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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE INC.,

Plaintiff,

v.

SAMSUNG ELECTRONICS CO., LTD., A Korean business entity; SAMSUNG ELECTRONICS AMERICA, INC., a New York corporation; SAMSUNG TELECOMMUNICATIONS AMERICA, LLC, a Delaware limited liability company,

Defendants.

Case No. 11-cv-01846-LHK (PSG)

**APPLE'S REPLY IN SUPPORT OF ITS MOTION REGARDING SCHEDULE FOR BRIEFING OF NON-JURY CLAIMS**

Throughout this litigation, Apple has maintained its affirmative defenses of waiver, equitable estoppel, and unclean hands and its counterclaim for unfair competition. The Court opted not to send any of these defenses or counterclaims to the jury for an advisory verdict, and now, Apple simply requests a briefing schedule that would allow these issues to be presented to and decided by the Court in the first instance. In its opposition, Samsung contends—rather inconsistently—that Apple's non-jury claims should be briefed in the post-trial brief addressing issues that were decided by the jury, while also arguing that Apple's non-jury claims should not be briefed at all because they are moot. Samsung alternatively contends that it should be permitted to brief additional non-jury claims. Each of Samsung's arguments should be rejected.

***First***, Samsung contends that Apple must brief its non-jury claims in the same brief in which it raises any other post-trial issues. (Dkt. No. 1961 at 1.) Respectfully, Apple does not read the Court's Order that way. The Court's August 28, 2012 Order set a briefing schedule for all post-trial issues raised pursuant to Rules 50, 52(b), 59, and 60. (Dkt. No. 1945 at 2 & n.1) The Order also set a separate briefing schedule for Apple's motion for a permanent injunction and willfulness enhancements. (Dkt. No. 1945 at 2-3.) In contrast, the Court's Order did not address Apple's non-jury claims for which there has been no entry of judgment and which remain to be decided in the first instance under Rule 52(a). Apple therefore requests a schedule for the parties to brief these issues, which will allow the Court to make findings of fact and conclusions of law for Apple's non-jury claims as contemplated by Rule 52(a).

***Second***, Samsung incorrectly contends that Apple's equitable claims are moot. (Dkt. No. 1961 at 1.) They are not. The jury found that Apple has not infringed any of Samsung's patents and that Samsung's rights with respect to the asserted claims of the '516 and '941 patents have been exhausted. (Dkt. No. 1931 at 17, 20.) Apple's affirmative defenses of waiver, estoppel, and unclean hands are equitable claims that relate to the unenforceability of Samsung's '516 and '941 patents in their entirety and that would separately support an "exceptional case" finding and an award of attorney's fees to Apple. Samsung cites no case law to support its contention that the jury's verdict renders Apple's affirmative defenses moot, and in fact, other courts have decided similar equitable claims following a jury's finding of no liability on claims for patent

infringement. In *Qualcomm Inc. v. Broadcom Corp.*, No. 05-CV-1958B (BLM), 2007 U.S. Dist. LEXIS 28211 (S.D. Cal. Mar. 21, 2007), for example, a jury found that the defendant had not infringed any asserted patents. *Id.* at *4-5. In post-trial proceedings following that verdict, the district court considered the defendant's equitable claims and found in favor of the defendant on its affirmative defense of waiver. *Id.* at *3-5. On appeal, the Federal Circuit affirmed the finding of waiver and specifically noted that the patent owner's "failure to appeal the non-infringement judgment [did] not moot its appeal of the unenforceability judgment." *Qualcomm Inc. v. Broadcom Corp.*, 548 F.3d 1004, 1010 n.1 (Fed. Cir. 2008); *cf. In re Omeprazole Patent Litigation*, 483 F.3d 1364, 1375 (Fed. Cir. 2007) (stating that an "inequitable conduct claim was not technically moot, because it would have rendered the entire … patent unenforceable, rather than just the claims that were held invalid"). Similarly here, Apple's affirmative defenses of waiver, estoppel, and unclean hands are not moot, and this Court should hear and decide them in post-trial proceedings.

Moreover, the jury's verdict with respect to Apple's FRAND-related claims does not foreclose Apple's assertion of its affirmative defenses. The jury found in favor of Samsung on Apple's antitrust and breach of contract claims. (Dkt. No. 1931 at 19.) Apple's affirmative defenses of waiver, estoppel, and unclean hands do not depend on any factual determinations, either explicit or implicit, made by the jury. The jury only made findings with respect to the ultimate questions of liability for the antitrust and breach of contract claims and did not make any specific findings on subsidiary factual issues. (*Id.*) For example, the jury verdict does not prevent this Court from concluding, as a separate matter, that Samsung waived its rights to enforce its patents by indicating to others in the industry that it did not intend to enforce its patents (waiver) or that Apple relied on Samsung's misleading conduct or silence regarding its intent to enforce its patents (estoppel). Thus, there would be no inconsistency between the jury verdict and the Court's finding that the '516 and '941 patents are unenforceable due to waiver, estoppel, or unclean hands.[1]

[1] With respect to Apple's unfair competition counterclaim, Apple only intends to assert this counterclaim if the jury's finding on the breach of contract claim is overturned.

***Third***, Samsung argues that Apple's "one-sided request for separate briefing on equitable issues is improper." (Dkt. No. 1961 at 2.) Apple was not aware that Samsung had equitable issues of its own (much less wanted to raise any in post-trial briefing), since Samsung's counsel did not raise these issues when Apple proposed a briefing schedule on its non-jury claims before filing the present motion. Samsung now mentions indefiniteness issues, but these are not equitable issues. They are issues of law that Samsung could have raised (and in one instance did raise) during claim construction or summary judgment. *See Datamize, LLC v. Plumtree Software*, 417 F.3d 1342, 1347 (Fed. Cir. 2005) (stating that whether a claim is indefinite is a question of law "that is drawn from the court's performance of its duty as the construer of patent claims" (quoting *Personalized Media Communications., L.L.C. v. Int'l Trade Comm'n*, 161 F.3d 696, 705 (Fed. Cir. 1998))); Samsung's Motion for Summary Judgment, Dkt. No. 930-1 at 15 n.21 (Samsung contending that the D'889 patent is invalid due to indefiniteness and stating that it "will address this further at claim construction").

Dated: September 10, 2012

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APPLE INC.

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the above and foregoing document has been served on September 10, 2012 to all counsel of record who have consented to electronic service via the Court's CM/ECF system.

/s/ *Mark. D Selwyn*
Mark D. Selwyn