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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 16, 2012
VS.	)	
	)	VOLUME 10
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 2966-3386
	)	
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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  
IRENE RODRIGUEZ, CSR, CRR  
CERTIFICATE NUMBER 8074

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

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

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

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

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

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

BY: MICHAEL T. ZELLER  
WILLIAM C. PRICE  
865 SOUTH FIGUEROA STREET  
10TH FLOOR  
LOS ANGELES, CALIFORNIA 90017

INDEX OF WITNESSESDEFENDANT'S**TIMOTHY SHEPPARD**

DIRECT EXAM BY MR. PRICE P. 3001  
CROSS-EXAM BY MR. JACOBS P. 3012

**MICHAEL WAGNER**

DIRECT EXAM BY MR. PRICE P. 3018  
CROSS-EXAM BY MR. JACOBS P. 3057  
REDIRECT EXAM BY MR. PRICE P. 3073

**RAMAMIRTHAM SUKUMAR**

DIRECT EXAM BY MS. MAROULIS P. 3092  
CROSS-EXAM BY MR. SELWYN P. 3095

**VINCENT O'BRIEN**

DIRECT EXAM BY MS. MAROULIS P. 3101  
CROSS-EXAM BY MR. SELWYN P. 3113

**DAVID TEECE**

DIRECT EXAM BY MS. MAROULIS P. 3123  
CROSS-EXAM BY MR. MUELLER P. 3141

## PLAINTIFF'S REBUTTAL:

**TONY BLEVINS**

DIRECT EXAM BY MR. LEE P. 3164

**EMILIE KIM**

DIRECT EXAM BY MR. SELWYN P. 3173  
CROSS-EXAM BY MR. JOHNSON P. 3185

**PAUL DOURISH**

DIRECT EXAM BY MR. SELWYN P. 3188

**TONY GIVARGIS**

DIRECT EXAM BY MR. SELWYN P. 3220

**MANI SRIVASTAVA**

DIRECT EXAM BY MR. SELWYN P. 3287  
CROSS-EXAM BY MR. JOHNSON P. 3317  
REDIRECT EXAM BY MR. SELWYN P. 3320

**HYONG KIM**

DIRECT EXAM BY MR. LEE P. 3322

1 180, HAVING BEEN PREVIOUSLY MARKED FOR  
2 IDENTIFICATION, WAS ADMITTED INTO  
3 EVIDENCE.)

4 MR. JACOBS: NO FURTHER QUESTIONS, SIR.

5 THE COURT: ALL RIGHT. ANY REDIRECT?

6 IT'S 9:25.

7 MR. PRICE: NO, YOUR HONOR.

8 THE COURT: MAY THIS WITNESS BE EXCUSED  
9 AND IT IS SUBJECT TO RECALL OR NOT?

10 MR. PRICE: NO RECALL, YOUR HONOR.

11 MR. JACOBS: NO RECALL FROM US.

12 THE COURT: ALL RIGHT. YOU'RE EXCUSED.

13 ALL RIGHT. CALL YOUR NEXT WITNESS,  
14 PLEASE.

15 MR. PRICE: CALL MICHAEL WAGNER.

16 THE CLERK: PLEASE RAISE YOUR RIGHT.

17 **MICHAEL WAGNER,**

18 BEING CALLED AS A WITNESS ON BEHALF OF THE  
19 DEFENDANT, HAVING BEEN FIRST DULY SWORN, WAS  
20 EXAMINED AND TESTIFIED AS FOLLOWS:

21 THE WITNESS: I DO.

22 THE CLERK: THANK YOU. PLEASE BE SEATED.

23 THE COURT: ALL RIGHT. TIME IS NOW 9:27.

24 GO AHEAD, PLEASE.

25 / / /

1 Q AND THE OTHER KEY ASSUMPTION IS THAT YOUR  
2 ASSESSMENT OF SAMSUNG'S PROFITS ATTRIBUTABLE TO THE  
3 INFRINGING PRODUCTS IS CORRECT. TRUE, SIR?

4 A I AGREE WITH THAT.

5 Q AND JUST TO MAKE THIS KIND OF EASY FOR THE  
6 JURY, YOUR CALCULATION OF SAMSUNG'S -- OF SAMSUNG'S  
7 PROFITS WAS WHAT PERCENT?

8 A FOR THAT CALCULATION, IT'S ABOUT 12 PERCENT.

9 Q AND WHETHER MR. MUSIKA'S CALCULATION OF  
10 SAMSUNG'S PROFITS, THE PERCENTAGE, THE  
11 CORRESPONDING PERCENTAGE, WAS ABOUT 35.9 PERCENT.  
12 IS THAT TRUE, SIR?

13 A I THOUGHT IT WAS 35.5, BUT YOU MAY BE RIGHT.

14 Q I'LL TAKE 35.5. IF YOU APPLY MR. MUSIKA'S  
15 CALCULATION OF SAMSUNG'S PROFITABILITY TO ALL THE  
16 OTHER INFORMATION ON WHICH YOU REPLIED FOR YOUR  
17 \$519 MILLION CALCULATION, WHAT NUMBER DO YOU GET?

18 A I HAVEN'T MADE THE CALCULATION. IF YOU MADE  
19 THE CALCULATION, AND FOR ONCE YOU GUYS DO IT RIGHT,  
20 BECAUSE YOU GUYS ALWAYS SEEM TO DO IT WRONG -- I'M  
21 SORRY. IN MR. SHEPPARD'S DEPOSITION, WHEN YOU  
22 TRIED TO RECREATE HIS INFORMATION, YOU MADE A \$900  
23 MILLION MISTAKE.

24 MR. JACOBS: I'M SORRY, YOUR HONOR. I  
25 MOVE TO STRIKE.

1 A IT WAS 15 PERCENT, AND IT WAS 11 PERCENT IN  
2 2010.

3 Q OKAY. AND ALSO ON THAT SAMSUNG FINANCIAL, IT  
4 WENT DOWN TO THE LEVEL OF THE OPERATING SEGMENT  
5 TELECOMMUNICATIONS IN WHICH THESE PHONES ARE SOLD;  
6 CORRECT?

7 A YES.

8 Q AND FROM THAT SEGMENT, YOU COULD ALSO GET  
9 REVENUE FROM THE EXTERNAL CUSTOMERS AND YOU COULD  
10 COMPARE THAT TO THE OVERALL REVENUE; CORRECT?

11 A YOU CAN, AND THAT'S WHAT WE JUST DID.

12 Q AND WHAT WAS THAT -- OKAY. WHAT YOU GAVE US  
13 WAS THE -- WAS THAT SEGMENT OF PROFIT MARGIN?

14 A CORRECT, YES.

15 Q 15 PERCENT. AND IF YOU WENT UP TO THE ENTIRE  
16 COMPANY AND COMPARED REVENUE TO OPERATING INCOME,  
17 WHAT PERCENTAGE WAS THAT?

18 A THAT'S 10 PERCENT FOR THE OVERALL COMPANY.

19 Q OKAY. SO 10 PERCENT FOR THE COMPANY, IT'S 15  
20 PERCENT FOR THE, FOR TELECOMMUNICATIONS WITH THOSE  
21 PHONES ARE SOLD, RIGHT?

22 A 11 TO 15 PERCENT.

23 Q AND WHAT YOU DID, USING MORE DETAILED  
24 INFORMATION, WAS TRY TO ARRIVE AT THE OPERATING  
25 INCOME FOR THESE SPECIFIC PHONES?

1 A THAT'S TRUE.

2 Q OKAY. AND WHAT PERCENTAGE DID YOU HAVE FOR  
3 THAT?

4 A FOR THE -- THE CALCULATION THAT I SHOWED TO  
5 THE JURY, 12 PERCENT.

6 Q OKAY. AND SO LOOKING AT SAMSUNG'S AUDITED  
7 FINANCIALS, WHAT DOES THAT TELL YOU ABOUT YOUR  
8 CALCULATION OF THE OPERATING NUMBER?

9 A WELL, WHEN I LOOK AT ALL THREE PIECES OF  
10 INFORMATION, MINE APPEARS TO BE REASONABLE, AND IT  
11 APPEARS THAT TELECOMMUNICATIONS IS A MORE  
12 PROFITABLE BUSINESS TO SAMSUNG THAN A LOT OF THEIR  
13 OTHER BUSINESSES.

14 Q AND WHAT DOES THAT TELL YOU ABOUT MR. MUSIKA'S  
15 MUCH, MUCH, MUCH HIGHER NUMBER?

16 A WELL, HE'S ONLY LOOKING AT GROSS MARGIN. I  
17 WOULD EXPECT THAT TO BE MUCH LARGER.

18 MR. PRICE: THANK YOU.

19 THE COURT: ALL RIGHT. THE TIME IS NOW  
20 10:28. IS THERE ANY REDIRECT?

21 MR. JACOBS: NO, YOUR HONOR.

22 THE COURT: ALL RIGHT. MAY THIS WITNESS  
23 BE EXCUSED AND IS IT SUBJECT TO RECALL?

24 MR. JACOBS: NO RECALL FROM US, YOUR  
25 HONOR.



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CERTIFICATE OF REPORTERS

WE, THE UNDERSIGNED OFFICIAL COURT REPORTERS 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 OUR SHORTHAND NOTES TAKEN AS SUCH OFFICIAL COURT REPORTERS OF THE PROCEEDINGS HEREINBEFORE ENTITLED AND REDUCED BY COMPUTER-AIDED TRANSCRIPTION TO THE BEST OF OUR ABILITY.

/S/

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LEE-ANNE SHORTRIDGE, CSR, CRR  
CERTIFICATE NUMBER 9595

/S/

\_\_\_\_\_  
IRENE RODRIGUEZ, CSR, CRR  
CERTIFICATE NUMBER 8074

DATED: AUGUST 16, 2012