 because of the time that you worked there
8 involving I descriptive marks, correct?

9 MR. RASKOPF: Objection to
10 the form.

11 A I can't -- I could stand for a lot
12 of things. I can't answer that. I don't know.
13 I may have.

14 Q Have you ever worked on any
15 trademark applications for I descriptive marks?

16 MR. RASKOPF: Objection to
17 the form.

18 A Not that I can recall.

19 Q Have you ever prosecuted a
20 trademark application involving an I descriptive
21 mark?

22 MR. RASKOPF: Objection to
23 the form.

24 A Not that I recall.

25 Q Prior to your work in this case

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2 were you aware that the TMEP had a section
3 relating to I descriptive marks?

4 MR. RASKOPF: Asked and
5 answered. You may answer.

6 A No.

7 Q Prior to serving your report in
8 this case, which has been marked as Exhibit 5,
9 were you aware that the TMEP had a section in it
10 relating to I descriptive marks?

11 MR. RASKOPF: Objection to
12 the form. You may answer.

13 A No.

14 Q You learned about that TMEP
15 section relating to I descriptive marks after
16 you served your report in this case, which has
17 been marked as Exhibit 5, correct?

18 A That's correct. As I recall, that
19 language in the TMEP from what I've read in the
20 deposition transcripts simply says that in the
21 first instance the examiner is supposed to
22 refuse registration on the grounds of mere
23 descriptiveness. That doesn't necessarily make
24 it so. Quite often subsequent submissions will
25 overcome that refusal where the examiner, after

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R. Scherer

having made the initial refusal, has a change of mind or a change of heart.

Q Never having worked on an I descriptive trademark application or registration prior to this case, is it fair to say you're not an expert on I descriptive marks?

MR. RASKOPF: Objection to the form of the question.

A I don't know anyone who would be an expert except Apple on I descriptive marks. That's a strange profession or expertise.

Q Do you consider yourself an expert on I formative marks?

A I'm conversant on I formative marks but I would not consider myself an expert.

Q That's because you never prosecuted any I formative trademark applications, correct?

A That's correct, but I have prosecuted numerous applications where the marks were deemed to be merely descriptive. So I do have experience in the types of responses and submissions that are necessary to overcome those initial refusals.

1 R. Scherer

2 connection with the plaintiff and its
3 predecessor's sales of products under the mark?

4 A That's correct.

5 Q The only thing you've reviewed in
6 connection with the sales or advertising of
7 plaintiff and its predecessor's products under
8 the iBooks mark is the response to office action
9 filed by their attorney to the trademark office,
10 correct?

11 MR. RASKOPF: Objection to
12 the characterization of the
13 witness' prior testimony. You can
14 answer.

15 A Since submitting my report and
16 reading the information that we talked about in
17 terms of sales from 1999 to 2002, I believe,
18 which were substantial, I have looked at the
19 deposition transcripts of Mr. Frieze and Mr.
20 Shatskin and gained a better understanding of
21 the niche publishing business, and have gained a
22 new appreciate for the volumes of sales that
23 iBooks has had under that brand.

24 Q So the basis of your knowledge
25 regarding the sales of plaintiff and its

1 R. Scherer
2 purchased the iBooks mark or the iBook mark from
3 Family Systems, and pretty much simultaneously
4 with when the assignment document had been
5 finalized they had notice of plaintiffs' claim.

6 Q That's because plaintiffs' claim
7 came in right after Apple had completed the
8 purchase of that trademark, correct?

9 MR. RASKOPF: Objection to
10 the characterization of the
11 witness' testimony.

12 A Going back in terms of timing,
13 going back and reconsidering the trademark and
14 domain name assignment agreement, while I
15 earlier said that page one, which is all I had
16 looked at before, it says that the effective
17 date has January 26, 2010. Yet when I look at
18 the signature page there are no dates there on
19 the signature page. So I don't know when it was
20 signed.

21 And when I look at some of the
22 attachments which were signed and returned, they
23 were returned on February 4, 2010 to Thomas
24 LaPerle at Apple. So I don't know exactly when
25 this document, this assignment document was

1 R. Scherer

2 actually signed and completed.

3 Q So you don't know whether that
4 assignment agreement was actually signed and
5 completed before Apple received the claim from
6 the plaintiffs, correct?

7 A That's correct, it's not clear.

8 Q You don't know one way or another,
9 correct?

10 A From the dates here it looks as
11 though they received some of the signed
12 documents with a letter dated February 4, 2010,
13 and I know that the letter e-mail from John
14 Colby was received on January 29th.

15 Q Isn't it true that one of the
16 reasons Apple acquired the Family Systems
17 trademark was because of the consent agreement
18 that prohibited Apple from going into software
19 under that mark?

20 A Again, it didn't require them to
21 purchase the mark. All they had to do was amend
22 the earlier consent agreement. So they didn't
23 buy it because of that consent agreement. They
24 didn't have to.

25 Q Let's go off the record for a

1 R. Scherer

2 bad faith?

3 MR. VISCOUNTY: Objection.

4 A Yes, I would. I think it's a
5 disregard of the trademark rights of others
6 including in this case John Colby.

7 Q Do you intend to offer that
8 opinion?

9 MR. VISCOUNTY: Objection.

10 A Yes.

11 Q I have nothing further.

12 EXAMINATION BY

13 MR. VISCOUNTY:

14 Q What is the basis for your opinion
15 that Apple acted in bad faith?

16 MR. RASKOPF: Already asked
17 and answered ad nauseam.

18 A It depends where we're starting in
19 terms of my answering that question, but I will
20 start with where we are right now in the record.
21 They received -- they knew about our abandoned
22 applications way back in January, January 12th,
23 I believe, 2010. They allegedly did all sorts
24 of searching through Dechert, which wasn't
25 necessarily targeted or appropriate.

1 R. Scherer

2 Then they received a letter on
3 January 29, 2010 informing them of a claim of
4 rights by John Colby. They still had seven or
5 eight weeks before the actual launch of the
6 product, and they did nothing, even though they
7 had another mark potentially in their hip
8 pocket, they did nothing to try to work out
9 something with Colby or to change the name of
10 the product. They went ahead and launched it in
11 early April of 2010, which I find irresponsible.

12 Q Isn't it true you don't mention
13 your bad faith opinion in either of your expert
14 reports in this case?

15 MR. RASKOPF: Objection to
16 the characterization of the
17 witness' report.

18 A There are several places in there
19 where I discuss bad faith. It's there.

20 Q Why don't you show me in what
21 parts of your report do you render this opinion
22 of bad faith?

23 A I looked at this bad faith as kind
24 of a corporate culture in respect to trademarks.
25 At the end of section five I mentioned this

1 R. Scherer

2 failure to follow the customary steps including
3 the iBooks mark was a glaring omission, and
4 evidences a total disregard for the trademark
5 rights of others.

6 Q Anything else?

7 A I'm going to find it.

8 MR. RASKOPF: I want to say
9 the report speaks for itself. Go
10 ahead.

11 A I think it's clear from my claim
12 of fraud on the Patent and Trademark Office that
13 that is an act of bad faith.

14 Q Anything else?

15 A I'm going to get there. At the
16 end of section 15 I mention that Apple's pattern
17 of adopting new trademarks and after the fact
18 repeatedly encountering conflicting claims can
19 only be the result of either shoddy clearance
20 procedures, corporate arrogance, or a blatant
21 disregard for the trademark rights of others.

22 Q Anything else?

23 A I think looking at it quickly
24 those three may be it.

25 Q Do you mention this opinion of bad

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R. Scherer

faith in section 16 of your report on pages 44
and 45?

MR. RASKOPF: Objection.

Did you say on page?

MR. VISCOUNTY: 44 and 45,
yes, section 16.

A In page -- in opinion or section
16, opinions and number one, I stated that Apple
disregarded the trademark rights of others.

Q Anything else?

A In section eight I don't use those
words but I specifically refer to the Colby
letter having been sent to Apple informing him
of plaintiffs' prior rights in the mark, and
it's clear from the facts of the case that
despite that they went ahead and used the mark.

Q I have nothing further. Thank
you.

THE VIDEOGRAPHER: The time
is 5:41 p.m. on November 16, 2012.
This completes the videotaped
deposition of Mr. Robert Scherer.

(Time noted: 5:41 p.m.)

ERRATA SHEET

J.T. Colby & Co., Inc., et al. v. Apple, Inc.
Deposition of Robert Scherer, November 16, 2012

PAGE	LINE(S)	CHANGE	REASON FOR CHANGE
7	5	Should read "JT Colby"	Mistranscription by court reporter.
All	All	There should not be a comma in "Time Inc." (all "Time, Inc." references should be changed to "Time Inc.")	Mistranscription by court reporter.
11	11	Insert "of" between "clearing" and "a"	Mistranscription by court reporter.
11	16	Change "the" to "that"	Mistranscription by court reporter.
12	19,23	There should not be a comma in "Time Inc."	Mistranscription by court reporter.
26	12	Change "we" to "I"	Mistranscription by court reporter.
26	16	Change "a" to "the"	Mistranscription by court reporter.
31	17	Should read "PepsiCo, Inc."	Mistranscription by court reporter.
32	22	There should be a hyphen in "Pepsi-Cola Company"	Mistranscription by court reporter.
37	16	Change "New York" to "Washington"	Mistranscription by court reporter.
47	2	Insert "estimate" between "would" and "1,500"	Mistranscription by court reporter.
64	4	"ebookstore" is all one word	Mistranscription by court reporter.
65	5	Change "core searches" to "Corsearch searches"	Mistranscription by court reporter.
65	18	Change "use" to "used"	Mistranscription by court reporter.
67	16	Change "markets" to "marks"	Mistranscription by court reporter.
71	4,10,14	Change "core searches" to "Corsearch searches"	Mistranscription by court reporter.
72	4,8,16,17	Change "core searches" to "Corsearch searches"	Mistranscription by court reporter.
73	16	Change "Trademarks and unfair competition" to "Trademarks and Unfair Competition"	Mistranscription by court reporter.
78	18	Change the first "I'm" to "I"	Mistranscription by court reporter.
81	15	Change "core searches" to "Corsearch searches"	Mistranscription by court reporter.
86	20	Change "IPictureBooks" to "ipicturebooks"	Mistranscription by court reporter.
87	2	Change "I am given" to "In"	Mistranscription by court reporter.
89	11	Change "specifics" to "specific"	Mistranscription by court reporter.
101	14	Change "Shed" to "Hachette"	Mistranscription by court reporter.
111	16	Delete the word "we"	Mistranscription by court reporter.
113	3	Delete the word "what"	Mistranscription by court reporter.
115	25	Capitalize "crayola"	Mistranscription by court reporter.

116	4	Capitalize “crayola”	Mistranscription by court reporter.
119	24	Capitalize “crayola”	Mistranscription by court reporter.
120	19	Capitalize “crayola”	Mistranscription by court reporter.
124	20	Delete “apostrophe” and add “”	Mistranscription by court reporter.
132	7	Insert the word “an” between “to” and “electronic”	Mistranscription by court reporter.
133	4	Capitalize “the” and underscore “the Racketeer”	Mistranscription by court reporter.
134	6	Delete the second “to” and the word “that”	Mistranscription by court reporter.
134	6	Insert the word “how” before the word “it”	Mistranscription by court reporter.
135	14	Change “returns” to “returned”	Mistranscription by court reporter.
137	7	Change “you” to “user”	Mistranscription by court reporter.
141	2	Change “Whittup” to “Widup”	Mistranscription by court reporter.
141	4	Change “Kadickian” to “Gedikian”	Mistranscription by court reporter.
150	12	Change “medal” to “neutral”	Mistranscription by court reporter.
152	4	Delete the comma and insert the word “in” in its place	Mistranscription by court reporter.
153	22	Change “iBooks” to “iBook”	Mistranscription by court reporter.
157	15	Insert “that in” between the words “sure” and “a”	Mistranscription by court reporter.
158	4	Change “main” to “domain”	Mistranscription by court reporter.
159	7	Insert “they” between “way” and “might”	Mistranscription by court reporter.
160	22	Change “iBooks” to “iBook”	Mistranscription by court reporter.
166	3	Change “market” to “mark”	Mistranscription by court reporter.
167	15	Change “administerial” to “ministerial”	Mistranscription by court reporter.
168	23	Delete this entire line	Mistranscription by court reporter.
176	22	Change “could” to “can’t”	Mistranscription by court reporter.
176	25	Delete “not”	Mistranscription by court reporter.
180	3	Change “agree” to “disagree”	Mistranscription by court reporter.
180	4	Insert “it” between “that” and “is”	Mistranscription by court reporter.
180	4	Insert “descriptive” after “automatically”	Mistranscription by court reporter.
180	5	Insert “upon” after “and”	Mistranscription by court reporter.
180	5	Insert “deemed to be” after “look”	Mistranscription by court reporter.
185	6	Insert “it” after “say”	Mistranscription by court reporter.
186	24	Delete “kind of”	Mistranscription by court reporter.
187	4	Delete “and”	Mistranscription by court reporter.
187	5	Change “and” to “in”	Mistranscription by court reporter.
187	13	Insert “it” between “there” and “talks”	Mistranscription by court reporter.
187	13	Delete the period	Mistranscription by court reporter.
187	14	Change “You” to “you”	Mistranscription by court reporter.
187	14	Add a period after “goodwill”	Mistranscription by court reporter.
187	14	Capitalize “some”	Mistranscription by court reporter.
187	15	Delete “is”	Mistranscription by court reporter.

