

Exhibit 3

REDACTED

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

J.T. COLBY & COMPANY, INC. d/b/a
BRICK TOWER PRESS, J. BOYLESTON &
COMPANY, PUBLISHERS LLC and
IPICTUREBOOKS LLC,

Plaintiffs,

-against-

APPLE, INC.,

Defendants.

Case No. 11-cv-4060 (DLC)

Expert Report of Robert T. Scherer

other type of “i” book? It is not immediately clear as to what the mark means. Because of this lack of clarity, imagination, thought and perception is required in order to establish any direct descriptive reference to the goods. This need for “mental gymnastics” means that the mark is not merely descriptive, but suggestive and inherently distinctive.

The PTO file history of plaintiffs’ predecessor’s application to register the mark iBooks, which was filed on August 27, 1999 (App. No. 75/786,491, see Section 12 below) provides support for the conclusion that iBooks is not descriptive. In that application, the Trademark Examiner refused registration on the grounds, among others, that the mark iBooks was misdescriptive (emphasis added). If the Trademark Examiner believed the mark to be misdescriptive, which it is not, it cannot possibly be descriptive.⁴

Even if plaintiffs’ iBooks mark were to be classified as merely descriptive -- which it is not -- it has acquired secondary meaning based upon thirteen years of substantially exclusive and continuous use. Between 1999 when the mark was first used and June, 2002, plaintiff had iBooks sales of more than \$5,000,000, and spent more than \$250,000 in advertising and promoting the iBooks product. (See Office Action Response to the above-noted PTO refusal of the iBooks application). Total iBooks sales to distributors for the years 2003 – 2011 exceeded [REDACTED]. See Dep. of John T. Colby, dated July 18, 2012, at 161 – 169; 186 – 190. While sales of plaintiffs’ iBooks titles decreased following Byron Preiss’ unexpected death, sales have been continuous since 1999, and John Colby’s company has been using the mark consistently, selling hundreds of copies of books from the iBooks back catalog and also launching and selling several new iBooks titles every year. *Id.* at 170. These numbers do not approach the massive

⁴ In any event, the application was abandoned before this issue could be finally resolved.