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CO., LTD., SAMSUNG ELECTRONICS  
16 AMERICA, INC. and SAMSUNG  
TELECOMMUNICATIONS AMERICA, LLC

17 UNITED STATES DISTRICT COURT  
18 NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION

19 APPLE INC., a California corporation,

20 Plaintiff,

21 vs.

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

26 Defendants.

CASE NO. 11-cv-01846-LHK

**SAMSUNG'S OPPOSITION TO APPLE'S  
MOTION FOR JUDGMENT AS A  
MATTER OF LAW, NEW TRIAL, AND  
AMENDED JUDGMENT**

**Date: December 6, 2012**  
**Time: 1:30 p.m.**  
**Place: Courtroom 8, 4th Floor**  
**Judge: Hon. Lucy H. Koh**

**PUBLIC REDACTED VERSION**

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**MEMORANDUM OF POINTS AND AUTHORITIES**

Seeking to compound an already excessive, improper jury award of over \$1 billion, Apple seeks to override the jury’s well-founded conclusions that Samsung’s Galaxy Tab 10.1 does not infringe or dilute Apple’s iPad trade dress or infringe the D’889 patent; that Samsung’s smartphones do not dilute Apple’s combination iPhone trade dress; and that a number of Samsung’s smartphones do not infringe Apple’s D’677, D’087, ‘163, or ‘915 patents or dilute Apple’s registered iPhone trade dress and unregistered iPhone 3G trade dress. Apple further seeks to overturn the jury’s findings that Samsung’s patents are valid and that Samsung did not breach its contracts or violate the antitrust laws. Apple’s arguments lack merit.

**I. APPLE IS NOT ENTITLED TO JUDGMENT OR A NEW TRIAL ON INFRINGEMENT OR DILUTION OF THE IPAD TRADE DRESS**

**A. The Jury Correctly Found That The iPad Trade Dress Is Not Protectable**

Apple fails to show any ground for judgment or new trial on its unregistered iPad trade dress claims. *First*, Apple failed to prove that the alleged iPad trade dress is protectable. The evidence amply supports a finding that the iPad trade dress is unprotectable as functional—that is, “essential to the use or purpose of the article” and “affect[ing] the cost or quality of the article,” *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 32 (2001)—because it features a large rectangular display (RT 2603:11-2604:2 (“any other shape would be more expensive, completely rare”)); an overall rectangular shape (RT 2604:7-22 (“practically dictated by the fact that there is a rectangular display”)); rounded corners (RT 2604:23-2605:18 (“significant benefits” for “usability and economics”)); a flat front face (RT 2608:19-2609:9 (“easy to manipulate”)); a clear surface covering the display (RT 1199:25-1200:16 (“absolutely functional”)); and familiar icon images (RT 1451:13-1453:9; 1455:12-25 (“communicate clearly and consistently”)). Apple’s own advertisements for the iPad emphasize its functionality. *See, e.g.*, PX11 (“Thinner. Lighter. Faster. FaceTime. Smart Covers. 10-hour battery.”); PX128; RT 646:9-20. Apple’s experts offered only conclusory opinions that alternatives “would provide the same functions.” RT 1079:2-18; 1094:19-1096:2. *See Leatherman Tool Group, Inc. v. Cooper Indus., Inc.*, 199 F.3d 1009, 1013-14 (9th Cir. 1999) (claimed alternative designs must offer “exactly the same

1 features” as plaintiff’s product). Indeed, Susan Kare admitted she did not even investigate “the  
2 functionality of the icons and how they work and how a user would interact with them” as part of  
3 her analysis. RT 1469:24-1470:16. Another Apple expert, Peter Bressler, admitted when  
4 testifying about alleged alternatives that “how they function really was insignificant to me.” RT  
5 1206:18-1208:6.

6 Apple cannot refute functionality by citing testimony that the iPad was designed to be  
7 beautiful (RT 499:3-8; RT 617:10-618:1), or that beauty is a primary motivator for consumer  
8 purchases (RT 626:5-19; RT 629:3-9 (“customers value beautiful products”)), for such evidence  
9 merely establishes that the iPad trade dress is aesthetically functional. Features that are “at the  
10 heart of basic consumer demand for the product” are not protectable, whether utilitarian or  
11 attractive. *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1073 (9th Cir.  
12 2006); *Tie Tech, Inc. v. Kinedyne Corp.*, 296 F.3d 778, 785 (9th Cir. 2002) (“features which  
13 constitute the actual benefit that the consumer wishes to purchase . . . do not engender trademark  
14 production”); *Aurora World, Inc. v. Ty, Inc.*, 719 F. Supp. 2d 1115, 1149 (C.D. Cal. 2009).

15 *Second*, the record amply supports a conclusion that the iPad trade dress was not  
16 protectable because it had not acquired secondary meaning before Samsung started selling the  
17 Galaxy Tab 10.1 in June 2011. *See id.* at 1151-52 (heightened standard for proving secondary  
18 meaning in product configurations); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205,  
19 213 (2000) (consumers “almost invariably” do not perceive product configurations as indicators of  
20 source). Undisputed evidence showed that numerous third-party tablet products had similar  
21 designs. DX687 (internal Apple report with a “summary of our enemies” in the tablet market,  
22 including Motorola “Xoom,” RIM “Playbook,” LG “G-Slate,” and Palm-HP “Opal” and “Topaz”).  
23 The survey by Apple’s expert Hal Poret showed no association of the iPad trade dress with Apple  
24 *before* the accused Samsung tablets were released (RT 1601:5-1602:12); showed a mere 40%  
25 recognition rate for a blurred iPad image (RT 1594:25-1595:3); used improper control stimuli that  
26 looked nothing like the iPad (RT 1720:21-23 (Poret used a Nook (DX2526) instead of a more  
27 comparable control, such as the Motorola Xoom (DX2529)); cued respondents by using non-  
28 claimed features like the “home button” (RT 1680:19-1681:9; 1682:5-11); and rested on a

1 methodology that Poret changed at Apple’s behest after his first study yielded results that were too  
2 low to establish the required level of association (RT 1679:15-1680:18). Apple’s “impressive  
3 sales” (Mot. at 4) do not translate into secondary meaning because product success can be  
4 attributable to a variety of factors unrelated to source-identification, including the products’  
5 functional capabilities. *Continental Lab. Products, Inc. v. Medax Int’l, Inc.*, 114 F. Supp. 2d 992,  
6 1002-03 (S.D. Cal. 2000); *Yankee Candle Co., Inc. v. Bridgewater Candle Co.*, 99 F. Supp. 2d  
7 140, 154-55 (D. Mass. 2000); 4 *McCarthy on Trademarks and Unfair Competition* § 15:47 (4th  
8 ed. 1996) (“McCarthy”) (“Popularity of a product is not synonymous with secondary meaning.  
9 Large sales of the product may be due to dozens of factors, only one of which may be the drawing  
10 power of the trademark.”). And Apple’s advertisements of images of the iPad (PX11, PX128)  
11 cannot support a finding of secondary meaning because they do not direct the consumer’s attention  
12 to the specific features of the claimed trade dress. *First Brands Corp. v. Fred Meyer, Inc.*, 809  
13 F.2d 1378, 1383 (9th Cir. 1987) (plaintiff failed to use “look for” advertising); *Autodesk, Inc. v.*  
14 *Dassault Systems Solidworks Corp.*, 685 F. Supp. 2d 1001, 1014 (N.D. Cal. 2009); *Walker &*  
15 *Zanger, Inc. v. Paragon Indus., Inc.*, 549 F. Supp. 2d 1168, 1180 (N.D. Cal. 2007); *see also*  
16 *Yankee Candle Co. v. Bridgewater Candle Co.*, 259 F.3d 25, 44 (1st Cir. 2001) (“To be probative  
17 of secondary meaning, the advertising must direct the consumer to the features claimed as trade  
18 dress. . . . Merely ‘featuring’ the relevant aspect of the product in advertising is no more  
19 probative of secondary meaning than are strong sales”).

20 **B. The Record Does Not Support Judgment Or New Trial for Apple On Trade**  
21 **Dress Infringement**

22 Even if the iPad trade dress were protectable, Apple failed to meet its burden of showing  
23 likelihood of confusion under *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979).  
24 To begin with, Apple failed to present any credible survey evidence to support its claim. RT  
25 900:8-11 (Denison); 1101:23-1102:8 (Bressler); 1532:16-21 (Winer); 1704:1-8 (Van Liere). Van  
26 Liere’s survey results were both irrelevant and exaggerated due to serious methodological flaws.  
27 For example, respondents were not shown the back of the Samsung tablet, which prominently  
28 bears the “Samsung” trademark (RT 1707:11-1711:13), and the survey used a Nook as a control,

1 even though the Nook was identified with clear branding that customers would immediately  
2 recognize as not an iPad (RT 1711-14-1712:10). Moreover, Van Liere’s survey measured only  
3 post-sale confusion (RT 1702:6-14), and Apple failed to show that any alleged post-sale confusion  
4 affected consumers’ purchasing decisions. RT 1704:1-8 (Van Liere); *see Rearden LLC v.*  
5 *Rearden Commerce, Inc.*, 683 F.3d 1190, 1214 (9th Cir. 2012) (“Trademark infringement protects  
6 only against mistaken purchasing decisions and not against confusion generally.”) (citations  
7 omitted). Indeed, such post-sale product design trade dress claims are not legally cognizable at  
8 all. *Gibson Guitar Corp. v. Paul Reed Smith Guitars, L.P.*, 423 F.3d 539, 552 (6th Cir. 2005).  
9 Finally, even the post-sale survey evidence reflected at most a 6% confusion rate among  
10 respondents shown the branded tablet, which defeats liability. *See Gucci v. Guess*, 2012 WL  
11 2304247, at \*15 (S.D.N.Y. June 18, 2012) (survey showing 5.8 percent level of confusion in the  
12 post-sale setting supported defendant); *Cairns v. Franklin Mint Co.*, 24 F. Supp. 2d 1013, 1040  
13 (C.D. Cal 1998) (“survey evidence clearly favors the defendant when it demonstrates a level of  
14 confusion much below ten percent”) (citation omitted); 3 *McCarthy* § 32:189 (same).

15 Apple relies (Mot. at 5) on quadruple-hearsay about unconfirmed Galaxy Tab 10.1 returns  
16 at a single Best Buy store in New Jersey. Yet the document it cites shows on its face that the  
17 returns related to lack of product knowledge, not confusion, and its “Design” section makes no  
18 reference to any supposed confusion or mistake concerning the iPad. PX 59.19 (“consumers’  
19 lack of preexisting product knowledge and returns due to simple change of heart”); PX59.21-27.  
20 In any case, a few alleged instances of actual confusion do not support likely confusion given the  
21 volume of iPad sales.<sup>1</sup>

22 Any possibility of confusion was further undermined by evidence that consumers exercise  
23 much care when purchasing such high-priced electronics devices (RT 899:7-21 (Denison);  
24 1103:13-1104:18 (Bressler); 1538:12-19; 1539:3-15 (Winer)) and that Apple and Samsung  
25 employ different marketing and advertising strategies to sell their tablets (*see, e.g.*, PX54.36

26 <sup>1</sup> *Nutri/System, Inc. v. Con-Stan Indus.*, 809 F.2d 601, 606-07 (9th Cir. 1987); *Entrepreneur*  
27 *Media, Inc. v. Smith*, 279 F.3d 1135, 1150-51 (9th Cir. 2002); *Nautilus Group, Inc. v. ICON*  
28 *Health and Fitness, Inc.*, 372 F.3d 1330, 1337-38 (Fed. Cir. 2004) (four misdirected phone calls  
out of thousands); *Sharper Image Corp. v. Target Corp.*, 425 F. Supp. 2d 1056, 1074 (N.D. Cal.  
2006).

1 (“alternative retail concept: stores within a store”); PX59.18, 59.30, 60.11 (showing different  
 2 placement of Apple products); RT 682:20-683:6 (Schiller); 896:15-897:12 (Denison)). *See*  
 3 *Entrepreneur Media*, 279 F.3d at 1152.

4 The record also lacks evidence of Samsung’s intent to trade on the source-identifying  
 5 attributes of Apple’s claimed trade dress. Samsung wants consumers to know they are buying  
 6 Samsung products. RT 888:5-12 (“We want consumers to hear our message, understand that our  
 7 message is ours, and go out and buy our device.”); 878:2-879:19 (copying is not a sustainable  
 8 strategy). To that end, the Samsung logo appears on the Galaxy Tab 10.1, and the device  
 9 immediately displays the Samsung logo when turned on. RT 1541:14-1543:3 (Winer).  
 10 Samsung had been working on the Galaxy Tab 10.1 design before the iPad was even announced  
 11 (DX900; RT 2802:25-2804:16; 2814:1-2815:4), and Samsung viewed functionality, not product  
 12 configuration, as paramount (RT 2808:11-2809:12, 2811:19-2813:5, 2831:2-15 (“form follows  
 13 function”)). Finally, there was no evidence that Samsung represented itself as Apple in selling  
 14 the product.<sup>2</sup>

15 **C. The Record Does Not Support Judgment Or A New Trial For Apple On Trade**  
 16 **Dress Dilution**

17 Just as the record fails to show that Apple’s iPad trade dress acquired secondary meaning  
 18 by June 2011 (*see* Section I.A, *supra*), it also fails to show that the trade dress was *famous* as of  
 19 June 2011, as required to show dilution. Fame requires a level of recognition so high that the  
 20 asserted trade dress is a “household name.” *See Thane Int., Inc., v. Trek Bicycle Corp.*, 305 F.3d  
 21 894, 911 (9th Cir. 2002), *superseded by statute on other grounds, see* 15 U.S.C. § 1125(c).  
 22 Apple introduced no survey to prove such a level of recognition. The Court instructed the jury  
 23 that it should not consider the Poret survey results as evidence of fame, and those results were  
 24 inconsistent with Apple’s claims of fame. RT 1594:25-1595:3 (40.3% net association from  
 25

26 <sup>2</sup> *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989) (“The defendant  
 27 . . . may copy plaintiff’s goods slavishly down to the minutest detail; but may not represent  
 28 himself as the plaintiff in their sale.”) (quotation omitted); *M2 Software, Inc. v. Madacy*  
*Entertainment*, 421 F.3d 1073, 1085 (9th Cir. 2005) (no intent because defendant did not have  
 “any intention of capitalizing on [plaintiff’s] trademark”).

1 respondents who viewed the iPad without the home button).<sup>3</sup> Nor do Apple's advertisements  
 2 prove that the trade dress became famous by June 2011; the iPad advertisements focused on  
 3 product performance rather than promoting Apple's claimed trade dresses as source identifiers.  
 4 PX11; PX128; RT 645:1-13, 646:9-20.

5 Nor does the record support likely dilution by blurring, which requires proof that "the  
 6 capacity of the [plaintiff's] mark to identify and distinguish goods or services sold by [plaintiff]  
 7 has been lessened." *Nissan*, 378 F.3d at 1012. Apple introduced no survey showing point-of-  
 8 sale confusion (Section I.B., *supra*), and no evidence of actual association (RT 1534:14-17;  
 9 1535:1-20; 1537:2-13). Numerous similar third-party tablets were already on the market at the  
 10 time Samsung introduced the Galaxy Tab 10.1. Section I.A, *supra*. And Apple failed to show  
 11 that Samsung intended to trade on the unregistered trade dress in support of its claim for dilution  
 12 damages. Section I.B, *supra*.

13 For these reasons, Apple's motion for judgment as a matter of law or a new trial on  
 14 infringement or dilution by blurring should be denied.

15 **II. APPLE IS NOT ENTITLED TO JUDGMENT AS A MATTER OF LAW OR A**  
 16 **NEW TRIAL ON INFRINGEMENT OF THE D'889 PATENT**

17 **A. The Jury Correctly Found The Galaxy Tab 10.1 Does Not Infringe The D'889**

18 Apple seeks to substitute itself for the jury in determining whether the ordinary observer  
 19 familiar with the prior art would be deceived into believing the Galaxy Tab 10.1 design is the  
 20 same as the D'889 design, *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 677-78 (Fed. Cir.  
 21 2008) (en banc), but the evidence fails to support such an infringement. From the front, the  
 22 Galaxy Tab 10.1 has different aspect ratios, border widths and corner radii than the D'889 as well  
 23 as writing and other ornamentation not present on the D'889. JX1037, 1038, 1040. From the  
 24 side, the Galaxy Tab 10.1 has a thin profile that curves continuously around to the front (JX1037,  
 25 1038), while the D'889 has a thicker profile that intersects the front surface at a right angle

26 \_\_\_\_\_  
 27 <sup>3</sup> *Nissan Motor Co. v. Nissan Comp. Corp.*, 378 F.3d 1002, 1014 (9th Cir. 2004); 4 *McCarthy* §  
 28 24:106 ("minimum threshold survey response should be in the range of 75% of the general  
 consuming public of the United States"); *Carnival Corp. v. SeaEscape Casino Cruises, Inc.*, 74 F.  
 Supp. 2d 1261, 1270-71 (S.D. Fla. 1999) (68% consumer recognition insufficient to find fame).

1 (JX1040). And from the back, the Galaxy Tab 10.1 reveals a two-piece design with a seam  
2 separating its two parts as well as a rim separating the front glass surface and the larger back panel  
3 (RT 1227:24-1228:19), while the back panel of the D’889 design is one piece that extends to the  
4 front of the device to form a “single, seamless vessel” (RT 522:24-523:4; 1225:15-18) with only a  
5 single seam (or “gap”) with the glass front face (RT 1225:19-1226:8). Mr. Stringer, a D’889  
6 named inventor, testified that the “seamless back housing” and the “single gap” were important  
7 objectives of the D’889 design, neither of which is found in the Galaxy Tab 10.1. RT 522:24-  
8 523:10.<sup>4</sup> Moreover, the Galaxy Tab 10.1 back is two-toned while the D’889 has a uniform back  
9 (RT 1233:2-4); the back of the Galaxy Tab 10.1 has logos and writing while the D’889 has none  
10 (JX1037; 1038); and the back of the Galaxy Tab 10.1 has a brushed, matte, non-reflective surface  
11 (RT 1232:19-1233:1), while the D’889 has a translucent and/or reflective back, as indicated by the  
12 oblique line shading in Figure 2 (RT 1230:11-18). These differences are more than sufficient to  
13 support the jury’s verdict of no infringement. *See, e.g., Smith v. Whitman Saddle*, 148 U.S. 674,  
14 682 (1893) (distinguishing saddle designs based on angle of drop at rear of pommel); *Egyptian*  
15 *Goddess*, 543 F.3d at 682-83 (no infringement based on one design difference).

16 The differences between the Galaxy Tab 10.1 and the D’889 are further reinforced by a  
17 direct comparison to the 035 model, which Apple admits is the physical embodiment that was  
18 used to prepare the figures in the D’889 patent (RT 528:12-15; Dkt. 1184 at 1), and is shown in  
19 the photographs submitted to the PTO during prosecution (RT 538:20-539:14; DX740, 741). A  
20 straightforward visual comparison confirms all of the differences discussed above and more: a  
21 two-piece housing versus single seamless housing; multiple seams versus single gap between  
22 screen and housing; thin rounded profile versus thicker straight profile; and a matte, two-tone back  
23 versus reflective, uniform back. JX1037, 1038; RT 4012:14-19.

24 In an effort to overcome these differences, Apple relies heavily (Mot. at 8) on Bressler’s  
25 conclusory opinion that “the continuous flat, clear, edge-to-edge glass front surface” is the “major  
26 driver of the overall impression” of the D’889. But this opinion focuses only on the front

27 <sup>4</sup> Contrary to Apple’s argument that Mr. Stringer’s “inspiration” for his design cannot limit the  
28 scope of the D’889 patent (Mot. at 9), the inventor’s testimony on cross-examination about his  
invention is relevant here. *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1317 (Fed. Cir. 2005).

1 surface, not on all views of the claimed design. Bressler also conceded that the other views  
2 matter when he admitted that the iPad 1 is *not* an embodiment of the D’889 patent because of  
3 differences in the back of the device (RT 3611:19-3612:21), even though that device has a “flat,  
4 clear, edge-to-edge glass front surface” (JX1004). *See Int’l Seaway Trading Corp. v. Walgreens*  
5 *Corp.*, 589 F.3d 1233, 1242-43 (Fed. Cir. 2009).

6 The record also shows that many features of the D’889 design are functional and thus not  
7 protectable elements of the claimed design. Such features must be factored out in the  
8 infringement analysis. *Richardson v. Stanley Works, Inc.*, 597 F.3d 1288, 1293 (Fed. Cir. 2010);  
9 *OddzOn Prods., Inc. v. Just Toys, Inc.*, 122 F.3d 1396 (Fed. Cir. 1997). As Samsung’s expert  
10 Itay Sherman testified, a rectangular display, overall rectangular shape, rounded corners, and a flat  
11 front face are all functional. RT 2604:7-22; 2605:2-18; 2608:19-2609:9. Bressler admitted that  
12 he did not factor out any functional aspects of the D’889 design (RT 1090:9-22), even though he  
13 acknowledged that certain features of Apple’s claimed designs, such as the transparent cover over  
14 the display screen, are “absolutely functional” (RT 1199:25-1200:4). Because Bressler failed to  
15 apply the correct legal standard, his opinion on infringement merits no weight. *Read Corp. v.*  
16 *Portec, Inc.*, 970 F.2d 816, 825 (Fed. Cir. 1992), *superseded on other grounds as recognized by*  
17 *Hoechst Celanese Corp. v. BP Chems. Ltd.*, 78 F.3d 1575 (Fed. Cir. 1996).<sup>5</sup>

18 The record further shows that many features of the D’889 design are found in the prior art,  
19 which heightens the significance of the differences between the D’889 and the Galaxy Tab 10.1.  
20 *Egyptian Goddess*, 543 F.3d at 676. Here, the prior art, including the Compaq TC1000 and the  
21 Fidler Tablet, disclosed many of the same fundamental features shown in the D’889 patent:  
22 “overall rectangular [shape] with evenly rounded corners”; “flat front surface that goes across the  
23 whole front face up to a relatively thin rim”; “relatively narrow profile”; and “almost identical to  
24 the proportions of the D’889.” RT 2597:24-2598:10, 2600:1-17.<sup>6</sup>

25 \_\_\_\_\_  
26 <sup>5</sup> To the extent Bressler addressed functionality at all, he merely alleged that alternative designs  
27 were available. RT 1090:12-1091:8. This conclusory opinion was entitled to no weight, for  
28 design patent alternatives must offer the same functional utility as the accused device. *PHG*  
*Techs., LLC v. St. John Cos.*, 469 F.3d 1361, 1366-67 (Fed. Cir. 2006).

<sup>6</sup> Bressler’s opinion that the TC1000 and Fidler designs were “far afield” from the D’889 patent  
does not warrant overturning the jury’s verdict, as Apple contends. Mot. at 8-9. The jury was  
(footnote continued)

1 Apple argues (Mot. at 9) that the similarity of the designs is apparent from press reports  
2 and internal Samsung documents. But these are unavailing because the key vantage point for  
3 substantial similarity is that of “the ordinary observer, giving such attention as a purchaser usually  
4 gives.” *Gorham Mfg. Co. v. White*, 81 U.S. 511, 528 (1871). This standard requires more than  
5 a mere mistake by “passers-by” or a person who is seeing and holding the Galaxy Tab 10.1 “for  
6 the first time.” And it requires “the resemblance” between the designs to be so close as to  
7 “deceive” the ordinary observer, “inducing him to purchase one supposing it to be the other,” *id.*,  
8 which Apple’s cited documents do not establish. Likewise, a handful of unconfirmed, hearsay  
9 reports regarding customer returns at a single New Jersey Best Buy (*see* Section I.B, *supra*) does  
10 not support infringement. Not only does the document fail as proof for the reasons discussed  
11 above, but the ordinary observer purchasing costly and highly-marketed tablets will pay close  
12 attention and will not be deceived in product purchasing. *See* RT 899:16-21, 1103:13-1104:18.

13 Finally, Apple ignores the Seventh Amendment and settled precedent in suggesting (Mot.  
14 at 7-8) that the jury’s finding of non-infringement should yield to this Court’s prior finding that  
15 Apple was likely to persuade a jury of its infringement claim. “[I]nfringement cases today must  
16 be tried to a jury” under the Seventh Amendment, *Markman v. Westview Instruments, Inc.*, 517  
17 U.S. 370, 377 (1996), and preliminary injunction findings are *not* binding on the jury at trial.  
18 *See, e.g., Jack Guttman, Inc. v. Kopykake Enters., Inc.*, 302 F.3d 1352, 1361 (Fed. Cir. 2002); *S.*  
19 *Or. Barter Fair v. Jackson County*, 372 F.3d 1128, 1136 (9th Cir. 2004). This Court recognized  
20 as much when it it sent the infringement issue to the jury and when it later dissolved the  
21 preliminary injunction it previously ordered. Dkt. 2011. And the jury did not have “the same  
22 visual evidence” as the Court or the Federal Circuit at the preliminary injunction stage (Mot. at 7);  
23 the jury was able to consider the physical specimens of the TC1000 and the Fidler Tablet prior art,  
24 Apple’s admissions at trial (like the admission that the iPad 1 does not embody the D’889 patent),  
25 and the 035 model (Dkt. 346, 398). The Court’s earlier determination is no reason to set aside  
26 the jury’s non-infringement verdict now.

27 \_\_\_\_\_  
28 able to inspect the prior art devices itself, and to weigh the credibility of Bressler’s conclusion in  
light of the striking similarities between the prior art and the claimed D’889 design.

1           **B.       The Court Correctly Construed Figure 2 Of The D’889 Patent**

2           Apple offers no persuasive reason (Mot. at 10-11) for the Court to reconsider its  
3 construction of the “oblique line shading” in Figure 2 of the D’889 patent as depicting a  
4 “transparent, translucent, or highly polished or reflective surface from . . . the bottom perspective  
5 view of the claimed design.” Dkt. 1425 at 10-11; Dkt. 1447 at 2-3 (denying reconsideration).  
6 The Court’s construction is grounded in the MPEP guidelines, which provide that “[o]blique line  
7 shading must be used to show transparent, translucent and highly polished or reflective surfaces.”  
8 MPEP 1503.02 (II). Apple concedes (Mot. at 10) that the oblique lines depicted on the front of  
9 the claimed design in Figures 1 and 3 represent transparent or translucent surfaces. There is no  
10 reason to construe the oblique lines in Figure 2 any differently. Dkt. 1425 at 10 n.1. Moreover,  
11 Apple’s own expert admitted that the oblique line shading indicated that the back of the D’889  
12 design is a “shiny surface,” RT 1230:11-18, and the 035 model (DX741) used as the basis for the  
13 figures in the D’889 patent has a shiny back surface, confirming the Court’s construction that the  
14 back of the design is reflective and/or highly polished. The photographs of the 035 model show  
15 this same feature. DX740.007-9. In any case, the numerous differences between the D’889  
16 design and the Galaxy Tab 10.1 are more than sufficient to support the jury’s verdict of no  
17 infringement regardless of this issue of construction.

18           **C.       No New Trial Is Warranted On Infringement Of The D’889 Patent**

19           Contrary to Apple’s final argument for new trial with respect to the D’889 patent (Mot. at  
20 12-13), the Court made no error insofar as it instructed the jury under *Gorham* that deceptive  
21 similarity is required for design patent infringement.<sup>7</sup> It is undisputed that *Gorham* is the  
22 governing articulation of the infringement test. Apple’s reliance on *L.A. Gear, Inc. v. Thom*  
23 *McAn Shoe Co.*, 988 F.2d 1117 (Fed. Cir. 1993), is misplaced, for that decision explicitly relied on  
24 the *Gorham* standard, including the requirement of deceptive similarity, to affirm a judgment of  
25 design patent infringement. *Id.* at 1124. Apple ignores this discussion (Mot. at 12), and instead  
26 misleadingly points to the Federal Circuit’s analysis of unfair competition under the Lanham Act.

27 \_\_\_\_\_  
28 <sup>7</sup> To the contrary, the Court’s jury instructions on design patent infringement unduly favored  
Apple’s positions. See *Samsung JMOL* (Dkt. 1990-3), at 4-9.

1 *Id.* at 1134. Apple’s other cited cases (Mot. at 12) are similarly inapposite: *Unette Corp. v.*  
2 *Unit Pack Co.*, 785 F.2d 1026, 1028 (Fed. Cir. 1986), and *Braun, Inc. v. Dynamics Corp.*, 975  
3 F.2d 815, 819-22 (Fed. Cir. 1992), both explicitly relied on the *Gorham* deceptive similarity  
4 standard. Nothing in Apple’s authorities suggests that the Federal Circuit has deviated from the  
5 *Gorham* standard, and the Federal Circuit’s most recent *en banc* decision on design patents,  
6 *Egyptian Goddess*, and other panel decisions confirm that the Court has consistently applied  
7 *Gorham*, including the deceptive similarity requirement. *E.g.*, *Egyptian Goddess*, 543 F.3d at  
8 670; *Richardson*, 597 F.3d at 1295; *Crocs, Inc. v. ITC*, 598 F.3d 1294, 1303 (Fed. Cir. 2010);  
9 *OddzOn Prods.*, 122 F.3d at 1405.

10 **III. APPLE IS NOT ENTITLED TO JUDGMENT AS A MATTER OF LAW OR A**  
11 **NEW TRIAL ON ITS REMAINING CLAIMS**

12 **A. The Record Supports The Jury’s Findings Of Non-Infringement Of The D’677**  
13 **Or D’087 Patents**

14 Apple incorrectly asserts (Mot. at 13-14) that, because the jury found infringement as to  
15 some of Samsung’s accused devices, Apple is entitled to judgment or a new trial as to those for  
16 which no infringement was found. That is incorrect, for infringement requires a product-by-  
17 product assessment. Dkt. 1931 at 6-8. The accused Samsung phones have individual and  
18 distinctive designs, yet Apple points only to the conclusory testimony of its expert Bressler that  
19 the “overall impression” of all the Samsung devices is the same. Mot. at 14. Apple cannot  
20 bootstrap a partial victory into a clean sweep in this way.

21 *First*, the evidence amply supports the jury’s finding that the Galaxy Ace does not infringe  
22 the *D’677 patent*. Among other differences, the Galaxy Ace has a rectangular central physical  
23 button accented with chrome trim, a long thin speaker opening above the screen filled with a  
24 chrome grate, prominent silver writing and ornamentation, wider lateral borders, and icons below  
25 the screen. JX1030. These differences make the Galaxy Ace markedly different from the  
26 *D’677 patent*, which lacks these features and colors. *Compare* JX1030 *with* JX1043. Bressler  
27 also distinguished the *D’677 design* from a prior art device having “a huge button across the  
28 bottom” (RT 1119:19-22), so the Galaxy Ace cannot infringe on the basis of that feature.

1           *Second*, the jury also correctly decided that the Galaxy S II phones (AT&T; i9100; Epic  
2 4G Touch, and Skyrocket) and the Infuse 4G do not infringe the **D’087 patent**. The Galaxy S II  
3 phones do not have a prominent bezel with the shape or size of the D’087 patent (JX1031, 1032,  
4 1034, 1035), and on the Infuse 4G, there is no bezel at all (JX1027; RT 1126:22-1127:1). As  
5 Bressler admitted, “the absence of a bezel takes you out of substantial similarity” for the D’087  
6 patent. RT 1121:7-10. A visual survey of the phones found to be non-infringing also shows  
7 other differences from the D’087 patent, including the presence of icons on the front; writing and  
8 logos above and below the screen; speaker slots with different locations, shapes, and appearances;  
9 different borders; and corners with varying radii. *See* JX1027; RT 1159:17-21; 1160:6-11;  
10 1163:23-1164:10; 1164:17-21; 1165:11-17 (Infuse 4G); JX1031 (Galaxy S II – AT&T); JX1032  
11 (Galaxy S II – i9100); JX1034 (Epic 4G Touch); JX1035 (Galaxy S II – Skyrocket).

12           **B. The Record Supports The Jury’s Findings Of Non-Dilution Of Apple’s**  
13           **Registered iPhone And Unregistered iPhone 3G Trade Dresses**

14           There also is no basis to overturn the jury’s finding that many of the accused Samsung  
15 smartphones did not dilute the iPhone 3G trade dresses. Dkt. 1930 at 11-12. The iPhone 3G  
16 trade dresses are not protectable as they are functional and lack secondary meaning, and they were  
17 not famous as of the critical date. *See* Dkt. 1990-3 at 19-22. Even if the iPhone 3G trade  
18 dresses were protectable and famous, however, Apple failed to establish likely dilution by any of  
19 Samsung’s accused smartphones. Apple introduced no evidence of actual dilution, as its own  
20 expert admitted on cross-examination. RT 1534:14-21 (“no empirical evidence” and “no hard  
21 data to show that Samsung’s actions have diluted Apple’s brand”). The survey results of  
22 “association” introduced by Apple’s expert Van Liere were shown on cross-examination to be  
23 unreliable, inflated, and inapplicable to most of the accused phones. RT 1716:11-1721:17  
24 (admitting survey tested only two Samsung phones and may have measured association merely in  
25 the same manner that consumers “associate” Burger King and McDonald’s). The evidence of  
26 third-party smartphones with similar trade dress undercuts Apple’s dilution claim. Dkt. 1990-3  
27 at 11:14-20. And the iPhone 3G trade dresses include features, such as a prominent “metallic  
28

1 bezel” and “rounded silver edges” (JX1039; Dkt. 1904-11 at 113) that are plainly missing from  
2 these accused Samsung phones (JX1011-12, 1016, 1022, 1025, 1027, 1031-35).

3 **C. The Record Supports The Jury’s Finding Of Non-Dilution Of Apple’s**  
4 **Unregistered Combination iPhone Trade Dress**

5 The evidence similarly supports the jury’s finding that the unregistered combination  
6 iPhone trade dress is not protectable. That alleged trade dress is functional. Dkt. 1990-3 at 19-  
7 21. It includes a clear face covering the front (RT 1199:25-1200:16 (“absolutely functional”));  
8 four evenly rounded corners (RT 680:9-15 (“help you move things in and out of your pocket”),  
9 2605:2-18, 2607:6-2608:2); a large display screen (RT 674:20-675:24 (“a benefit to users”));  
10 substantial borders above and below the display screen (RT 679:15-20 (“hide internal wiring and  
11 components”)); familiar icon images (RT 1451:13-1453:9; 1455:12-25 (“communicate clearly and  
12 consistently”)); and a useful size and shape (DX562.001 (“size and shape/comfort benefits”).

13 Apple also failed to establish that the alleged combination trade dress acquired secondary  
14 meaning. Dkt. 1990-3 at 21. The claimed combination trade dress excludes many features of  
15 the iPhone—including the home button, the Apple logo, and the metallic bezel claimed in the  
16 iPhone 3G trade dress. Dkt. 1904-11 at 114. Instead, it is directed to generic features of slab  
17 smartphones that are widely marketed by numerous third-parties besides Apple. RT 893:16-  
18 895:12-20; DX712; DX2627. Even if the unregistered combination iPhone trade dress were  
19 protectable, the evidence does not support a finding of dilution by blurring. Apple failed to  
20 establish fame, likely dilution or that Samsung intended to trade on any source-identifying  
21 attributes of the combination trade dress. Dkt. 1990-3 at 11-12, 21-22.

22 **D. The Record Supports The Findings Of Utility Patent Non-Infringement**

23 Contrary to Apple’s argument (Mot. at 16-17), ample evidence supports the jury’s findings  
24 that several Samsung products did not infringe *the ‘915 and ‘163 patents*. See RT 2910:6-  
25 2912:19; 2922:7-2924:3 (Gray non-infringement testimony); JX1007, 1009-16, 1019-20, 1022-28,  
26 1030-33, 1036-37 (non-infringing products). Apple’s expert performed an infringement analysis  
27 on only *one* product—the Samsung Galaxy S II (AT&T)—but failed to provide any infringement  
28 analysis for the other 23 accused products (RT 1741:15-1747:23; 1751:19-1753:12), including

1 those that the jury found were not infringing. Those findings are well-supported. By contrast,  
2 the jury's findings that other accused Samsung products infringe these patents are not supported  
3 by evidence, as Samsung has shown. Dkt. 1990-3 at 13-14.

4 **E. The Record Supports The Findings That Samsung Did Not Willfully Infringe**

5 Although Apple seeks judgment as a matter of law on willfulness as to instances where the  
6 jury declined to find or did not reach willfulness (Mot. at 17-18), it fails to acknowledge that it  
7 needed to prove willfulness by clear and convincing evidence. *See In re Seagate Techs., Inc. v.*  
8 *Gateway, Inc.*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en banc); *Bard Peripheral Vascular, Inc. v.*  
9 *Gore & Assoc., Inc.*, 682 F.3d 1003, 1005 (Fed. Cir. 2012). Because Apple offered *no* evidence  
10 as to what Samsung knew or should have known about the existence, validity, and infringement of  
11 the patents or trade dresses at issue, the record supports the jury's findings. *See i4i Ltd. P'ship v.*  
12 *Microsoft Corp.*, 598 F.3d 831, 860 (Fed. Cir. 2010); *LML Holdings, Inc. v. Pac. Coast Distrib.*  
13 *Inc.*, 2012 WL 1965878 at \*4 (N.D. Cal. May 30, 2012). Apple cites supposed evidence of  
14 copying, but copying differs from infringement as a matter of law, *see Allen Engineering Corp. v.*  
15 *Bartell Indus.*, 299 F.3d 1336, 1351 (Fed. Cir. 2002). There is thus no basis to overturn the  
16 jury's findings of non-willfulness.

17 **F. The Record Supports The Jury's Finding Of SEC Non-Infringement And**  
18 **Non-Inducement**

19 Apple argues that evidence of copying "conclusively demonstrated" that SEC infringed  
20 Apple's D'087 and D'889 patents, diluted its trade dress, and induced STA and SEA to infringe  
21 and dilute, based solely on the opinion testimony of its damages expert that "SEC sells product to .  
22 . . [STA], and the phones move across the Pacific and land in the United States." Mot. at 17-18.  
23 But patent infringement "cannot be predicated on acts wholly done in a foreign country," *Rotec*  
24 *Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1251 (Fed. Cir. 2000), and "[m]ere knowledge  
25 that a product sold overseas will ultimately be imported into the United States is insufficient to  
26 establish liability under section 271(a)," *MEMC Elec. Materials, Inc. v. Mitsubishi Materials*  
27 *Silicon*, 420 F.3d 1369, 1377 (Fed. Cir. 2005). The evidence at trial failed to show that SEC  
28 negotiated or signed contracts, made, used, offered to sell, or sold any infringing products in the

1 United States; or took any action in the United States to dilute Apple’s trade dress. Furthermore,  
2 supposed copying “is of no import on the question of whether the claims of an issued patent are  
3 infringed.” *Allen Engineering Corp. v. Bartell Industries, Inc.*, 299 F.3d 1336, 1350-51 (Fed.  
4 Cir. 2002); *accord L.A. Gear*, 988 F.2d at 1126-27.

5 The record similarly fails to furnish evidence that SEC actively induced infringement or  
6 dilution. “To establish liability under section 271(b), a patent holder must prove that once the  
7 defendants knew of the patent, they actively and knowingly aided and abetted another’s direct  
8 infringement.” *DSU Medical Corp. v. JMS Co.*, 471 F.3d 1293, 1305 (Fed. Cir. 2006) (en banc).  
9 Inducement requires proof that the defendant “intend[ed] to cause” the infringing acts. *Hewlett-*  
10 *Packard Co. v. Bausch & Lomb Inc.*, 909 F.2d 1464, 1469 (Fed. Cir. 1990). The Federal Circuit  
11 has made clear that “mere knowledge of possible infringement by others does not amount to  
12 inducement; specific intent and action to induce infringement must be proven.” *DSU*, 471 F.3d at  
13 1305. And “evidence of mere inaction by a parent company in the face of infringement by a  
14 subsidiary – i.e., a failure to stop infringement” is not sufficient. *Tegal Corp. v. Tokyo Electron*  
15 *Co.*, 248 F.3d 1376, 1379 (Fed. Cir. 2001).

16 Apple claims (Mot. at 18) that SEC should have been found liable for inducing  
17 infringement by its subsidiaries simply “because SEC knew or was willfully blind to the fact that  
18 their sales infringed Apple’s patents.”<sup>8</sup> But the scant evidence introduced by Apple shows  
19 nothing more than passive knowledge by SEC, and the uncontradicted evidence establishes that  
20 STA makes its own decisions regarding its sales. RT 900:12-24 (Denison). Absent evidence of  
21 intentional acts of inducement, the jury’s finding should not be overturned.

22  
23  
24 <sup>8</sup> This directly contradicts Apple’s recent argument in the Federal Circuit in another case that  
25 proving inducement requires evidence of “specific intent to encourage another’s infringement,”  
26 and requires evidence of culpable conduct, directed to encourage another’s infringement, not  
27 merely that the inducer had knowledge of the direct infringers activities.” Brief of Defendant-  
28 Appellee Apple, Inc. at \*25, *Mirror Worlds, LLC v. Apple Inc.*, 2011 WL 6939526 (Fed. Cir. Nov.  
10, 2011) (Nos. 2011-1392, 2011-1393) (quoting *DSU Medical Corp.*, 471 F.3d at 1306). The  
Federal Circuit, adopting Apple’s argument, held that “there was a lack of substantial evidence” of  
underlying direct infringement by consumers. *Mirror Worlds, LLC v. Apple Inc.*, No. 2011-1392,  
2012 WL 3800812, at \*9 (Fed. Cir. Sept. 4, 2012).

1           **G.       The Court May Not Increase The Jury’s Damages Award**

2           Contrary to Apple’s suggestion (Mot. at 18-19) that the Court should increase the verdicts  
3 as to five products if the Court grants remittitur on some of the damages verdicts, the Seventh  
4 Amendment prohibits judicial increase of a jury award. *Dimick v. Schiedt*, 293 U.S. 474, 486-87  
5 (1935); *DePinto v. Provident Sec. Life Ins. Co.*, 323 F.2d 826, 837 (9th Cir. 1963) (“Federal  
6 practice does not permit the use of additur in cases where the amount of damages is disputed.”).  
7 The principle that federal courts may *decrease* the amount of a jury damages award but may not  
8 *increase* such an amount is long established. *See Dimick*, 293 U.S. at 486 (“increase by the court  
9 is a bald addition of something which in no sense can be said to be included in the verdict”).

10           Apple cannot avoid this clear prohibition by couching its request (Mot. at 18) as an  
11 “offset” against reductions. Courts have long recognized that the prohibition against additur  
12 applies even if a district court has already granted remittitur. *Earl v. Bouchard Transp. Co., Inc.*,  
13 917 F.2d 1320, 1331 (2d Cir. 1990) (remanding “impermissible ‘additur’” because in granting  
14 remittitur, district court factored in an amount for a dismissed claim); *Akermanis v. Sea-Land*  
15 *Service, Inc.*, 688 F.2d 898, 902, 907 n.1 (2d Cir. 1982) (same even if party consents); *see also*  
16 *Franceschi v. Hospital General San Carlos Inc.*, 420 F.3d 1, 5 (1st Cir. 2005).

17           Nor can Apple rely upon Samsung’s own expert’s figures at trial. A jury is “not bound to  
18 accept the bottom line provided by any particular damages expert.” *In re First Alliance Mortg.*  
19 *Co.*, 471 F.3d 977, 1002 (9th Cir. 2006); *see Novak v. Gramm*, 469 F.2d 430, 432-33 (8th Cir.  
20 1972) (rejecting argument that additur was warranted because damages were undisputed in light of  
21 expert’s computations). Samsung never conceded that its expert’s figures represented a  
22 minimum for product damages, and the jury was not required to treat them as such. Moreover,  
23 no authority permits the cherry-picking Apple advocates, where jury awards that are *lower* than  
24 Samsung’s expert’s profits calculations (for the five products Apple mentions) would be  
25 increased, yet jury awards that are *higher* than Samsung’s expert’s profits calculations (for the 18  
26 other products that Apple ignores (DX781)) would *not* be decreased to those amounts.

27           The sole authority Apple cites in support of its request, *Taylor v. Green*, 868 F.2d 162, 165  
28 (5th Cir. 1989), is inapposite. In *Taylor*, the court recognized that it “lacked power to add to the

1 amount of the verdict for either compensatory or punitive damages,” but modified the judgment to  
2 award one dollar as nominal damages after the jury found the defendants liable for a civil rights  
3 violation. *Id.* at 164-65. This narrow exception to the constitutional prohibition against additur  
4 for awards of nominal damages has no bearing here. Far from seeking additur of \$1 in nominal  
5 damages, Apple seeks additur of more than \$155 million in compensatory damages. The Court  
6 should deny its request for such unwarranted violation of Samsung’s constitutional rights.

7 **IV. THE RECORD PROVIDES NO BASIS TO FIND SAMSUNG’S PATENTS**  
8 **INVALID AS ANTICIPATED OR OBVIOUS**

9 *The ‘893 Patent.* Contrary to Apple’s argument (Mot. at 19-20), a reasonable jury could  
10 have found that Apple did not meet its burden to invalidate the ‘893 patent. Apple’s evidence  
11 did not even address significant features of the ‘893 patent. Apple contends that it proved  
12 through the testimony of Dr. Dourish that the LG patent discloses every limitation of claim 10.  
13 As Dr. Yang explained, however, the LG patent discloses only switching between “different  
14 display modes,” and fails to disclose the claimed switch to a “camera photographing mode” (that  
15 is, the mode in which photographs are taken/captured). RT 3666:4-3666:19. In fact, Dr.  
16 Dourish only testified that the LG patent discloses switching between two viewing modes—an  
17 “image display mode” and a “*view* photograph mode” (RT 3214:17-3216:3)—which has no  
18 bearing on the obviousness of switching to the camera mode, and failed to explain why it would  
19 have been obvious to bookmark a last-viewed photo even while capturing new photos.

20 *The ‘711 Patent.* A reasonable jury similarly could have found that Apple did not meet  
21 its burden to invalidate the ‘711 patent. Apple failed to prove that the K700i was on sale and  
22 publicly available in 2004. The Court sustained Samsung’s objection to Apple’s introduction of  
23 an affidavit from Sony (PX113) purporting to authenticate the sale of the K700i in 2004. Dkt.  
24 1774 at 5-6. Apple provided only the last two pages, without authentication, coupled with other  
25 hearsay evidence. RT 3234:21-3237:18. Further, Apple failed to meet its burden to prove (a)  
26 that the Applet in Wong could be used for multitasking on a mobile phone as required in the ‘711  
27 patent; (b) that the K700i only contained a single processor; and (c) that there was a motivation to  
28 combine the K700i with the Wong patent. Samsung showed that (a) neither the K700i nor the

1 Wong patent disclosed the use of an Applet for multitasking music on a single processor as the  
2 '711 patent claims (RT 3242:1-7, 3667:10-25); and (b) the USPTO examiner was aware of phones  
3 like the K700i that could multitask music and still issued the '711 patent. RT 3666:20-3667:9.

4 ***The '460 Patent.*** A reasonable jury likewise could have found that Apple failed to prove  
5 that the '460 patent is invalid. Apple failed to provide any prior art that disclosed one of the key  
6 elements of the patent—displaying a photo in the body of an email. As Dr. Yang explained,  
7 none of Dr. Srivastava's references discloses sending an email displaying a photo, as opposed to  
8 merely attaching it. RT 3669:2-17. Dr. Srivastava's conclusory testimony that it would have  
9 been obvious for a person of skill in the art to combine the Yoshida, Suso, and Harris references,  
10 and then perform the additional limitation of displaying a photo in an email, fails in light of  
11 Apple's inability to find any art disclosing the display of pictures within an email. And the '460  
12 patent goes beyond even that element, and combines it with other features such as the text-only  
13 email in a first email sub-mode and scrolling.

14 ***The '516 Patent.*** Apple also failed to prove that the '516 patent is invalid. Apple's only  
15 prior art reference, Hatta, disclosed nothing more than the problem the '516 patent solved. RT  
16 3657:23-3658:17. Hatta also failed to disclose scaling only the HARQ channels, a fundamental  
17 element of the '516 invention. RT 3657:16-3658:6. Apple failed to meet its burden of producing  
18 clear and convincing evidence demonstrating invalidity.

19 ***The '941 Patent.*** Apple's only prior art reference here, Agarwal, was directed to an  
20 entirely different situation, addressing a fixed communication facility that talks to satellites, not a  
21 mobile phone network. RT 3659:2-7. Agarwal also failed to disclose a number of limitations in  
22 claims 10 and 15, including the one bit field, the serial number, and the length indicator field. RT  
23 3659:10-21. The jury properly rejected Apple's arguments for invalidity.

24 **V. THE RECORD SUPPORTS THE JURY'S REJECTION OF APPLE'S CONTRACT**  
25 **CLAIMS**

26 **A. Apple Failed To Establish Samsung's ETSI Obligations Under French Law**

27 Apple failed to call any French law expert to testify about the meaning of Samsung's  
28 obligations under the ETSI IPR Policy even though it expressly provides that it "shall be governed

1 by the laws of France” (DX613.19), and Samsung’s ETSI declarations for the ‘516 and ‘941  
2 patents state that their “construction, validity, and performance” are governed by the laws of  
3 France (PX122.024; PX122.041). Under Ninth Circuit law, the failure to prove foreign law on  
4 which a claim depends warrants dismissal of the claim. *Philp v. Macri*, 261 F.2d 945, 948 (9th  
5 Cir. 1958) (citing *Cuba R. Co. v. Crosby*, 222 U.S. 473 (1912)).

6 **B. The Record Fails To Show Samsung’s Breach Under ETSI IPR Policy**

7 Apple argues (Mot. at 22) for a bright-line rule that confidential patent applications must  
8 be disclosed to ETSI before the adoption of the relevant standard. But that supposed rule lacks  
9 support in the ETSI IPR Policy (PX74); Clause 4.1 of the Policy merely requires that members  
10 “use [] reasonable endeavours to timely inform ETSI of ESSENTIAL IPRs” and disclose IPRs  
11 that might relate to their proposals on a “bona fide” basis. PX74.2. ETSI has never been able  
12 to agree on a definition of “timely” (DX613.8 (“Definitions for ‘Timeliness’ or ‘Timely’ cannot be  
13 agreed . . . .”), and distinguishes between “intentional delay” and mere delay (DX613.8-9),  
14 treating only “intentional delay” as a violation of the ETSI IPR Policy (DX613.9; PX74.5).

15 Moreover, the uncontroverted evidence showed a course of conduct by ETSI members  
16 negating any such bright-line rule. Major companies (such as Nokia and Motorola) do not  
17 disclose their IPR before a standard is finalized, and regularly disclose IPR later in the standard-  
18 setting process than Samsung. RT 3644:7-3646:12 (Teece). And Dr. Walker admitted that no  
19 company discloses its IPR at meetings where technical proposals are discussed (RT 3521:21-25);  
20 that Samsung’s actions did not constitute “intentional delay” (RT 3520:21-3521:2); and that  
21 Samsung’s actions were not a “Violation” of the IPR Policy (RT 3526:4-10).

22 The evidence in the record similarly failed to demonstrate that any disclosure duty applied  
23 to Samsung’s Korean patent applications. The IPR Policy expressly excludes “confidential  
24 information, trade secrets or the like” from the definition of “IPR” (PX74.5). Dr. Walker  
25 admitted that confidential patent applications are not IPR under the ETSI IPR Policy (RT 3517:23-  
26 25); that the Korean patent applications were confidential at the time Apple claims they should  
27 have been disclosed (RT 3518:17-3519:2); and that he had not read the Korean applications he  
28

1 asserted Samsung did not timely disclose (RT 3518:1-8). Thus, no disclosure duty attached to  
2 Samsung's applications, which were not IPR until they were published.<sup>9</sup>

3 **C. The Record Fails To Show Causation Or Damages On Apple's Non-Disclosure**  
4 **Contract Claim**

5 Even if the record warranted judgment on Samsung's purported breach of the ETSI  
6 disclosure rules (and it does not), it fails to support any finding of causation or damages. Apple  
7 introduced no evidence of the French standard for causation in a contract damages case, *see Philp*,  
8 261 F.2d at 948, nor did it carry its burden if California law applies. *See* CAL. CIV. CODE § 3300  
9 (requiring proximate causation); *St. Paul Fire and Marine Ins. Co. v. Am. Dynasty Surplus Lines*  
10 *Ins. Co.*, 101 Cal. App. 4th 1038, 1061 (2002). Apple introduced no credible evidence that ETSI  
11 would have adopted different technologies in place of Samsung's proposals. The evidence Apple  
12 cites is insufficient to support even but-for causation. RT at 3579:2-6 (Ordoover) ("led to a choice  
13 of technology *that may not have been chosen* but for its conduct") (emphasis added). Finally,  
14 the damages Apple claims for breach of contract are its technical expert fees (Mot. at 23), which  
15 are not recoverable as compensatory damages. CAL. CIV. CODE § 1717; CAL CODE CIV. PROC. §§  
16 1021, 1033.5(b)(1) (expert fees are unrecoverable costs); *First Nationwide Bank v. Mountain*  
17 *Cascade, Inc.*, 77 Cal. App. 4th 871, 878-89 (2000) ("must specially plead and prove their right to  
18 recover expert witness fees under an appropriate provision of their contract"). Apple cites no  
19 provision of the ETSI IPR Policy that authorizes expert fees, and no legal authority supporting its  
20 contention that they are damages rather than costs.

21 **D. The Record Supports The Jury's Rejection Of Apple's FRAND Licensing**  
22 **Contract Claim**

23 In arguing that Samsung breached its ETSI IPR obligations by failing to make a FRAND  
24 offer (Mot. at 23-24), Apple simply restates the conclusory testimony of its expert, Richard  
25 Donaldson, which the jury need not have believed, and the Court must disregard. *Reeves v.*  
26 *Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 150-51 (2000). A reasonable jury could well

27 <sup>9</sup> While Apple asked Dr. Walker during redirect about a provision of the ETSI IPR Policy  
28 regarding the confidentiality of committee proceedings (RT 3528:1-3529:14; PX74.4), that  
provision is irrelevant to whether confidential patent applications fall within the definition of IPR.

1 accept Samsung's showing at trial that its 2.4% unilateral license offer was fair, reasonable, and  
2 non-discriminatory based on licensing rates in the industry for comparable portfolios and  
3 Samsung's past licensing practices. DX630; RT 3130:10-3137:12; 3646:21-3647:25. Apple's  
4 argument that cumulative royalties would become unreasonable fails to account for the common  
5 practice of patent cross-licensing. RT 3646:22-3647:8. Rates commonly offered and agreed to  
6 in the industry are certainly relevant, as Apple itself admits by considering their cumulative effect  
7 (Mot. at 24). Additionally, California law does not recognize an "agreement to agree" such that  
8 Samsung is bound to contract with Apple without good-faith negotiations. *First Nat'l Mort. Co.*  
9 *v. Fed. Realty Inv. Trust*, 631 F.3d 1058, 1065 (9th Cir. 2011) (quoting *Autry v. Republic Prods.*,  
10 30 Cal.2d 144, 151-52 (1947)). Samsung's declarations at most constitute agreements to  
11 negotiate in good faith. Such an agreement is not breached by a failure conclude a contract.  
12 *Copeland v. Baskin Robbins U.S.A.*, 96 Cal. App. 4th 1251, 1257 (2002). Apple failed to  
13 introduce any evidence that Samsung was unwilling to negotiate in good faith; rather, the evidence  
14 shows that *Apple* refused to negotiate. RT 3647:3-8 (Teece). Finally, Apple's FRAND contract  
15 claim fails the same tests for causation and cognizable damages as its non-disclosure claim.

16 **VI. THE RECORD SUPPORTS THE JURY'S REJECTION OF APPLE'S ANTITRUST**  
17 **CLAIM**

18 **A. Apple Failed To Introduce Competent Evidence Of An Antitrust Market**

19 The jury reasonably rejected Apple's claim that Samsung violated Section 2 of the  
20 Sherman Act. The evidence failed to establish the existence of a market, even though "[m]arket  
21 definition is crucial." *Rebel Oil Co. v. Atl. Richfield Co.*, 51 F.3d 1421, 1434 (9th Cir. 1995).  
22 "[A] market is *the group of sellers or producers* who have the actual or potential ability to deprive  
23 each other of significant levels of business." *Id.* (quotations omitted) (emphasis added). Apple  
24 failed to present *any* evidence of any other seller or producer in any marketplace.

25 Moreover, even if it were sufficient to demonstrate a competing *technology* rather than a  
26 competing *producer*, Dr. Ordover did not provide any technical or economic analysis of  
27 competing technologies; rather, he relied completely on Drs. Kim and Knightly. RT 3581:25;  
28 3582:8. Dr. Kim did not establish that any competing technologies were either technical or

1 economic alternatives to Samsung’s ‘516 patent—i.e., that they could be implemented in the  
2 UMTS standard with similar performance and similar cost. RT 3432:2-14. Dr. Knightly  
3 similarly provided no testimony on the technical or economic exchangeability of his proposed  
4 “alternatives” “ to the ‘941 patent. RT 3460:15-25. Both experts’ testimony was conclusory  
5 and insufficient to support Apple’s allegations. *Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc.*,  
6 375 F.3d 1341, 1364 (Fed. Cir. 2004) (“reliance upon technological, rather than economic,  
7 substitution is therefore a fatal flaw in establishing [a] proposed market definition . . .”), *reversed*  
8 *on other grounds*, 564 U.S. 394 (2006). Furthermore, neither expert was qualified to provide  
9 economic testimony establishing an antitrust market. RT 3326:2-4 (Kim) (“expert in wireless  
10 communications and networks”); RT 3438:12-14 (Knightly) (“expert in wireless communications  
11 systems and networking protocols”); *see Berlyn, Inc. v. Gazette Newspapers, Inc.*, 214 F. Supp. 2d  
12 530, 537 (D. Md. 2002) (excluding antitrust expert testimony from engineer whose qualifications  
13 were “completely devoid of specific education, training, or experience in economics or antitrust  
14 analysis”). Dr. Ordover could not rely on non-experts to conduct an analysis of the economic  
15 substitutes available and his failure to perform any market analysis is fatal to Apple’s motion.

16 Apple’s argument that it need not provide economic data, analysis, or evidence is without  
17 merit. *Broadcom Corp. v. Qualcomm, Inc.* was concerned with the sufficiency of *pleadings*, not  
18 *evidence*. 501 F.3d 297, 315 (3d Cir. 2007). Apple also fails to meet the standard it sets forth  
19 from *Hynix v. Rambus*—it provides no competent evidence of technical or economic  
20 substitutability demonstrating technologies a “buyer could switch to if necessary.” *Hynix*  
21 *Semiconductor Inc. v. Rambus Inc.*, 2008 WL 73689, at \*3 (N.D. Cal. Jan. 5, 2008).

#### 22 **B. Apple Introduced No Evidence Of Monopoly Power**

23 Apple suggests (Mot. at 25) that it showed monopoly power based on Samsung’s ability to  
24 charge supracompetitive prices. But there was no evidence that Apple paid any license royalties  
25 to Samsung; to the contrary, Apple refused to accept Samsung’s offer, refused to take a license to  
26 Samsung’s portfolio, and refused even to *negotiate* a license price. RT 3647:3-8 (Teece); PX80.  
27 The evidence also shows that Samsung has amicably licensed its UMTS portfolio to numerous  
28

1 industry participants. DX630; RT 3130:10-22. The evidence thus can support Apple's  
2 monopoly theory only if every standards-essential patent holder is a monopolist, an absurd result.

3 **C. Apple's Theory Of Anticompetitive Conduct Fails**

4 The jury found that Samsung breached no contract regarding its IPR disclosure duties or  
5 FRAND licensing obligations—the only bases of Apple's allegations of anticompetitive conduct.

6 **D. Apple Demonstrated No Cognizable Antitrust Injury Or Damages**

7 Finally, there is no basis in the record for judgment or new trial on antitrust damages. *See*  
8 *Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc.*, 429 U.S. 477, 489 (1977). Under *Noerr-*  
9 *Pennington*, the right to petition the courts for redress is protected from antitrust liability; as a  
10 result, litigation expenses are rarely cognizable as antitrust damages. *See Prof'l Real Estate*  
11 *Investors v. Columbia Pictures Indus., Inc.*, 508 U.S. 49 (1993). Traditionally recognized  
12 exceptions are limited to fraud in obtaining a patent, *Walker Process Equip., Inc. v. Food Mach. &*  
13 *Chem. Corp.*, 382 U.S. 172 (1965), or objectively baseless, "sham" litigation. *Handgards, Inc. v.*  
14 *Ethicon, Inc.*, 601 F.2d 986 (9th Cir. 1979). Apple relies on Judge Whyte's synthesis in *Hynix*,  
15 made at the pleadings stage, to argue that an "anticompetitive scheme" including litigation as an  
16 element could render litigation expenses antitrust damages. *Hynix Semiconductor Inc. v.*  
17 *Rambus, Inc.*, 527 F. Supp. 2d 1084, 1097 (N.D. Cal. 2007). Here, however, Apple failed to  
18 prove that Samsung engaged in an "anticompetitive scheme," and the jury rejected Apple's claim  
19 that Samsung violated any FRAND commitments. And even if Apple had proved such a scheme,  
20 the law is clear that legitimate petitioning activities "do not violate the antitrust laws" whether  
21 they are engaged in "standing alone or as part of a broader scheme itself violative of the Sherman  
22 Act." *United Mine Workers v. Pennington*, 381 U.S. 657, 670 (1965).<sup>10</sup>

23  
24  
25  
26 <sup>10</sup> *Hynix* is also factually distinguishable. While Rambus was accused there of waging a  
27 "litigation campaign to extract royalties" as part of its overall anticompetitive scheme, 527 F.  
28 Supp. 2d at 1098, the evidence shows that Samsung has amicably licensed its portfolio and sought  
to avoid litigation. PX80; DX630. Further, Rambus withheld disclosure to JEDEC in order to  
avoid making a RAND commitment for its patents, *Hynix*, 527 F. Supp. 2d at 1088-89, while  
Samsung made and stands by its FRAND commitment to ETSI. *See* PX122; PX80.

1 **VII. APPLE IS NOT ENTITLED TO \$121 MILLION IN SUPPLEMENTAL DAMAGES**

2 Apple asks the Court to award \$121 million in additional damages on eight products for  
3 the period from July 1, 2012 through the end of December. No authority supports this request.

4 **A. Apple Is Not Entitled Supplemental Damages Based On The Jury’s Verdicts**

5 Apple arrives at its supplemental damages by multiplying an average per-sale damages  
6 amount of \$50.40 by projected sales of the eight phones at issue. Robinson Decl., ¶¶9-12.  
7 Apple calculates this \$50.40 per-sale damages amount by dividing the jury’s total award  
8 \$1,049,343,540 for all products by the total number of units sold for those products through June  
9 30, 2012, as calculated by Mr. Musika. *Id.* at ¶9. The overwhelming majority (\$948 million) of  
10 the award that is the basis of the \$50.40 per-sale average represents Samsung’s profits. Dkt.  
11 1990-20 (Wagner JMOL Decl.), ¶17; Dkt. 1990-3 at 18. Apple cites no authority, however, that  
12 permits awards of *supplemental* damages based on infringer’s profits under 35 U.S.C. § 289.  
13 Patent cases awarding supplemental damages, including those cited by Apple, do so based on 35  
14 U.S.C. § 284, which does not permit awards of infringer’s profits. *See Finjan, Inc. v. Secure*  
15 *Computing Corp.*, 626 F.3d 1197, 1212-13 (Fed. Cir. 2010) (awarding reasonable royalty damages  
16 on post-verdict infringing sales under § 284); *Hynix Semiconductor Inc. v. Rambus Inc.*, 609 F.  
17 Supp. 2d 951, 961 (N.D. Cal. 2009) (awarding supplemental damages under § 284 based on jury’s  
18 reasonable royalty rate); *Presidio Components, Inc. v. Am. Tech. Ceramics Corp.*, 2010 WL  
19 3070370, at \*4-6 (S.D. Cal. Aug. 5, 2010) (same, based on jury’s award of lost profits).

20 While under appropriate circumstances, supplemental damages may serve “section 284’s  
21 expressed interest in providing damages ‘adequate to compensate for the infringement,’” *Hynix*,  
22 609 F. Supp. 2d at 961, awards of infringer’s profits under § 289 are not limited to, and go well  
23 beyond, compensating the patentee for the infringement. *See Georgia-Pac. Corp. v. U.S.*  
24 *Plywood Corp.*, 243 F. Supp. 500, 537 (S.D.N.Y. 1965) (award of infringer’s profits would result  
25 in “a windfall out of all proportion to the ‘detriment suffered by [the plaintiff]’”); *see also Braun*,  
26 975 F.2d at 824 (“the longstanding distinction in patent law between damages and profits”  
27 precludes enhancing awards of infringer’s profits under § 289). And while § 284 expressly  
28 provides that, “[w]hen damages are not found by a jury, the court shall assess them,” *see Finjan*,

1 626 F.3d at 1212, no such language is found in § 289. *See Russello v. United States*, 464 U.S.  
2 16, 23 (1983) (“Where Congress includes particular language in one section of a statute but omits  
3 it in another section of the same Act, it is generally presumed that Congress acts intentionally and  
4 purposely in the disparate inclusion or exclusion.”).

5 Here, Apple elected to seek Samsung’s profits under § 289. The jury awarded Apple  
6 \$948 million in Samsung’s profits under § 289, including \$466 million on the eight phones at  
7 issue. Dkt. 1990-20, ¶¶12-13. Apple may not now seek supplemental damages on these  
8 phones.

9 Apple’s average per-sale damages of \$50.40 also reflects the jury’s award of \$91 million in  
10 lost profits, *id.* at ¶18, which cannot serve as a basis for an award of supplemental damages either.  
11 Apple’s expert, Mr. Musika, calculated lost profits for only the one-to-eight-month period  
12 (varying based on the I.P. at issue) during which Samsung ostensibly would be out of the market  
13 while designing around the patents or trade dress at issue. RT 2084:1-19, 2123:7-24. The  
14 longest of these design-around periods expired long ago. Wagner Decl., ¶¶19-20, Ex. C. For  
15 that very reason, Mr. Musika did not even calculate lost profits on Samsung’s Galaxy S II phones,  
16 including four of the eight phones for which Apple seeks supplemental damages, which were first  
17 sold in the third quarter of 2011. *See* PX25A1.4; JX1500. Thus, by its own expert’s account,  
18 Apple is not entitled to lost profits on sales made after June 30, 2012, which is the start of the  
19 alleged supplemental damages period. Moreover, the jury did not award any lost profits as to six  
20 of the eight phones at issue (all but the Galaxy S 4G and Galaxy S Showcase (Dkt. 1990-20, ¶¶12-  
21 13, 15)); as to those, awarding supplemental damages based on lost profits would not be consistent  
22 with the verdicts. *See Presidio*, 2010 WL 3070370, at \*2 (“Supplemental damages are calculated  
23 consistent with the damages awarded in the jury verdict.”); *Braintree Labs., Inc. v. Nephro-Tech*  
24 *Inc.*, 81 F. Supp. 2d 1122, 1140 (D. Kan. 2000) (denying supplemental damages for failure to  
25 “accurately correspond to the damages awarded by the jury”).<sup>11</sup>

26  
27  
28 <sup>11</sup> Apple is also not entitled to lost profits on any sales for additional reasons set forth in Samsung’s JMOL motion. *See* Dkt. 1990-3 at 20-22.

1 Nor is Apple entitled to supplemental damages based on a reasonable royalty. The jury  
 2 did not award, and Mr. Musika did not calculate, reasonable royalty damages for any of the eight  
 3 phones. Dkt. 1990-20, ¶¶12-14; PX25A1.4-5. Furthermore, Apple failed to provide sufficient  
 4 evidence to establish a reasonable royalty for the eight phones. Dkt. 1990-3 at 22-23. For the  
 5 Court to award one now would violate Samsung's Seventh Amendment rights. *Boston Scientific*  
 6 *Corp. v. Johnson & Johnson*, 550 F. Supp. 2d 1102, 1122 (N.D. Cal. 2008) ("Even if there were  
 7 evidence sufficient for the Court, as opposed to the jury, to determine a reasonable royalty, doing  
 8 so at this point would violate BSC's Seventh Amendment rights.").

9 Finally, Apple wrongly seeks nearly \$42 million in supplemental damages from July 1,  
 10 2012 to August 24, 2012, which is the period that predates the jury's verdict, including more than  
 11 \$22 million in supplemental damages prior to the start of trial on July 30, 2012. Wagner Decl.,  
 12 ¶¶13-14. That is error, for the jury verdict resolved Apple's claim for pre-verdict damages, *see*  
 13 *Oscar Mayer Foods Corp. v. Conagra, Inc.*, 869 F. Supp. 656, 668 (W.D. Wis. 1994) (pre-verdict  
 14 damages "an improper invasion of the jury's province to determine actual damages"), and  
 15 certainly any claim for pre-trial supplemental damages. *See Presidio*, 2010 WL 3070370, at \*2,  
 16 n.1 (supplemental pre-trial damages denied where plaintiff failed to request that jury  
 17 proportionately increase award for "the two months not accounted in the sales data").

## 18 **B. Apple's Methodology Is Flawed**

### 19 **1. Supplemental Damages May Not Be Based On Apple's Average Per-** 20 **Sale Damages Of \$50.40**

21 *First*, calculating average per-sale damages based on the jury's total award for all products,  
 22 and then applying the average to each of the eight products, awards Apple supplemental damages  
 23 based on amounts the jury never awarded as to any of those eight products. For instance,  
 24 Apple's average includes \$143,539,179 the jury awarded on the Fascinate (Dkt. 1931), but the  
 25 Fascinate is not one of the products for which Apple seeks supplemental damages. Moreover,  
 26 the jury's total award includes \$948 million in Samsung profits based on Apple's expert's  
 27 historical profit calculations that do not even apply to the supplemental damages period. Apple's  
 28 per-sale average also includes the jury's award of \$91 million in lost profits even though Apple

1 never claimed lost profits on four of the eight phones, and the jury awarded lost profits on only  
 2 two of them. PX 25A1.4; Dkt. 1990-20, ¶¶12-18. The \$50.40 per-sale average thus wrongly  
 3 gives Apple the benefit of amounts it never sought and the jury never awarded on the products at  
 4 issue.

5 *Second*, Apple's per-sale average includes the impermissible award of \$57,867,383 in  
 6 Samsung's profits for the Prevail even though it was found to infringe only utility patents. Dkt.  
 7 1990-20, ¶¶15; Dkt. 1931; *see Aro Mfg. Co. v. Convertible Top Replac. Co.*, 377 U.S. 476, 506  
 8 (1964).

9 *Third*, Apple's per-sale average is based on the jury's *entire* award, but at a minimum that  
 10 award must be reduced for the reasons explained in Samsung's JMOL motion. *See* Dkt. 1990-3  
 11 at 24-26. Thus, any calculation of supplemental damages based on average per-sale damages  
 12 should be made only *after* post-trial motions and the appeal have been resolved and the final pre-  
 13 verdict damages amounts are known with certainty. *See Itron, Inc. v. Benghiat*, 2003 WL  
 14 22037710, at \*16 (D. Minn. Aug. 29, 2003) (staying decision on supplemental damages until after  
 15 appeal to "avoid potentially unnecessary expenditures of time and money"); *Eolas Techs. Inc. v.*  
 16 *Microsoft Corp.*, 2004 WL 170334, at \*8 (N.D. Ill. Jan. 15, 2004) (same).

17 **2. Supplemental Damages Cannot Be Based On Apple's Inaccurate Sales**  
 18 **Projections**

19 Apple's sales projections are based on the false assumption that Samsung is still selling  
 20 each of the eight phones at issue and will continue to do so through December 2012. Robinson  
 21 Decl., ¶¶8, 11-12. In fact, Samsung had stopped selling *five* of the eight phones in the U.S. on or  
 22 before October 5, 2012. Kerstetter Decl., ¶¶6-7; Choi Decl., ¶¶4-5. There is no basis for  
 23 awarding supplemental damages on products that Samsung no longer sells.<sup>12</sup>

24 Apple's projections are inaccurate for additional reasons. Actual sales data shows that in  
 25 the third quarter of 2012, [REDACTED]

26 \_\_\_\_\_  
 27 <sup>12</sup> Apple bases its assumption on internet print outs and invoices showing third parties  
 28 offering the products for sale. Robinson Decl., ¶8, n.3. These pages do not show sales by  
 Samsung, as opposed to third-party carriers and distributors; nor do they show when Samsung sold  
 the products to those carriers and distributors.

1 [REDACTED] (*compare* Robinson Decl., ¶11, Ex. 3 with Kerstetter Decl., ¶¶14-15 and Ex. 2),  
 2 which also renders Apple’s fourth quarter projections unreliable. Wagner Decl., ¶18. Apple’s  
 3 projections fail even to consider the impact of real world events on the smartphone market like the  
 4 release of the Galaxy S III or the iPhone 5 on sales of the phones at issue, which, together with  
 5 other flaws, renders them inherently unreliable. *Id.*, ¶¶16-17; *see Oiness v. Walgreen Co.*, 88  
 6 F.3d 1025, 1032 (Fed. Cir. 1996) (rejecting lost profits projections that “rest on faulty assumptions  
 7 and a lack of reliable economic testimony relevant to this market.”); *Otis v. Doctor’s Assocs., Inc.*,  
 8 1998 WL 673595, at \*4 (N.D. Ill. Sept. 14, 1998) (sales estimates had no basis in reality because it  
 9 failed to account for “future trends”).

10 Apple’s projections also fail to take into account non-infringing sales and design-arounds.  
 11 For example, the Galaxy S II (Epic 4G Touch) and the Galaxy S II (Skyrocket) were found to  
 12 infringe only the D’677 patent (Dkt. 1931), which requires a black face (Lucente Decl., ¶¶12-  
 13 21). [REDACTED]

14 [REDACTED] Kerstetter Decl., ¶¶14-15, Ex. 2. [REDACTED]  
 15 [REDACTED]  
 16 [REDACTED]

17 [REDACTED] *Id.*, ¶8; Choi Decl., ¶¶6, 20. Likewise, the only design I.P. found to be infringed by the  
 18 Galaxy S II (T-Mobile) was the D ‘677 patent. Dkt. 1931. [REDACTED]  
 19 [REDACTED]

20 [REDACTED] Kerstetter  
 21 Decl., ¶8; Choi Decl., ¶¶6, 20; Rowden Decl., ¶¶4-7. Apple’s expert’s failure even to consider  
 22 whether ongoing sales are infringing renders her projections unreliable.<sup>13</sup>

23 Any calculation of supplemental damages, if there is to be one, should be based on *actual*  
 24 sales of infringing products made after the supplemental damages period has been established.  
 25 To base such a calculation on Apple’s speculative and erroneous projections that include non-  
 26 infringing products and products that are no longer sold plainly would be error. *See Finjan*, 626

27 \_\_\_\_\_  
 28 <sup>13</sup> While Samsung was precluded from introducing evidence of design-arounds at trial, the  
 Court expressly reserved Samsung’s right to do so in post-trial proceedings. Dkt. 1106 at 4:2-6.

1 F.3d at 1212 (remanding for supplemental damages based on post-judgment, pre-injunction  
2 infringing sales); *Floe Int'l, Inc. v. Newman's Mfg. Inc.*, 2006 WL 2472112, at \*9 (D. Minn. Aug.  
3 23, 2006) (courts “routinely grant” accountings to determine supplemental damages); *Oscar*  
4 *Mayer*, 869 F. Supp. at 668 (ordering “accounting of defendants’ post-judgment sales”).

#### 5 **VIII. APPLE IS NOT ENTITLED TO \$50 MILLION IN PREJUDGMENT INTEREST**

6 Apple’s request for \$50 million in prejudgment interest is both premature and flawed. It is  
7 premature because the interest Apple seeks is based on the full amount of the jury’s damages  
8 award, which should be eliminated or remitted. Dkt. 1990-3 at 24-26. Any calculation of  
9 prejudgment interest should be deferred until after the final amount of the judgment is known.

10 Apple’s prejudgment interest calculation is based on the entirety of the jury’s award  
11 (Robinson Decl., ¶17), most of which represents infringer’s profits under § 289. Dkt. 1990-20,  
12 ¶17. Apple offers no authority that § 289 permits the recovery of prejudgment interest, and it  
13 plainly does not. Unlike § 284, where Congress expressly authorized courts to award “interest,”  
14 § 289 makes no reference to awards of interest; in such situations, it is generally presumed that  
15 Congress acts intentionally and purposely in the disparate inclusion or exclusion.” *Russello*, 464  
16 U.S. at 23. Moreover, “prejudgment interest may be based only on the compensatory portion of  
17 the award.” *Beatrice Foods Co. v. New England Printing & Lithographing Co.*, 923 F.2d 1576,  
18 1580-81 (Fed. Cir. 1991). Awards for infringer’s profits under § 289 are not limited to  
19 compensation. Apple claimed lost profits on only 2 of 22 million allegedly infringing Samsung  
20 sales (RT 2050:16-2051:5). It was not required to prove that Samsung’s alleged infringement  
21 *caused* what Mr. Musika referred to not as compensation but “unjust enrichment.” RT 2046:1-  
22 5; 2050:16-25; 2056:5-13; 2061:1-9; *see Oiness*, 88 F.3d at 1033 (“[T]he court granted [the  
23 patentee] interest for the use of its money when the [patentee’s] money had not been used. This  
24 award violated the compensatory purpose of prejudgment interest.”).

25 The two out-of-circuit cases Apple cites supporting its Lanham Act claim—*Gorenstein*  
26 *Enters., Inc. v. Quality Care–USA, Inc.*, 874 F.2d 431 (7th Cir. 1989), and *Am. Honda Motor Co.*  
27 *v. Two Wheel Corp.*, 918 F.2d 1060 (2d Cir. 1990)—involve completely different facts. Courts  
28 in this Circuit hold that prejudgment interest is available under the Lanham Act only in

1 counterfeiting cases under 15 U.S.C. § 1114(1)(a). See *Brighton Collectibles, Inc. v. Coldwater*  
2 *Creek Inc.*, 2009 WL 160235, at \*5 (S.D. Cal. Jan. 20, 2009) (no prejudgment interest under the  
3 Lanham Act “as this case was not a counterfeit trademark case”); *CollegeNET, Inc. v. XAP Corp.*,  
4 2007 WL 1667125, at \*5 (D. Or. June 20, 2007) (accord); *Decorations for Generations, Inc. v.*  
5 *Home Depot USA, Inc.*, 2003 U.S. Dist. LEXIS 26608, at \*36-37 (E.D. Cal. 2003) (accord).

6 In any case, Apple’s calculations are erroneous. Apple asserts without explanation that  
7 the prime rate “is the appropriate rate for calculating prejudgment interest here,” and it seeks  
8 compounding. Mot. at 29. To the contrary, simple interest calculated based on the average 52-  
9 week U.S. Treasury Bill rate is clearly sufficient where, as here, “there [is] no evidence that  
10 [Apple] borrowed money at a higher rate, what that rate was, or that there was a causal connection  
11 between any borrowing and the loss of the use of the money awarded as a result of [the]  
12 infringement.” *Laitram Corp. v. NEC Corp.*, 115 F.3d 947, 955 (Fed. Cir. 1997); see also *Mars,*  
13 *Inc. v. Coin Acceptors, Inc.*, 513 F. Supp. 2d 128, 132-137 (D. N.J. 2007) (discussing why  
14 Treasury Bill rate more appropriate than prime rate); *Accuscan, Inc. v. Xerox Corp.*, 2000 WL  
15 280005, at \*2 (S.D.N.Y. Mar. 15, 2000) (the 52-week Treasury bill rate “has often been employed  
16 by the Federal Circuit and other courts in awarding prejudgment interest in patent cases”). Given  
17 the size of the jury’s award, the short damages period, and Apple’s extraordinary cash reserves  
18 (Wagner Decl., ¶25), the Court should deny prejudgment interest or, at a minimum, use the  
19 Treasury Bill rate and no compounding. *Conceptus, Inc. v. Hologic, Inc.*, 2012 WL 44064, at \*4  
20 (N.D. Cal. Jan. 9, 2012) (denying prejudgment interest because “[t]he jury award was generous  
21 enough.”). Adjusting Apple’s methodology to use the Treasury Bill rate and no compounding,  
22 and to remove all amounts reflecting Samsung’s profits, results in prejudgment interest through  
23 December 31, 2012 of \$248,023, and a daily rate of \$489. Wagner Decl., ¶24.<sup>14</sup>

24  
25  
26  
27 <sup>14</sup> Using Apple’s interest rate and compounding and removing amounts for Samsung’s  
28 profits, the amount through December 31, 2012 is \$4,719,736, with a daily rate of \$8,973.  
Wagner Decl., ¶24.

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