

EXHIBIT 3

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

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.

-----X

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 other than what you attended at Albion College
3 and Wayne State University?

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

7 A Not that I recall.

8 Q In both your undergraduate and law
9 school did you ever take any classes involving
10 hardware?

11 MR. RASKOPF: Objection to
12 the form.

13 A No.

14 Q Have you ever taken any classes
15 regarding computer hardware?

16 A No.

17 Q Have you ever taken any classes
18 regarding computer software?

19 A No.

20 Q Have you ever taught any courses
21 regarding computer hardware?

22 A No.

23 Q Have you ever taught any courses
24 regarding computer software?

25 A No.

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.

1 R. Scherer

2 Q What was your next employment?

3 A Time, Inc.

4 Q How long did you work at Time,
5 Inc.?

6 A Time, Inc. through various
7 iterations 22 years.

8 Q When we say Time today I'll be
9 referring to Time, Inc. or Time Warner. Are you
10 comfortable with that?

11 A Yes, as I did earlier.

12 Q Fair enough. What years did you
13 work at Time?

14 A From 1983 until 2005.

15 Q Did you retire in 2005?

16 A Yes.

17 Q Have you now told me about all the
18 jobs you've had since graduating from law
19 school?

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

22 A To the best of my recollection,
23 yes.

24 Q What were your duties at Time?

25 A I was effectively trademark

1 R. Scherer

2 deposition in a trademark infringement case?

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

5 A I don't recall.

6 Q When is the last time you cleared
7 a trademark for use and registration?

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

10 A I don't know the exact date. It
11 would have been toward the latter portion of my
12 time at Time Warner.

13 Q Can you tell me the year in which
14 you last cleared a trademark?

15 MR. RASKOPF: Objection.

16 Asked and answered.

17 A 2005.

18 Q When I say cleared a trademark,
19 are you familiar with that terminology?

20 A Yes, I am.

21 Q What does that mean to you,
22 cleared a trademark?

23 A Conducting all of the necessary
24 searches, evaluating search results, and
25 investigating those references that appear to be

1 R. Scherer

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?

1 R. Scherer

2 MR. RASKOPF: Note my
3 objection to the form.

4 A I don't know what you mean by
5 allowed by any court. I have not testified as
6 an expert in court as of this date.

7 Q Is it fair to say that when you
8 did testify in court it was as a witness as
9 opposed to an expert witness?

10 MR. RASKOPF: Note my
11 objection to the form.

12 A That's correct.

13 Q You told me earlier about your
14 Time lawsuit in the Southern District of New
15 York. You were not testifying as an expert in
16 that case, correct?

17 A That's correct.

18 Q When you worked at the trademark
19 office did they have a rotating schedule?

20 A What do you mean by rotating
21 schedule?

22 MR. RASKOPF: I object to
23 the form of the question.

24 Q Have you ever heard the term
25 rotating schedule at the trademark office?

1 R. Scherer

2 currently used by the trademark office?

3 MR. RASKOPF: Objection to
4 the form.

5 A I don't know.

6 Q Are you familiar with the term
7 full search in the trademark area?

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

10 A It's a term I have used in
11 referring to trademark searching, yes.

12 Q When you're referring to trademark
13 searching and you use the term full search, what
14 do you mean by that?

15 A Full search is a search that
16 includes the records of the US Patent and
17 Trademark Office, the 50 state trademark
18 offices, the domain name registers, common law
19 databases, search results from the internet,
20 some Shepard citations perhaps, and a listing of
21 owners of the marks disclosed by the search.
22 There may be other elements. Those are the
23 primary elements.

24 Q Have you ever written any articles
25 about trademark searching?

1 R. Scherer

2 A I have not.

3 Q Have you ever taught any seminars
4 regarding trademark searching?

5 MR. RASKOPF: Objection to
6 the form.

7 A I have made presentations within
8 the company to various departments.

9 Q Have you ever made any
10 presentations outside of the company regarding
11 trademark searching?

12 A No.

13 Q Earlier you mentioned INTA. That
14 stands for the International Trademark
15 Association, correct?

16 A Correct.

17 Q Have you ever taught trademark
18 searching at any INTA event?

19 A No.

20 Q Have you ever published any
21 article regarding trademark searching through
22 INTA?

23 MR. RASKOPF: Objection to
24 the form.

25 A No.

1 R. Scherer

2 Q Have you ever taught a class on
3 trademark searching anywhere outside of your
4 company when you worked for Time?

5 MR. RASKOPF: Objection to
6 the form. You may answer.

7 A No.

8 Q Have you ever taught trademark
9 searching at any law school?

10 A No.

11 Q Have you ever taught trademark
12 searching at any school?

13 MR. RASKOPF: Objection to
14 the form.

15 A No.

16 Q Have you conducted a trademark
17 search since 2005?

18 A Yes.

19 Q How many?

20 A Several.

21 Q Can you give me an estimate?

22 A Four to five.

23 Q What marks have you conducted
24 trademark searches on since 2005?

25 A IBooks, iBookstore, and some

1 R. Scherer

2 searches in connection with the earlier
3 California case and I don't remember the mark.

4 Q Is it fair to say that all of the
5 trademark searches that you conducted since 2005
6 were done in connection with your case for
7 Manatt or your case here involving Apple?

8 A That's correct.

9 Q When you did a search on the mark
10 iBooks did you conduct a full search?

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

13 A It was not my intention to conduct
14 a full search. So I did a SAEGIS search.

15 Q Why was it not your intention to
16 conduct a full search on iBooks?

17 A I wasn't trying to clear the mark
18 for use by my client. I was trying to see what
19 uses of iBooks there were.

20 Q What is a SAEGIS search?

21 A A SAEGIS search is a proprietary
22 database maintained by Thomson Compumark and
23 it's a search vehicle designed for screening or
24 knockout searches.

25 Q What is the difference between a

1 R. Scherer

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,

1 R. Scherer

2 law. I tried to avoid that like the plague in
3 law school. But the bidding process ended up
4 with John Colby and Boyleston purchasing the
5 assets of iBooks Inc.

6 Q When I say INTA you know that I'm
7 referring to the International Trademark
8 Association, correct?

9 A Yes.

10 Q Did you ever attend any INTA
11 annual meetings?

12 A Yes.

13 Q Did you ever attend any INTA
14 leadership meetings?

15 A No.

16 Q When you attended INTA annual
17 meetings did you have occasion to talk to
18 numerous trademark practitioners?

19 A Mostly foreign counsel but yes.

20 Q In your practice over the years
21 did you have occasion to talk to other trademark
22 practitioners about clearing trademarks?

23 A I can't think of any specific
24 instances where I had those conversations.

25 Q So can you think of any

1 R. Scherer

2 conversations with other trademark lawyers about
3 how they clear trademarks?

4 A I was familiar with the way in
5 which other companies conducted trademark
6 searches and clearances but I can't recall any
7 specifics.

8 Q How were you aware of how other
9 companies cleared trademarks?

10 A One of the ways was to read some
11 of the pamphlets that trademark owners create
12 for the benefit of generally in-house staff, so
13 that they can see what's involved in trademarks,
14 and how clients are supposed to notify trademark
15 counsel, and what information is to be provided.
16 Those booklets will quite often say what steps
17 were taken in terms of doing full searches. I
18 believe, I couldn't quote a section, but I
19 believe that McCarthy also makes mention of
20 trademark searching in his treatise.

21 Q Do you recall who wrote those
22 pamphlets you're referring to in your testimony?

23 A No, they come from a variety of
24 companies.

25 Q Can you recall the name of any of

1 R. Scherer

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.

1 R. Scherer

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.

1 R. Scherer

2 A Three or four weeks ago.

3 Q What book did you buy?

4 A John Grisham's the Racketeer.

5 Q What is your understanding of how
6 Apple's iBooks application works today?

7 A I don't know the technology. It's
8 magic to me. I press some buttons and an E-book
9 turns up on my phone. An E-book that consists
10 of an existing, in this case, fictional work.

11 Q Prior to preparing and submitting
12 your report in this case had you ever seen
13 Apple's iBooks application?

14 A I had seen advertising for it but
15 I had not utilized it. I didn't own an iPhone
16 until a month ago.

17 Q So prior to submitting your report
18 in this case did you ever own an iPad or iPhone?

19 A No.

20 Q Did you ever download Apple's
21 iBook application?

22 A No.

23 Q Did you ever use Apple's iBook
24 application?

25 A No.

1 R. Scherer

2 Q Do you understand how Apple's
3 iBook application works?

4 A I think I answered that but I
5 don't understand the technology of it, no, nor
6 do I need to to know that it works. It gives me
7 what I want.

8 Q Do you know what computer code is
9 used to make Apple's iBook application work?

10 A No. As I said earlier, I'm not an
11 expert in software coding.

12 Q I believe you testified that you
13 recently downloaded one E-book. Can you
14 describe what you did with that book after
15 downloading it?

16 A After it appeared on the iBooks
17 shelf I tapped the cover and the first pages as
18 it appeared on the shelf the first pages showed
19 up. I began to flip through the pages and
20 started to read the book.

21 Q Did you do anything else with the
22 E-book since you've downloaded it?

23 A I played around --

24 MR. RASKOPF: Let me object
25 to the form of the question.

1 R. Scherer

2 have appeared, Lisa Whittup.

3 Q Anyone else?

4 A And Steve Kadickian.

5 Q Anyone else?

6 A To the best of my recollection

7 that's it.

8 Q Have you ever downloaded the
9 iBooks application on any device other than your
10 iPhone?

11 A No.

12 Q I believe you testified that
13 Family Systems has an application, correct?

14 A They have computer software.

15 Q Have you ever downloaded Family
16 Systems computer software?

17 A No.

18 Q Have you ever used Family Systems
19 computer software?

20 A No.

21 Q Have you ever reviewed the code
22 underlying Family Systems computer software?

23 A No.

24 Q How many versions of the software
25 does Family Systems have?

1 R. Scherer

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?

1 R. Scherer

2 A I'm hesitating because that's
3 always a tough call to make. I believe it's
4 suggestive.

5 Q Going back to plaintiffs' iBooks
6 mark you believe it's acquired secondary
7 meaning, correct?

8 A I do.

9 Q And on what date do you believe
10 plaintiffs' iBooks mark acquired secondary
11 meaning?

12 A There's no specific date. There's
13 no specific date.

14 Q Do you believe that plaintiffs'
15 iBooks mark had secondary meaning when it was
16 first used?

17 MR. RASKOPF: Objection to
18 the form.

19 A I don't think it needed secondary
20 meaning when it was first used, and the
21 trademark office did not in the application that
22 was filed, I believe back in 1999 or in that
23 time period, the examiner didn't raise a
24 descriptiveness issue with iBooks. So at that
25 point for the class of goods that it was filed

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R. Scherer

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

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

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

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

1 R. Scherer

2 Q Did you ever analyze whether that
3 patent that you've testified about was valid?

4 A No, I'm not a patent attorney so I
5 did not.

6 Q Did you ever analyze whether that
7 patent you testified about was enforceable?

8 A I don't know what you mean by
9 enforceable.

10 Q Did you ever analyze whether that
11 patent that you testified about had any prior
12 art?

13 MR. RASKOPF: Objection to
14 the form.

15 Q That invalidated the patent.

16 A The validity of the patent is an
17 issue that has to be determined by a court after
18 a lengthy trial. I can't sit here and say that
19 I analyzed that patent to make sure that it was
20 valid. It was an existing patent that covered
21 the iBooks computer software product and it
22 wasn't transferred to Apple. I mean that's my
23 conclusion with respect to the patent.

24 Q But you have no idea whether that
25 patent is valid or not, correct?

1 R. Scherer

2 A No.

3 Q Did you order the file history on
4 that patent?

5 A I did not.

6 Q Did you interview the attorney who
7 prepared that patent?

8 A No.

9 Q Do you know if it's a blocking
10 patent?

11 A I don't know what that means.

12 Q Did you ever analyze whether
13 Family Systems was actually using that patent in
14 any way?

15 A We covered the iBooks computer
16 system. I think Richard Goldhor talked about
17 that. I have to believe they were using it
18 under the iBooks brand.

19 Q Do you know whether Family Systems
20 ever litigated that patent?

21 A I do not know.

22 Q Do you know whether they ever
23 licensed that patent?

24 A I don't know.

25 Q Do you know whether they ever

1 R. Scherer

2 about the transfer of trademarks out of
3 bankruptcy.

4 Q Did you look at any other
5 documents in forming opinion number five?

6 A Not that I recall.

7 Q I believe you testified that there
8 may be a sixth expert opinion that you were
9 asked to provide. Do you recall what that sixth
10 opinion may be?

11 A Not without looking at my report.
12 I'll think about it but not that I can recall
13 right now.

14 Q Have you now told me about all the
15 opinions you were asked to render in this case?

16 MR. RASKOPF: Asked and
17 answered.

18 A With the exception of the one that
19 I don't recall. There could be another one but
20 I thought there were six. I think I've only
21 mentioned five. So I think there's a missing
22 one. There might be another one I haven't
23 addressed yet.

24 Q Do you anticipate rendering any
25 further expert opinions in this case?

1 R. Scherer

2 A Other than a trial, no.

3 Q When you say other than a trial,
4 do you mean rendering the same opinions that
5 you've mentioned today?

6 A It would be related to the same
7 opinions that I've expressed, yes.

8 Q To be clear, other than those
9 opinions do you anticipate rendering any
10 opinions?

11 A I do not.

12 Q As an expert witness.

13 MR. VISCOUNTY: The
14 videographer is out of tape so why
15 don't we take a break and go off
16 the record.

17 THE VIDEOGRAPHER: The time
18 is 1:19 p.m. on November 16, 2012.
19 This completes tape number two.

20 (Recess taken.)

21 THE VIDEOGRAPHER: The time
22 is 1:54 p.m. on November 16, 2012.
23 This is tape number three.

24 Q Mr. Scherer, you understand you're
25 still under oath, correct?

1 R. Scherer

2 Family Systems." Correct?

3 A Yes.

4 Q On what expertise do you make that
5 conclusion?

6 MR. RASKOPF: Asked and
7 answered.

8 A I've talked about this two or
9 three times before. I don't think you need a
10 specific expertise to be able to determine if
11 goods listed the way they are and used the way
12 they are are similar or dissimilar. I think you
13 can make that determination without any
14 specialized expertise.

15 Q But you'll agree that both
16 products are software, correct?

17 MR. RASKOPF: Objection to
18 the form.

19 A Family Systems is referred to in
20 the registration, their iBook mark as computer
21 software. The Apple iBooks use, I wouldn't
22 necessarily call it software. I would say it's
23 an application or it's a system or a product.

24 Q So you believe that Apple's iBooks
25 application is not computer software?

1 R. Scherer

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.

1 R. Scherer

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

1 R. Scherer

2 the form of the question.

3 A You would refuse renewal of the
4 registration. That assumes of course that the
5 statements made in the declaration are true.

6 Q Is it your conclusion that the
7 trademark examiner that reviewed Apple's section
8 eight and nine submission made the wrong
9 conclusion in accepting the specimen?

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

12 A No, I think the examiner in
13 renewing this registration relied on the
14 statements in the declaration of use not knowing
15 that they weren't accurate.

16 Q In your report you claim that part
17 of Apple's fraudulent actions are demonstrated
18 by the fact that it purchased Family Systems'
19 mark to gain priority over plaintiffs' mark,
20 correct?

21 MR. RASKOPF: Objection to
22 the characterization of what's in
23 the witness' report.

24 A Can you repeat that, please?

25 Q Let me rephrase it. Do you

1 R. Scherer

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.

1 R. Scherer

2 Q Do you know how many claims are
3 contained within that patent?

4 A Several but I don't know the
5 number.

6 Q Did you analyze the claims?

7 A I did not.

8 Q What is your understanding of what
9 the claims portion of the patent mean?

10 A It's what you're claiming the
11 invention to be. That's what would be covered
12 by the patent once it's issued.

13 Q Do you know whether there were any
14 independent claims in that patent?

15 A I do not know.

16 Q Do you know whether there were any
17 dependent claims in that patent?

18 A I do not know.

19 Q Do you know what aspect of the
20 Family Systems software were covered by that
21 utility patent?

22 A In reading the abstract and
23 reading Richard Goldhor's deposition transcript,
24 it's my understanding without getting into
25 specific claims, but it's my understanding that

1 R. Scherer
2 marked for identification, as of
3 this date.)

4 Q Mr. Scherer, do you recognize what
5 has been marked as Exhibit 5?

6 A I do.

7 Q What is it?

8 A It's my expert report in the
9 subject lawsuit.

10 Q Sir, will you turn to page 44 and
11 45 for me?

12 A Yes.

13 Q Do you see paragraph 16 that says
14 opinions?

15 A I do.

16 Q Are all the opinions you intend to
17 offer in this lawsuit contained in paragraph 16?
18 Take your time and read it.

19 MR. RASKOPF: Let me get to
20 paragraph 16.

21 MR. VISCOUNTY: Page 44.
22 It's marked number 16, opinions.

23 MR. RASKOPF: Okay.

24 Q Are all the opinions you intend to
25 offer in this lawsuit contained within paragraph

1 R. Scherer

2 16?

3 A Yes.

4 Q Do you intend to offer any other
5 expert opinions, other than what's contained
6 here in section 16 on pages 44 and 45 of your
7 report?

8 A I should say throughout this
9 report there are, in terms of reaching these
10 opinions, there are various opinions expressed.
11 So I guess I can answer by saying that it's not
12 my -- I don't anticipate testifying to anything
13 beyond the scope of this report.

14 Q And the opinions contained in your
15 report, which has been marked as Exhibit 5,
16 correct?

17 A That's correct.

18 Q Do you know whether Family Systems
19 was required to stop using the iBooks trademark
20 on -- iBook trademark in connection with the
21 sale of that mark to Apple?

22 MR. RASKOPF: Asked and
23 answered. You may answer.

24 A Yes.

25 Q Did you ever follow-up and look at

1 R. Scherer

2 the iBook mark from Family Systems to Apple?

3 MR. RASKOPF: Objection to
4 the form.

5 A No.

6 Q Do you recall preparing a rebuttal
7 report in this lawsuit?

8 A Yes.

9 Q In your rebuttal report you say
10 that any determination of the validity or
11 effectiveness of a purported assignment will be
12 decided by the court, do you recall that
13 statement?

14 A I do.

15 Q Do you still agree that any
16 determination of the validity or effectiveness
17 of a purported assignment should be decided by a
18 court because that's a question of law?

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

21 A I think I addressed that before,
22 but not being a litigator, per se, I consider
23 that to be a question to be decided by the
24 court, yes.

25 Q Because it's a question of law,

1 R. Scherer

2 correct?

3 A Yes.

4 MR. RASKOPF: Objection to
5 the form.

6 Q Whether an assignment constitutes
7 an assignment in gross is a question of law for
8 the court, correct?

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

11 A Yes.

12 Q Whether an assignment is valid is
13 a question of law for the court, correct?

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

16 A Yes.

17 Q And whether fraud on the trademark
18 office has been committed is a question of law
19 for the court, correct?

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

22 A I think I answered that before.
23 And as I recall I said no, but I'm not sure if
24 it's a question of law for the court.

25 Q And whether a specimen submitted

1 R. Scherer

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 A Yes, it is. As I think one of
3 either Hampton or someone's I recall talked
4 about the change in perception of trademark as
5 time goes on. As you pointed out in 1999 the I
6 didn't mean a whole lot, just in the context of
7 the internet, but the perception since then has
8 changed.

9 Q Have you ever done a trademark
10 survey?

11 A In this case or ever?

12 Q Ever.

13 A I've been involved with trademark
14 surveys. I've hired outside vendors to conduct
15 them.

16 Q Did you rely on any surveys in
17 making your conclusion that plaintiffs' iBooks
18 mark had acquired secondary meaning?

19 A No.

20 Q Do you know if anyone conducted a
21 survey regarding whether plaintiffs' iBooks mark
22 had acquired secondary meaning?

23 A No.

24 Q So is it fair to say you didn't
25 rely on any surveys in coming to that conclusion

1 R. Scherer

2 that plaintiffs' mark has acquired secondary
3 meaning?

4 A That's correct. I looked at the
5 language in the trademark rules of practice of
6 the Lanham Act. I relied on trademark rules of
7 practice. I also reviewed the file history that
8 was filed, the office action that was filed in
9 the earlier iBooks application, and then I read
10 elements of the, I guess, Shatskin and Frieze
11 deposition transcripts and learned additional
12 information in terms of the industry and
13 secondary meaning in the publishing industry.

14 Q Do you believe that Apple's
15 trademark has obtained secondary meaning?

16 MR. RASKOPF: Asked and
17 answered.

18 A We talked about that, yes, I do
19 but the patent and trademark office doesn't.

20 Q On page 35 of your expert report
21 you state that between 1999 and 2002 the
22 plaintiffs had iBook sales of more than \$5
23 million. Where did you get that information?

24 A That information, as I was
25 mentioning a moment ago, was in response to an

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2 office action in connection with the iBooks
3 application filed by iBooks, Inc.

4 Q And in that response to the office
5 action the applicant stated that it would later
6 file a declaration showing those sales, correct?

7 A Correct. Showing that use had
8 been made of the mark, yes.

9 Q To your knowledge did the
10 applicant ever file a declaration with the
11 trademark office showing those sales?

12 A To the best of my knowledge, no.

13 Q And also on that same page you
14 state that the plaintiffs spent more than
15 \$250,000 in advertising, correct?

16 A Yes.

17 Q Where did you get that
18 information?

19 A It came from the same office
20 action response.

21 Q And again, the applicant never
22 followed up and filed a declaration with the
23 trademark office showing the advertising,
24 correct?

25 A That's correct.

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2 in the declaration of use.

3 Q How do you know what the examiner
4 relied on in reviewing that section eight and
5 nine submission?

6 A Because he accepted it.

7 Q Do you have any personal knowledge
8 of whether he even looked at the declaration
9 that was filed in that submission?

10 A As part of his job in that
11 position I would expect that he would look at
12 the declaration of use. That's key.

13 Q I believe you testified earlier
14 that you've used Apple's iBooks app to download
15 a book on your iPhone, correct?

16 A Yes.

17 Q Would you agree that Apple's
18 iBooks app is computer software?

19 MR. RASKOPF: Objection to
20 the form.

21 A I think we've been there before.
22 I don't know. I know it's an app and basically
23 what it does from a layperson's standpoint.

24 Q Would you agree that Apple's
25 iBooks app is used to support electronic books?

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2 looking at, and all of a sudden you get a letter
3 which explains that someone else is claiming
4 earlier rights to that same mark, I'd be very
5 alarmed by that.

6 Q What would you as someone with
7 reams of experience insofar as it relates to
8 being the head of a trademark department in a
9 major Fortune 500 company, probably way under
10 Fortune 500, I'll say Fortune 100, I really
11 can't say, maybe Fortune 5 at some point in time
12 especially when you were there, what would you
13 say about the manner in which Apple addressed
14 this cease and desist letter insofar as it
15 relates to good corporate behavior?

16 MR. VISCOUNTY: Objection.

17 A From what I've seen in reviewing
18 transcripts and the like it didn't appear to
19 create even a wave of concern because they went
20 ahead and adopted the iBooks mark even after
21 launching the product after receiving this
22 notification.

23 Q Would you consider Apple's
24 behavior in this case at a minimum from the date
25 of receipt of the cease and desist letter to be

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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.

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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

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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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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.)