

Exhibit 31

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

APPLE INC., A CALIFORNIA CORPORATION,)	C-11-01846 LHK
)	
)	SAN JOSE, CALIFORNIA
PLAINTIFF,)	
)	AUGUST 3, 2012
VS.)	
)	VOLUME
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,)	PAGES 556-930
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DEFENDANTS.)	

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE LUCY H. KOH
UNITED STATES DISTRICT JUDGE

APPEARANCES ON NEXT PAGE

OFFICIAL COURT REPORTER: LEE-ANNE SHORTRIDGE, CSR, CRR
CERTIFICATE NUMBER 9595

1 A P P E A R A N C E S :

2 FOR PLAINTIFF MORRISON & FOERSTER
3 APPLE: BY: HAROLD J. MCELHINNY
4 MICHAEL A. JACOBS
5 RACHEL KREVANS
6 425 MARKET STREET
7 SAN FRANCISCO, CALIFORNIA 94105

6 FOR COUNTERCLAIMANT WILMER, CUTLER, PICKERING,
7 APPLE: HALE AND DORR
8 BY: WILLIAM F. LEE
9 60 STATE STREET
10 BOSTON, MASSACHUSETTS 02109

9 BY: MARK D. SELWYN
10 950 PAGE MILL ROAD
11 PALO ALTO, CALIFORNIA 94304

11 FOR THE DEFENDANT: QUINN, EMANUEL, URQUHART,
12 OLIVER & HEDGES
13 BY: CHARLES K. VERHOEVEN
14 50 CALIFORNIA STREET, 22ND FLOOR
15 SAN FRANCISCO, CALIFORNIA 94111

14 BY: VICTORIA F. MAROULIS
15 KEVIN P.B. JOHNSON
16 555 TWIN DOLPHIN DRIVE
17 SUITE 560
18 REDWOOD SHORES, CALIFORNIA 94065

17 BY: MICHAEL T. ZELLER
18 WILLIAM C. PRICE
19 JOHN B. QUINN
20 865 SOUTH FIGUEROA STREET
21 10TH FLOOR
22 LOS ANGELES, CALIFORNIA 90017

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INDEX OF WITNESSES

PLAINTIFF'S

PHILIP SCHILLER

DIRECT EXAM BY MR. MCELHINNY P. 594
(RES.)
CROSS-EXAM BY MR. PRICE P. 666
REDIRECT EXAM BY MR. MCELHINNY P. 717
RECROSS-EXAM BY MR. PRICE P. 721

SCOTT FORSTALL

DIRECT EXAM BY MR. MCELHINNY P. 724
CROSS-EXAM BY MR. JOHNSON P. 760
REDIRECT EXAM BY MR. MCELHINNY P. 784
RECROSS-EXAM BY MR. JOHNSON P. 787

JUSTIN DENISON

AS-ON CROSS-EXAM BY MR. LEE P. 790
AS-ON DIRECT EXAM BY MR. QUINN P. 839

1 UPGRADE USER.

2 AND WE KNOW FROM ALL OF OUR PRODUCTS AND
3 EXPERIENCES WE'VE HAD SELLING TO CUSTOMERS THAT A
4 CUSTOMER WHO ALREADY HAS ONE IS USED TO THAT ONE,
5 THAT WHOLE ECOSYSTEM.

6 IF I HAVE AN IPHONE, I'M USED TO HOW THE
7 IPHONE WORKS, AND I'VE INVESTED IN THE
8 APPLICATIONS, AND I'VE INVESTED IN THE ACCESSORIES,
9 SO I'M MORE INVESTED IN THAT PRODUCT, AND
10 I'M MORE LIKELY TO STICK WITH THAT PRODUCT LINE
11 ONCE I HAVE IT.

12 SO WE'RE AT THIS REALLY CRITICAL JUNCTURE
13 WHERE CUSTOMERS ARE EITHER GETTING INTO AN
14 ECOSYSTEM FOR THE FIRST TIME OR THEY'RE STAYING
15 WITH THAT ECOSYSTEM AND MOST OFTEN UPGRADING AND
16 STAYING WITHIN IT.

17 BY MR. MCELHINNY:

18 Q DO YOU FIND THAT WHEN A CUSTOMER BUYS AN
19 IPHONE THEY TEND TO BUY ADDITIONAL APPLE PRODUCTS
20 OR SERVICES?

21 A YES. THIS IS VERY WELL-KNOWN IN THE INDUSTRY.
22 IT'S OFTEN CALLED THE HALO EFFECT, THE IDEA THAT
23 ONCE YOU BUY A PRODUCT FROM A COMPANY, IF YOU HAVE
24 A GOOD EXPERIENCE WITH THAT PRODUCT, THAT YOU'RE
25 MORE LIKELY TO CONSIDER OTHER PRODUCTS FROM THAT

1 COMPANY AND ESPECIALLY IF THOSE PRODUCTS DO A GOOD
2 JOB WORKING WELL TOGETHER.

3 SO THAT WILL MAKE YOU WANT TO BUY MORE
4 PRODUCTS FROM THAT COMPANY, AS WELL AS THE OTHER
5 PEOPLE AROUND YOU WHO YOU WORK WITH OR IN YOUR
6 FAMILY.

7 Q LET'S CHANGE SUBJECTS NOW AND GO BACK IN TIME,
8 BACK TO THE IPAD. OKAY?

9 A YES.

10 Q CAN YOU TELL US, AGAIN BRIEFLY, DESCRIBE FOR
11 US THE GENESIS, HOW THE IPAD CAME ABOUT.

12 A THE IPAD ACTUALLY STARTED BEFORE THE IPHONE.
13 WE HAVE, AS EXPLAINED BEFORE, A COMPUTER BUSINESS,
14 THE MACINTOSH BUSINESS, AND INCREASINGLY PEOPLE
15 WERE BUYING NOTEBOOKS IN THIS BUSINESS.

16 AND NOTEBOOKS WERE GETTING MORE AND MORE
17 AFFORDABLE, LOWER PRICE POINTS.

18 BUT MANY OF OUR COMPETITORS WERE MAKING
19 NOTEBOOKS THAT WERE OF A CHEAPER QUALITY THAN WE
20 WOULD BE WILLING TO MAKE TO GET TO REALLY
21 AFFORDABLE PRICE POINTS.

22 SO WE DECIDED WE NEED TO CREATE A NEW
23 CATEGORY OF DEVICE, SOMETHING BELOW THE PRICE POINT
24 OF A NOTEBOOK, SOMETHING BEAUTIFUL, EASY TO USE,
25 EVERYONE MORE PORTABLE, LONGER BATTERY LIFE, AND WE

1 LOOK THAT HAS STAYED CONSISTENT WITH ACROSS THE
2 PRODUCT LINE.

3 Q IN YOUR EXPERIENCE, DOES THE DESIGN OF THESE
4 PRODUCTS CONTRIBUTE TO THEIR SUCCESS?

5 A ABSOLUTELY.

6 Q AND WHY DO YOU SAY THAT?

7 A BECAUSE I BELIEVE CUSTOMERS VALUE BEAUTIFUL
8 PRODUCTS AND PRODUCTS THEY CAN ASSOCIATE AND
9 IDENTIFY WITH THE COMPANY WHO'S MADE THEM.

10 Q SIR, IF YOU LOOK IN YOUR BINDER AT EXHIBIT
11 1 -- PX 143.

12 A YES.

13 Q WHAT IS EXHIBIT PX 143?

14 A THIS IS AN APPLE CUSTOMER OR BUYER SURVEY OF
15 PEOPLE WHO PURCHASED IPHONES.

16 Q CAN YOU TELL ME THE DATES OF IT, PLEASE?

17 A THIS WAS FROM THE FOURTH FISCAL QUARTER IN
18 FISCAL YEAR 2010.

19 Q ALL RIGHT. WOULD YOU LOOK AT THE PAGES THAT
20 YOU'VE GOT THERE, PLEASE, AND TELL ME WHETHER YOU
21 HAVE THE ENTIRE SURVEY OR EXCERPTS FROM THE SURVEY?

22 A THIS IS JUST A BRIEF EXCERPT OF A LARGER
23 SURVEY.

24 MR. MCELHINNY: THANK YOU. YOUR HONOR, I
25 MOVE PX 143.

1 "AND THE QUESTION, OF COURSE, THERE WAS MORE THAN
2 ONE, THIS ONE WAS "HOW IMPORTANT IS ATTRACTIVE
3 APPEARANCE AND DESIGN?"

4 AND THEN WHAT YOU SEE THERE IN THE BARS
5 IS THE RESULTS.

6 Q I'M SORRY. SO WE'RE ON TRACK. WHAT DOES
7 ATTRACTIVE APPEARANCE AND DESIGN MEAN IN YOUR
8 BUSINESS?

9 A WE'RE SIMPLY TRYING TO UNDERSTAND FROM THE
10 CUSTOMER'S PERSPECTIVE THE ACTUAL PHYSICAL
11 APPEARANCE, THE LOOK OF THE PRODUCT, THE IPHONE,
12 AND WHAT THEY FELT ABOUT HOW IMPORTANT THAT
13 APPEARANCE OR LOOK WAS IN THEIR OWN DECISION TO BUY
14 IT.

15 Q ALL RIGHT. LET ME HAMMER THE OBVIOUS LATER.
16 THIS IS NOT JUST THE RESULT OF A SINGLE SURVEY; IS
17 THAT RIGHT?

18 A NO, IT IS NOT.

19 Q IT COVERS A PERIOD OF TIME?

20 A YES, IT DOES.

21 Q A NUMBER OF SURVEYS?

22 A YES, IT DOES.

23 Q AND WHAT, WHAT DOES THIS SUMMARY TELL US ABOUT
24 THE IMPORTANCE OF DESIGN TO YOUR CUSTOMERS?

25 A THIS SURVEY RESULT, ACROSS TIME, ACROSS MANY

1 CUSTOMERS, AFFIRMS FOR ME THE PERSPECTIVE THAT,
2 THAT MOST CUSTOMERS BELIEVE THAT ATTRACTIVE
3 APPEARANCE AND DESIGN IS VERY IMPORTANT TO THEIR
4 CHOICE OF BUYING A PRODUCT, AND SPECIFICALLY OUR
5 PRODUCT.

6 Q AND HOW DO YOU GET THAT CONCLUSION FROM THESE
7 NUMBERS?

8 A WE ASKED THE CUSTOMERS, IN THIS QUESTION, TO
9 RATE THIS IMPORTANCE ON A SCALE OF 1 TO 5, WITH THE
10 TOP TWO IN THAT SCALE BEING THE ATTRACTIVE
11 APPEARANCE AND DESIGN IS EITHER SOMEWHAT IMPORTANCE
12 TO THE PURCHASE OR VERY IMPORTANT TO THE PURCHASE.

13 AND IN MARKETING LINGO, WE CALL THAT THE
14 TOP TWO BOX, THOSE TOP TWO CHOICES.

15 AND YOU USUALLY COMBINE THOSE FOR YOUR
16 MEASURE OF WHAT CUSTOMERS THINK WHETHER SOMETHING
17 IS IMPORTANT OR NOT.

18 AND -- NOW I APOLOGIZE THE WAY YOU
19 USUALLY SHOW A CHART LIKE THIS --

20 Q SO WHEN YOU TALK ABOUT TOP TWO BOXES, YOU'RE
21 TALKING ABOUT THE BOTTOM TWO BOXES?

22 A ONE OF THE FUNNY THINGS IN MARKETING IS WE
23 CALL THEM THE TOP TWO, BUT IN A CHART, THEY'RE
24 USUALLY THE BOTTOM COLORS IN THAT, SO IT'S THE DARK
25 BLUE AND MEDIUM BLUE THAT YOU SEE THERE.

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CERTIFICATE OF REPORTER

I, THE UNDERSIGNED OFFICIAL COURT
REPORTER OF THE UNITED STATES DISTRICT COURT FOR
THE NORTHERN DISTRICT OF CALIFORNIA, 280 SOUTH
FIRST STREET, SAN JOSE, CALIFORNIA, DO HEREBY
CERTIFY:

THAT THE FOREGOING TRANSCRIPT,
CERTIFICATE INCLUSIVE, CONSTITUTES A TRUE, FULL AND
CORRECT TRANSCRIPT OF MY SHORTHAND NOTES TAKEN AS
SUCH OFFICIAL COURT REPORTER OF THE PROCEEDINGS
HEREINBEFORE ENTITLED AND REDUCED BY COMPUTER-AIDED
TRANSCRIPTION TO THE BEST OF MY ABILITY.

/S/

LEE-ANNE SHORTRIDGE, CSR, CRR
CERTIFICATE NUMBER 9595

DATED: AUGUST 3, 2012