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11	LIMITED OT ATEC	DISTRICT COURT
12		ICT OF CALIFORNIA
13		E DIVISION
14	SAIV JOSI	Z DI VISIOIV
15	APPLE INC., a California corporation,	Case No. 11-cv-01846-LHK
16 17	Plaintiff, v.	REPLY IN SUPPORT OF APPLE'S MOTION FOR JUDGMENT AS A MATTER OF LAW (RENEWED),
18 19 20 21 22	SAMSUNG ELECTRONICS CO., LTD., a Korean corporation; SAMSUNG ELECTRONICS AMERICA, INC., a New York corporation; and SAMSUNG TELECOMMUNICATIONS AMERICA, LLC, a Delaware limited liability company, Defendants.	NEW TRIAL, AND AMENDED JUDGMENT (FRCP 50, 59) Date: Dec. 6, 2012 Time: 1:30 p.m. Place: Courtroom 4, 5th Floor Judge: Hon. Lucy H. Koh
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REPLY ISO APPLE'S MOTION FOR JMOL (RENEWED), NEW TRIAL, AND AMENDED JUDGMENT CASE No. 11-cv-01846-LHK sf-3210407

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INTRODUCTION

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The evidence at trial proved conclusively that, despite its frequent public denials, Samsung pulled together a task force of designers and engineers to rip off Apple's unique and inventive designs and technology, down to the smallest detail. Because the evidence permits only one reasonable conclusion as to Apple's D'889 and iPad trade dress claims, this Court should award judgment as a matter of law. In the alternative, Apple asks that the Court exercise its discretion to award a new trial on infringement and dilution. Apple's opening brief explains why this Court should award judgment as a matter of law or a new trial on the other claims where the jury favored Samsung, and why the judgment should be amended to include supplemental damages and pre-judgment interest. Samsung's contrary arguments lack merit.

APPLE IS ENTITLED TO JUDGMENT THAT SAMSUNG INFRINGED AND I. DILUTED THE IPAD TRADE DRESS, OR TO A NEW TRIAL ON THIS ISSUE

The iPad Trade Dress Is Protectable Α.

The iPad trade dress is protectable because (1) it is not functional and (2) it had acquired secondary meaning before Samsung began selling the Galaxy Tab 10.1 in June 2011. Samsung failed to show that substantial evidence supports the jury's contrary findings.

On functionality, Samsung selects isolated elements of the iPad trade dress that it claims are functional, but points to no evidence that the iPad trade dress is functional in its entirety. This omission is fatal. "The fact that individual elements of the trade dress may be functional does not necessarily mean that the trade dress as a whole is functional." Clicks Billiards, Inc. v. Sixshooters Inc., 251 F.3d 1252, 1259 (9th Cir. 2001). The Court correctly determined that no features of Apple's analogous design patents are functional. See infra, at 6. The only reasonable conclusion as to the iPad trade dress is that it, too, is non-functional. See Keystone Mfg. Co. v. Jaccard Corp., No. 03-CV-648S, 2007 WL 655758, at *7-8 (W.D.N.Y. Feb. 26, 2007) (design patents may be evidence of a corresponding trade dress's non-functionality).

Samsung argues that Apple's advertisements emphasize the iPad's functionality, which is neither true nor relevant. All six iPad advertisements in the record feature a large colorful photograph of the iPad trade dress. (PX11.) Four have no accompanying text other than the REPLY ISO APPLE'S MOTION FOR JMOL (RENEWED), NEW TRIAL, AND AMENDED JUDGMENT CASE No. 11-CV-01846-LHK

1	name of the product. Two include in small print the language Samsung cites, but that text does
2	not "tout[] the utilitarian advantages of the design," as required by the Ninth Circuit's four-factor
3	functionality test. Disc Golf Ass'n v. Champion Discs, Inc., 158 F.3d 1002, 1006 (9th Cir. 1998).
4	From the text Samsung cites, "thinner" is a reference to the product's design but not to any
5	utilitarian advantage, while the other language addresses attributes of the product other than its
6	design, such as battery life. (Opp. 1.) Apple's advertising thus weighs strongly in its favor.
7	Samsung does not dispute Apple's evidence on the second and third factors – that the iPad
8	trade dress was not designed to yield utilitarian advantage or to be cheaper but to make the iPad
9	"breathtakingly simple [and] beautiful." (Mot. 15.) Samsung instead offers Mr. Sherman's
10	testimony as to isolated elements of Apple's trade dress. (Opp. 1.) Samsung also cites
11	Mr. Bressler and Ms. Kare, whose testimony proves nothing relevant here. (Id.) Mr. Bressler
12	acknowledged that performance requires the "cover over the display element" to be "clear," (Tr.
13	1199:25 – 1200:4.) but that does not mean that the surface of the product from edge to edge must
14	be a flat, clear surface, as with the iPad. Alternatives exist. (PX4 & PX10 (tablets).) Similarly,
15	Dr. Kare agreed that "[g]ood icons communicate clearly and consistently." (Tr. 1455:24-25.)
16	But good icons need not adopt Apple's visual language. "You're only limited by your
17	imagination," Dr. Kare explained. (Tr. 1399:22-1401:1.)
18	As to the fourth factor – the availability of alternative designs – Samsung misquotes the
19	law. Leatherman Tool Group, Inc. v. Cooper Indus., Inc., 199 F.3d 1009 (9th Cir. 1999), does
20	not say "alternative designs must offer 'exactly the same features' as plaintiff's product." (Opp.
21	1-2.) It says only that in that case none of the designs did offer such features. <i>Leatherman</i> , 199
22	F.3d at 1013-14. Samsung concedes that Apple's experts testified the alternative designs "would
23	provide the same functions." (Opp. 1.) Samsung introduced no contrary evidence, yet presses
24	its expansive view of "aesthetic functionality," which this Court has properly rejected. (E.g., Dkt.
25	1159 at 7-8.) Samsung provides no evidence that it would be competitively disadvantaged if
26	Apple's iPad trade dress were enforced. The Ninth Circuit has "squarely rejected the notion" that
27	features that are attractive to consumers are, for that reason, functional. Au-Tomotive Gold, Inc.
28	v. Volkswagen of Am., Inc., 457 F.3d 1062, 1073 (9th Cir. 2006).
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On secondary meaning, Samsung makes four arguments, all unavailing. First, Samsung cites other manufacturer's tablets with "similar designs," but offers no evidence that these products had a presence in the market by June 2011 that detracted from consumers identifying the iPad trade dress with Apple.

Second, Samsung attempts to impeach Hal Poret's testimony but mischaracterizes the record. Mr. Poret's survey did <u>not</u> show "no association of the iPad trade dress with Apple" before June 2011. (Opp. 2.) Mr. Poret explained that his study showed that "the large majority of those respondents [who] said that they came to associate these looks with Apple," did so "prior to the time that the Samsung products came on the market." (Tr. 1590:22-25; 1602:7-12.) Samsung is also wrong that Mr. Poret "changed" his methodology "at Apple's behest" because the results of his first study were too low. (Opp. 2-3.) In the testimony Samsung cites, Mr. Poret rejects Samsung's premise that his results were too low and testifies to no change in methodology. (Tr. 1679:15 – 1680:18 (Q: 50% is "the number you want to get above? A: No.")

Third, Samsung attempts to discount the significance of the iPad's "impressive sales," but the case Samsung cites acknowledges that "evidence of sales may have relevance in establishing secondary meaning." *Continental Lab. Prods. v. Medax Int'l*, 114 F. Supp. 2d 992, 1003 (S.D. Cal. 2000) (cited in Opp. 3).

Finally, Samsung argues that Apple's advertisements featuring images of the iPad do not "direct the consumer's attention to the specific features of the claimed trade dress," but by featuring images of the trade dress, of course they do. There is no requirement that an advertisement use words to call out the features of the trade dress; it is enough that an advertisement "feature in some way the trade dress itself." *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1383 (9th Cir. 1987); *accord Autodesk, Inc. v. Dassault Systems Solidworks Corp.*, 685 F. Supp. 2d 1001, 1015 (N.D. Cal. 2009) (analyzing whether advertising "stress[es] or feature[s]" the trade dress). Through its product-as-hero advertisements, Apple showcases the iPad and its trade dress. *See* PX11 (iPad advertisements); (Tr. 639:8-15; 639:22 (Schiller).)¹

¹ Samsung also urges a "heightened standard" that its cases do not require. (Opp. at 2.) Plaintiff in *Aurora World, Inc. v. Ty, Inc.*, 719 F. Supp. 2d 1115, 1152-55 (C.D. Cal. 2009), (Footnote continues on next page.)

B. The Tab 10.1 Infringes and Dilutes the iPad Trade Dress

On infringement, Samsung refuses to acknowledge that "[t]he law in the Ninth Circuit is clear that 'post-purchase confusion'. . . can establish the required likelihood of confusion under the Lanham Act." Rearden LLC v. Rearden Commerce, Inc., 683 F.3d 1190, 1216 (9th Cir. 2012) (quoting Karl Storz Endoscopy-America, Inc. v. Surgical Tech., Inc., 285 F.3d 848 (9th Cir. 2002). A company that profits from post-sale confusion is "a free-rider." Au-Tomotive Gold, 603 F.3d at 1138. Samsung's argument rests on a single out-of-circuit case and a single sentence from Rearden. (Opp. 4.) But in Rearden, after the broad statement Samsung quotes, the court goes on to endorse and explain the Ninth Circuit's post-sale confusion cases. 683 F.3d at 1215-17.

Samsung's attack on Mr. Van Liere's survey fails because of this error and others. Samsung argues the survey "does not test point of purchase" behavior (Tr. 1704:5-6 (Opp. 3), ignoring that "confusion on the part of potential consumers," as well as actual consumers, "may be relevant." *Rearden*, 683 F.3d at 1215. Potential and actual consumers are precisely the universe that Mr. Van Liere surveyed. (Tr. 1691:13-22; 1698:10-22.) Samsung attacks the control on the theory that consumers "immediately recognize" the Nook as "not an iPad" (Opp. 3-4), a charge belied by the fact that almost a quarter of consumers incorrectly identified the Nook as an Apple product. (Tr. 1700:2-1701:21.) Samsung is also wrong to cherry-pick among Mr. Van Liere's findings on the rate of confusion. Forty-three percent of consumers shown an unbranded Galaxy Tab—as if seen at a "coffee shop" or "on the light rail"—identified it as an iPad or Apple product (19% net of control), supporting a "combined rate" of confusion of twelve percent. (Tr. 1698:10-1701:21.) In light of Apple's other overwhelming evidence of confusion, these findings are "strong evidence" that consumers are likely to be confused by the Galaxy Tab. *See Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 365 F. Supp. 707, 716

(Footnote continued from previous page.)

offered no evidence of its U.S. sales volume, no evidence that its advertising featured the trade dress, and no consumer survey evidence, so it is unsurprising that the court found plaintiff could not establish secondary meaning. And *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 216 (2000), held that a product's design *is* protectable "upon a showing of secondary meaning."

(S.D.N.Y. 1973), modified, 523 F.2d 1331 (2d Cir. 1975).

Finally, Samsung cannot avoid the results of its own study into "the reasons customers return" the Tab 10.1 to Best Buy, which found that the "[g]reatest number of customer return[s] were those who purchased thinking it was an Apple iPad2." (PX59.19.) Best Buy is Samsung's "largest vendor for the North American [Tab 10.1] WiFi model" (PX59.2), so Samsung's cases about "a few alleged instances" of confusion are inapposite. And because Samsung knew its copycat tablets were being confused with the popular iPad (*see also* PX56.22 (54% of viewers attributed "Samsung Tab" advertisement to Apple); PX43.2 (Google "demanding distinguishable design"); PX56.30 (iPad "most recognized product")), Samsung's refusal to adopt a different product design shows that its infringement and dilution were intentional.

On dilution, Apple has established fame. Samsung's critique that Apple lacked a survey is irrelevant because a party needs no survey evidence where other evidence amply demonstrates that a trade dress is famous. Burberry Ltd. V. Euro Moda, Inc., No. 08 Civ. 5781, 2009 WL 1675080, at *12 (S.D.N.Y. June 10, 2009). And Samsung is simply wrong that the iPad advertisements promoted product performance over Apple's claimed trade dress. (See Opp. 6.) Like the print advertisements, the television advertisement on which Samsung relies shows the iPad "as this hero, beautiful product" with a "beautiful design." (Tr. 645:10-11; 64611-12 (Schiller).) Samsung also argues, in direct conflict with the record, that Apple has "no evidence of actual association." (Opp. 6.) Samsung points to (and mischaracterizes) the testimony of Dr. Winer to support this charge, but it was Mr. Van Liere who conducted the survey. Mr. Van Liere found actual association with Apple's product, corroborating all the other evidence of likely confusion cited in Apple's opening brief. (See supra at 4, Mot. 17.)

Because this evidence allows only one reasonable conclusion – that the iPad trade dress is protectable and Samsung has infringed and diluted it – the Court should award judgment as a matter of law in Apple's favor. Alternatively, the Court should award a new trial on these claims.

II. APPLE IS ENTITLED TO JUDGMENT THAT SAMSUNG INFRINGED THE D'889 PATENT, OR TO A NEW TRIAL ON THIS ISSUE

The Evidence Establishes Infringement Α.

Legal and evidentiary errors infect Samsung's non-infringement argument. (Opp. 6-9.) Samsung begins with a legal error – that the test for design infringement is whether consumers would be "deceived." (See infra, Section II.C.) It continues with evidence of the subjective intent of a designer, which has no probative value in assessing infringement because infringement is assessed from the perspective of the "ordinary observer," not the inventor. Egyptian Goddess, *Inc. v. Swisa, Inc.*, 543 F.3d 665, 677-78 (Fed. Cir. 2008) (en banc). Samsung's argument also relies on evidence that the Court ruled inadmissible for non-infringement purposes – the 035 model. (Dkt. 1889 at 11.) Samsung even faults Apple for introducing expert testimony that "did not factor out any functional aspects of the D'889 design" (Opp. at 8), although the Court correctly determined that Samsung had not "established based on functionality" that the claim construction for Apple's design patents should exclude features that Samsung claimed were functional. (RT 3763:7-14).

Samsung's remaining non-infringement arguments also fail because they rely on small differences between the Tab 10.1 design and Apple's D'889 design (Opp. 6-7), contrary to black letter law that "minor differences . . . cannot, and shall not, prevent a finding of infringement." (Mot. 22 (quoting Payless Shoesource, Inc. v Reebok Int'l Ltd., 998 F.2d 985, 991 (Fed. Cir. 1993).) The two cases Samsung cites actually undermine its position: both base non-infringement holdings on a difference between the accused product and the patented design that was substantial in light of the prior art. (Opp. 7.) In Smith v. Whitman Saddle, 148 U.S. 674 (1893), the accused saddle differed from the patented design in that it lacked a "sharp drop of the pommel at the rear," a feature that the Court explained "seems to constitute what was new and to be material" in that it rendered the entire design patentable. *Id.* at 682. Similarly, in *Egyptian Goddess*, the accused nail buffer closely resembled a prior art product except with regard to its basic shape, leading the court to conclude: "When considering the prior art in the nail buffer field, this difference between the [4-sided] accused design and the [3-sided] patented design cannot be considered minor." 543 REPLY ISO APPLE'S MOTION FOR JMOL (RENEWED), NEW TRIAL, AND AMENDED JUDGMENT CASE No. 11-CV-01846-LHK

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F.3d at 683. Both decisions support infringement here because the features that set the D'889 apart from the prior art – such as its elegant symmetry and its "transparent, glass-like front surface . . . extending from edge to edge," *Apple Inc. v. Samsung Elecs Co.*, 678 F.3d 1314, 1331 (Fed. Cir. 2012) ² – are among the features that the Tab 10.1 copied. In sum, the evidence permits only one reasonable conclusion: the Tab 10.1 infringes the D'889.

B. A Correct Claim Construction Makes Infringement Even Clearer

Samsung acknowledges that "[o]blique line shading must be used to show . . . highly polished or reflective surfaces," but avoids the logical consequences of this statement. (Opp. 10 (quoting MPEP 1503.02 (II)).) If such shading "must be used to show" highly polished or reflective surfaces and such shading is not used in Figure 4 (back of the D'889 design), then the back need not be polished or reflective. And if the back is not required to be polished or reflective in Figure 4, then the back is also not polished or reflective in Figure 2. This result is perfectly consistent with the MPEP. The principle that oblique line shading "must be used to show" a highly polished or reflective surface does not mean that oblique line shading can only be used to show such a surface. Samsung cites Mr. Bressler's testimony at trial accepting the Court's claim construction, which proves nothing since "[n]o party may contradict the court's construction to a jury." Exergen Corp. v. Wal-Mart Stores, Inc., 575 F.3d 1312, 1321 (Fed. Cir. 2009). Samsung also argues that the 035 model has a shiny surface, which is irrelevant because (1) the "appendix showing various photographs" of the 035 model was "cancelled" from the application that became D'889 so that only the drawings define the claimed design (Dkt. 1089-14 at APLNDC00032359; Dkt. 1089-15 at APLNDC00032436), and (2) a "shiny" surface is not required even by the Court's construction.

C. Design Patent Infringement Does Not Require "Deceptive Similarity"

Attempting to defend Jury Instruction No. 46, Samsung cites a "deceptive similarity requirement" that is not in the case law. (Opp. 11.) No appellate court has ever required

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² Samsung is mistaken that the Seventh Amendment prevents Apple from relying on this Court's or the Federal Circuit's preliminary injunction decision. (*See* Opp. 9.) While the earlier findings may not bind the Court, the facts remain the same so the analysis should as well.

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evidence that ordinary observers have been deceived by the similarity between the accused and patented designs. *Gorham Co. v. White*, 81 U.S. 511 (1871), did not. It analyzed infringement by comparing drawings in the asserted patent and defendant's patents. *Id.* at 521. *Egyptian Goddess* did not, it clarified that infringement did not require an accused product to embody the patented design's "point of novelty" over the prior art. 543 F.3d at 678. Similarly in Samsung's other cases, courts analyzed infringement by comparing the accused products side by side with the patented designs to assess whether they were substantially similar, and did not require evidence that purchasers had been deceived. *E.g., Richardson v. Stanley Works, Inc.*, 597 F.3d 1288, 1296 (Fed. Cir. 2010); *Crocs, Inc. v. ITC*, 598 F.3d 1294, 1303-06 (Fed. Cir. 2010); *OddzOnProds. v. Just Toys*, 122 F.3d 1396, 1404-07 (Fed. Cir. 1997).

In sum, the Court should grant judgment as a matter of law or, in the alternative, a new trial on Apple's D'889 infringement claim.

III. APPLE IS ENTITLED TO JUDGMENT AS A MATTER OF LAW OR A NEW TRIAL ON ITS REMAINING CLAIMS

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On the remaining design, trade dress, and utility patent claims, the Court should grant judgment as a matter of law in Apple's favor. In the alternative, for the iPhone combination trade dress claim or any other claim in which the Court grants a new trial, a new trial should include accused products as to which this jury failed to find for Apple.

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A. All Accused Phones Infringe The D'677 And D'087 Patents And Dilute the iPhone Trade Dresses

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Where the jury found some but not all of Samsung's phones to infringe a design patent or to dilute an iPhone trade dress, Apple has moved for judgment or a new trial.

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On the D'677 and D'087, Samsung objects that Apple provided no "product-by-product assessment" of infringement (Opp. 11), but every accused phone is in evidence and a visual comparison between these devices and the patented design is evidence enough to establish infringement. Braun, Inc. v. Dynamics Corp. of Am. 975 F.2d 815, 821 (Fed. Cir. 1992).

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Moreover, Mr. Bressler performed "the same analysis" for each accused phone. (Tr. 1055:12-17;

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1062:23-1063:9.) That Mr. Bressler summarized his opinions as to a group of accused products is REPLY ISO APPLE'S MOTION FOR JMOL (RENEWED), NEW TRIAL, AND AMENDED JUDGMENT

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of no moment.

Samsung's specific non-infringement arguments also fail. On the D'677 patent, Samsung holds out the chrome trim on the home button of the Ace as a significant difference, when the patent clearly disclaims the home button area. (JX1043.) On the D'087 patent, Samsung concentrates on minor differences in the bezel of the Galaxy S II phones (AT&T; i9100; Epic 4G Touch; and Skyrocket), rather than their overall similarity in visual impression to the Apple design. And as to the Infuse 4G, Samsung's erroneous focus on manufacturing construction, rather than visual impression, leads it to ignore the visual appearance of a bezel in the Infuse 4G that is substantially similar to the one claimed in the D'087 patent.

On the iPhone trade dress claims, Samsung's opposition mostly incorporates by reference arguments that Samsung makes and Apple has responded to elsewhere. (See Opp. 12-13; Mot. 16-19.) Samsung's new arguments are without merit. For example, Mr. Van Liere did not admit his survey "may have measured association merely in the same manner that consumers 'associate' Burger King and McDonalds." (Opp. 12.) In Samsung's cited testimony, Mr. Van Liere disagreed with that proposition, and explained that if his survey "was creating a demand characteristic as [Samsung] suggest[s], then it would be netted out in the control condition." (Tr. 1718:13 – 1718:24.)

B. All Accused Phones Infringe the '163 and '915 Patents

Samsung charges that Apple's infringement expert analyzed only one product, when in fact Dr. Singh showed videos of all accused devices performing the claimed steps and testified that each infringed both the '163 (Tr. 1840:23-1842:2.) and '915 patent. (Tr. 1829:12-1830:21.) Samsung cites Mr. Gray, but his testimony provides no reasonable basis for finding non-infringement.

On the '163 patent, Samsung relies on Mr. Gray's testimony that the claim term "substantially centered" is ambiguous. (Tr. 2922:7 – 2923:1.) This is a conclusory opinion on the legal question of indefiniteness, not a non-infringement argument. Samsung also relies on muddled testimony in which Mr. Gray refers to "nested boxes" (Tr 2923:2 – 2924:3), but since the "plurality of boxes" claimed in the patent can be adjacent to one another (JX1046 at col. 19, REPLY ISO APPLE'S MOTION FOR JMOL (RENEWED), NEW TRIAL, AND AMENDED JUDGMENT CASE No. 11-cv-01846-LHK sf-3210407

lines 15-16 & Fig. 5A), this testimony is irrelevant. *On the '915 patent*, the Ace, Intercept, and Replenish run the same versions of code (2.2.1 and 2.2.2) that the jury correctly found infringing in other products such as the Galaxy S 4G (2.2.1) and Fascinate (2.2.2). (JX1030, JX1009, JX1024, JX1019, JX1013; Dkt. 1931 at 3; Dkt. 1825-2 at 3.) Samsung relies on Mr. Gray's testimony that the MotionEvent object does not "cause" scrolling or scaling because it does not itself directly call the scrolling or scaling operation (Tr. 2101-2012), but that opinion is contrary to the Court's claim construction (Dkt. 1158 at 18-19), and was properly rejected by the jury on the other 21 of 24 accused products. As for Samsung's "two-finger scrolling" argument, there is no evidence that the Ace, Intercept or Replenish phones perform "two finger scrolling" (they do not). (JX1009; JX1024; JX1030.) In any event, the ability to perform a two-finger "gesture operation" that combines both scaling and panning does not avoid infringement, as Dr. Singh explained and the jury correctly concluded with respect to the Galaxy Tab 10.1 running Android 3.1. (Tr. 1862:11-1864:17; Dkt. 1931 at 3 (verdict).)

C. Samsung's Infringement And Dilution Was Always Willful

Apple agrees that evidence must be clear and convincing to prove willfulness for patent infringement (see Opp. 14), but the evidence more than meets this standard. Samsung knew or should have known of Apple's patents and that its products infringed. (*See*, *e.g.*, JX1091 (public announcement that Apple had "patented the heck out of" the iPhone); Tr. 2023:11 – 2024:9 (J.W. Lee admits "in the first meeting [] Apple was talking about Samsung's smartphone infringed Apple phone's patents and design"); Tr. 2025:22-2026:10 (Design Strategy Team Leader testifies that Samsung did not pay any attention to Apple's design patents). Samsung knew that it had copied the iPhone and iPad with its Galaxy phones and tablets, yet it persisted with the infringing designs. (Tr. 1074:20 – 1075:4 (Samsung Vibrant "shockingly similar" to the iPhone 3G; 1080:4 – 1082:10 ("Tab 10.1 . . . often . . . mistaken . . . for an iPad 2"); 1087:24 – 1090:8; PX59 (
"greatest number of customer return[s]" of the Tab 10.1 at Best Buy "were those who purchased thinking it was an Apple iPad 2")); PX42 & 43.2 ("Google is demanding distinguishable design vis-à-vis the iPad for the P3," a code name for the Tab 10.1 per RT 2823:21-2824:2).

Samsung fails to rebut Apple's evidence of "'deliberate copying," which is "'strong REPLY ISO APPLE'S MOTION FOR JMOL (RENEWED), NEW TRIAL, AND AMENDED JUDGMENT CASE NO. 11-cv-01846-LHK sf-3210407

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evidence of willful infringement." (Dkt. 2002 at 29 (quoting L.A. Gear v. Thom McAn Shoe Co., 988 F.2d 1117, 1127 (Fed. Cir. 1993)); see also K-Tec Inc. v. Vita-Mix Corp., 104 U.S.P.Q. 2d 1408, 1418 (Fed. Cir. 2012).) Instead, Samsung attempts to obscure the law, offering that "copying differs from infringement." (Opp. 14.) But if "evidence of copying is 'of no import on the question of whether the claims of an issued patent are infringed," it is relevant "to Seagate's second prong, as it may show what the accused infringer knew or should have known about the likelihood of its infringement." Depuy Spine, Inc. v. Medtronic Sofamor Danek, Inc., 567 F.3d 1314, 1336 (Fed. Cir. 2009) (quoting Allen Eng'g Corp. v. Bartell Indus., Inc., 299 F.3d 1336, 1351 (Fed. Cir. 2002)).

Samsung's cases do not address trade dress claims, where a preponderance of the evidence suffices to prove willfulness. B & H Mfg. Co. v. Bright, No. CVF016619AWISMS, 2005 WL 1342815, at *8-9 (E.D. Cal. May 10, 2005); Dkt. 1903 at 93. For Apple's unregistered trade dress, the only notice that Apple was required to prove was that Samsung had seen the Apple products, and it certainly did, in the course of copying them. (See also Dkt. 418 (Lutton), ¶ 14; PX52.17-19 ("Samsung Copying iPhone").)

D. SEC Is Liable Directly And For Inducing Patent Infringement

Where the jury found Samsung had infringed Apple's patents, it properly found SEC liable for that infringement both directly and on a theory of inducement. (Dkt. 1931 at 2-8.) Apple's motion for judgment as a matter of law or, in the alternative, for a new trial would extend SEC's liability on both theories to an additional patent (the D'889) and to additional products for the D'087, '163, and '915 patents when they are found to be infringing. (Mot. 2, 4.) Samsung's arguments against such liability are unavailing.

Samsung is liable as a direct infringer and for inducing infringement, because it intentionally participated in the sale of its products in the U.S. market. (Dkt. 1849 at 31, 73 (Jury Instr's) and cases cited therein.) SEC designs and manufactures the products, ships them to two locations in the United States, and gives its wholly owned subsidiaries, who sell the phones to carriers in the United States, "directions." (Tr. 791:20 – 796:18 (Denison).) For example, SEC sets the price at which its products are sold to carriers (Tr. 2029:22 - 2030:8 (Benner).) and REPLY ISO APPLE'S MOTION FOR JMOL (RENEWED), NEW TRIAL, AND AMENDED JUDGMENT CASE No. 11-CV-01846-LHK sf-3210407

investigates why customers return its products to U.S. retailers (PX59.2). Apple also proved that Samsung knew or was willfully blind to the fact that Apple had patented the designs and technology Samsung was copying. *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2070 (2011); PX59.10-11; Dkt. 2050 at 24. The evidence permits only one conclusion – that Samsung is liable as a direct infringer and for inducing its subsidiaries' infringement.

E. Apple's Damages Award Should Not Be Reduced If The Court Disaggregates And Adjusts Damages On Product-Specific Grounds

Citing *Dimick v. Schiedt*, 293 U.S. 474 (1935), Samsung argues that Apple's conditional request for increased damages on five products for which the jury awarded amounts lower than those calculated by either party's expert violates the rule against *additur*. But Samsung's argument is contrary to longstanding precedent upholding "an exception to *Dimick* where the jury has found the underlying liability and there is no genuine issue as to the correct amount of damages." *United States EEOC v. Massey Yardley Chrysler Plymouth, Inc.*, 117 F.3d 1244, 1252-53 (11th Cir. 1997) (court erred in failing to increase compensatory award of six months back pay when "nothing in the record" justified "cutting off back pay after six months"); *see also Roman v. Western Mfg.*, 691 F.3d 686, 702 (5th Cir. 2012) (district court properly increased compensatory jury award from \$15,000 to \$168,804.22 because "jury had no valid basis in evidence for its \$15,000 sum, as opposed to the full measure of medical costs"). As these cases show, Samsung is also incorrect in asserting that this exception applies only to nominal damages.

Accordingly, if the Court reviews the damages award on a product-by-product basis,³ the Court should offset any remittitur by the additional damages to which Apple is entitled as a matter of law. No reasonable jury could have awarded less than what Samsung's own expert calculated for the five products at issue; he calculated Samsung's profits using *all* of Samsung's direct and indirect cost deductions and the latest possible notice dates. He thus identified the

³ Samsung cites no precedent to justify product-level parsing of the damages award. *Earl v. Bouchard Transp. Co., Inc.*, 917 F.2d 1320 (2d Cir. 1990), and *Akermanis v. Sea-Land Serv.*, 688 F.2d 898 (2d Cir. 1982), are distinguishable because, *inter alia*, they involve judicial attempts to adjust liability determinations rather than damages. *See* 917 F.2d at 1321 (seaman's claim for maintenance and cure); 688 F.2d at 902 (increase in contributory negligence percentage).

minimum damages – the compensation "floor" – for the alleged infringement. Because Samsung failed to identify any evidence that might have justified lower damages, the award Samsung itself calculated for these five products would not constitute impermissible *additur*, but would instead correct the verdict to award undisputed damages.⁴

IV. APPLE IS ENTITLED TO JMOL THAT SAMSUNG'S PATENTS ARE INVALID.

'893 Patent. Samsung argues that the LG patent "has no bearing on the obviousness of switching to the camera mode" (Opp. 17), but the evidence demonstrates otherwise. The LG patent discloses "mode switching" (PX112.4 & Fig. 3), and Dr. Dourish testified that it would have been obvious to switch between a photographing mode and a stored image displayed mode. (Tr. 3217:3-3218:14 ("[T]hrough the discussion of mode switching, it makes clear if you have those modes, you have to be able to switch amongst them").) He also explained that it would have been obvious to display the last-viewed image because "there's ... only a finite number of choices you can make for which image should be on the screen." (Tr. 3218:1-14.) Dr. Yang did not rebut *any* of Dr. Dourish's obviousness opinions. (*See* Tr. 3666:4-19.)

'711 Patent. Samsung objects that Apple relies on unauthenticated and hearsay evidence (Opp. 17), but the *admitted evidence*—including sales data, press releases, and a user manual—clearly demonstrates that the K700i was on sale and publicly available in 2004. (PX113; PX116; PX117; Tr. 3234:21-3238:2 (Givargis) (all admitted without objection).) Samsung also contends that neither the K700i nor Wang *by itself* discloses using an "Applet for multitasking music on a single processor" (Opp. 17-18), but Dr. Givargis explained that applets "were well known prior to 2005" and would have been *obvious* to use for a "music background play object" in a mobile phone. (Tr. 3244:20-3248:14.) In any event, claim 9 contains no "single processor" requirement as Samsung suggests. (*See* JX1071.9.)

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'460 Patent. Contrary to Samsung's assertion (Opp. 18), Apple proved that the prior art teaches sending an email displaying a photo. As Dr. Srivastava explained, Yoshida describes "a device ... able to send an e-mail image" (Tr. 3313:12-3315:4), and Yoshida plainly discloses attaching a displayed image to an email. (PX120 at 6:38-44, 17:60-67, 20:29-37 & Figs. 4, 10.)

'516 Patent. Samsung contends that Hatta was "Apple's only prior art reference" (Opp. 18), but Apple relied on Hatta *combined with* the admitted prior art ("APA") in the '516 patent. The APA discloses HARQ channels (JX1073, Fig. 5 ("E-DPDCH")), and Hatta teaches the '516 patent's alleged solution of "unequal scaling." (PX100.23, Fig. 5.) As Dr. Kim explained, this combination renders claims 15 and 16 obvious. (Tr. 3426:5-3427:20.)

'941 Patent. Samsung argues that Agarwal addresses only satellite systems (Opp. 18), but Agarwal *also* discloses "wireless terrestrial" systems (PX97.21, 7:25-30), which indisputably include mobile communication systems. (Tr. 3454:17-3455:1 (Knightly).) Dr. Knightly explained how Agarwal discloses the one-bit field, serial number, and length indicator claimed by the '941 patent. (Tr. 3455:23-2459:2.) Although Samsung now argues that Agarwal does not teach those elements (Opp. 18), it failed to present evidence responding to Dr. Knightly's analysis at trial.

V. APPLE IS ENTITLED TO JMOL OR A NEW TRIAL ON ITS BREACH OF CONTRACT AND ANTITRUST COUNTERCLAIMS

A. Samsung Breached Its Contractual Obligations Under The ETSI IPR Policy

Samsung first argues that Apple failed to establish Samsung's ETSI obligations under French law (Opp. 18-19), but Apple was not required to call a French law expert to testify before the jury. Rather, the Court properly determined the content of French law, *see* Fed. R. Civ. P. 44.1, based on the *undisputed* jury instructions submitted jointly by the parties. (Dkt. 1693 at 29-30.) Samsung therefore waived any argument that Apple failed to prove French law. *See* Fed. R. Civ. P. 51 But even if Samsung were correct that Apple failed to prove foreign law (which it is not), that is no basis for dismissal because, where foreign law is not proven, "it is presumed to be the same as the law of the forum." *San Rafael Compania Naviera v. Am. Smelting & Refining Co.*, 327 F.2d 581, 587 (9th Cir. 1964).

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Samsung next contends that Apple failed to prove that Samsung breached the ETSI IPR
Policy by failing to timely disclose its Korean patent applications. (Opp. 19-20.) Samsung
attempts to distort its disclosure obligation by arguing that there is no "bright-line rule" requiring
disclosure before adoption of the relevant standard. (Opp. 19.) As another court recently found
in interpreting the same provision, however, Clause 4.1 is clear (PX74.2): "By using the terms
'might' and 'if,' the policy clearly requires members to make efforts to disclose intellectual
property rights before a standard is adopted." Apple Inc. v. Motorola Mobility, Inc., No. 11-cv-
178 (W.D. Wis. Aug. 10, 2012) ("Apple v. Motorola"); Dkt. 194 at 43. Samsung plainly violated
that obligation by deliberately failing to disclose its applications until after its related technical
proposals had been adopted into the standard—facts that Samsung does not dispute. The conduct
of other ETSI members is irrelevant to Samsung's breach, especially because there was no
evidence that any other member had made a technical proposal and then withheld its IPR until
after its proposal was adopted. (Tr. 3654:23-3655:1 (Teece).) Furthermore, contrary to
Samsung's argument (Opp. 19-20), its Korean applications were "IPR" because they were no
longer confidential once Samsung publicly submitted their subject matter to ETSI. (See Apple
Br. 23.) ⁵
Samsung further contends that Apple failed to prove causation or damages. (Opp. 20.)
On the contrary, Apple established that it was harmed by Samsung's late disclosure because it
"led to a choice of technology that may not have been chosen but for [Samsung's] conduct" (Tr.
3579:2-6 (Ordover)) and Samsung based its assertion of its purportedly standard-essential patents
on that choice. (Tr. 2743:10-15 (Williams) (infringement contentions based on compliance with

s's] conduct" (Tr. d-essential patents compliance with standard).) As this Court has previously held, that is sufficient to establish causation because Samsung's concealment of its IPR biased the standard-selection process that led to this litigation and proximately caused Apple's litigation expenses. (See Dkt. 1158 at 40 (where holdup arises from "failure to disclose essential patents to ETSI" and "failure to license on FRAND terms,"

⁵ Samsung's failure to oppose Apple's arguments on this point acts as a waiver. See Apple v. Motorola at 45 ("By failing to respond to Apple's contention that the specific patent applications

at issue in this case were not confidential, Motorola has waived any arguments in opposition.").

litigation costs "stem directly" from such conduct).)

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Finally, Samsung maintains that that it complied with its FRAND obligations. (Opp. 20-21.) But Samsung's offer of a 2.4% royalty on the *entire sales price* of Apple's accused products is per se unfair and unreasonable because, among other reasons, it would compensate Samsung for "many other features" unrelated to Samsung's patents (Tr. 3537:12-3538:6 (Donaldson))—a fact that Samsung does not dispute. Instead, Samsung points to "licensing rates in the industry" and "Samsung's past licensing practices." (Opp. 21.) Dr. Teece's testimony that Samsung's offer "was in the range of rates" observed from other companies (Tr. 3646:21-3647:2), however, did not consider that those other licenses were not comparable in technological or economic terms. See Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301, 1327-29 (Fed. Cir. 2009) (rejecting evidence that licenses were comparable where "[t]he testimony provides no analysis of those license agreements, other than, for example, noting the agreement was a cross-license of a large patent portfolio and the amount paid" and rejecting argument that describing licensed portfolios as "PC-related" established requisite comparability). Similarly, Dr. Teece's testimony that a negotiation "could have resulted" in a cross-license with "the rate going away and possibly just a balancing payment" (Tr. 3646:21-3647:2) is irrelevant to the reasonableness of the offer that Samsung actually made. Moreover, Samsung's unilateral 2.4% offer—which it made only after suing Apple and has never agreed to modify—was not a good-faith negotiation and did not satisfy its obligation "to grant irrevocable licenses on [FRAND] terms." (PX74.3.)

В. **Samsung Violated Section 2 Of The Sherman Act**

Samsung argues that Apple failed to prove a relevant market because there was no evidence of technical alternatives that "a buyer could switch to if necessary." (Opp. 22.) But Drs. Kim and Knightly testified that there existed alternative technologies (Apple Br. 25), which could have been used had Samsung's proposals been rejected. Dr. Ordover was entitled to rely on that testimony in his market analysis. See, e.g., Southland Sod Farms v. Stover Seed Co., 108 F.3d 1134, 1142 (9th Cir. 1997) ("The fact that Engelke's opinions are based on data collected by others is immaterial; Federal Rule of Evidence 703 expressly allows such opinion testimony.").

Next, Samsung concedes that the evidence supports Apple's theory of monopoly power so REPLY ISO APPLE'S MOTION FOR JMOL (RENEWED), NEW TRIAL, AND AMENDED JUDGMENT

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long as "every standards-essential patent holder is a monopolist," and argues only that this is "an absurd result." (Opp. 23.) There is no absurdity: "the incorporation of a patent into a standard ... makes the scope of the relevant market congruent with that of the patent." *Broadcom Corp. v. Qualcomm Inc.*, 501 F. 3d 297, 315 (3d Cir. 2007). Although Apple disputes that Samsung has any truly essential asserted patents--and the jury properly concluded that it did not--Samsung's claims of essentiality give Samsung the power to exclude competition or demand supracompetitive licensing terms in the relevant technology markets (i.e., the markets that include the technologies that Samsung claims are covered by its patents). *See id.*; Mot. 25.

Finally, Samsung is wrong that Apple may not recover its litigation expenses as damages, as the Court has previously ruled. (*See* Dkt. 1158 at 40 ("[L]itigation expenses may establish damages for an antitrust claim.").)

VI. APPLE IS ENTITLED TO SUPPLEMENTAL DAMAGES AND PREJUDGMENT INTEREST

Supplemental damages. Samsung cannot dispute that Apple is entitled to damages through final judgment for Samsung's continuing infringement. Samsung purports to deconstruct the award, and then asserts that (1) some components of the award are not subject to supplementation, and (2) Apple's calculation is inconsistent with Samsung's assumptions regarding the jury's methodology. Samsung's arguments are contrary to law.

First, Samsung did not attempt to rebut or distinguish the cases Apple cited holding that supplemental damages awards should extend the jury's existing verdict without revisiting or reevaluating its methods or conclusions. (Mot. 27-28.) Those cases prohibit speculation about how the jury calculated damages so long as the damages are supported in the record as a whole. (See also Dkt. 2050 at 26.9-27.5.) Here, the record amply supports the jury's \$1.05 billion award, and thus Apple's reasonable calculation based on the award. Because Apple properly extends the jury's verdict forward in time, Apple's method poses no Seventh Amendment problem.

Second, even if the Court were to attempt to deconstruct the jury's damages methodology, supplemental damages are not barred on the bases Samsung identifies. Courts have expressly rejected Samsung's argument that infringer's profits cannot be awarded post-verdict as

supplemental damages. *E.g.*, *Padco*, *Inc. v. Newell Cos.*, No. 85-C-1325, 1988 WL 187504, at *2-3 (E.D. Wis. July 27, 1988); *see also* 35 U.S.C. § 289 ("Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title" except trebling.). Likewise, Samsung's argument that extending lost profits or royalties would be inconsistent with the methodology of Apple's damages expert misses the mark because "[s]upplemental damages are calculated consistent with the damages awarded in the jury verdict." *Presidio Components Inc. v. Am. Tech. Ceramics Corp.*, No. 08-CV-335, 2010 WL 3070370, at *1-2 (S.D. Cal. Aug. 5, 2010). Courts and parties cannot know, nor try to guess, what methods the jury used in calculating damages.

Third, Samsung's suggestion that Apple's calculation should be rejected because it does not use actual sales data for Samsung products is not credible, given that Samsung has only disclosed partial data, and that just before this brief was due, when Apple had no opportunity to test its reliability. (Hung. Decl. Ex. 20-22.) Apple's projected sales were conservative because they excluded any sales of the other 18 of 26 infringing products after June 30, 2012. (See Dkt. 1982-71 ¶ 11.) Even from the selective and self-serving disclosures in Samsung's opposition, it is clear that Samsung continued to sell numerous products after June 30, 2012. (Dkt. 2060; Ex. 1.) Moreover, even Samsung's new data (and projections through the entry of judgment based on it) produces supplemental damages totaling more than \$100 million, which confirms the reasonableness of Apple's request for \$121 million. (See Reply Robinson Decl. ¶ 6.)⁶

Samsung's other criticisms are similarly disingenuous. Samsung suggests that Apple's per-unit damages amount of \$50.40 (calculated by dividing the total verdict by the number of infringing units) is too high because it includes products like the Fascinate that Samsung no longer sells. But if Apple had calculated a per-unit damages amount based solely on the eight products used in its supplemental damages calculation, the per unit amount (and thus the total

⁶ If supplemental damages are awarded based on Samsung's newly-produced claimed sales data, prejudgment interest on the verdict would remain the same at \$48,969,088, while interest on the supplemental damages portion would decrease from about \$899,201 to \$770,339. (*Compare* Dkt. 1982-71 ¶¶ 19-20, *with* Reply Robinson Decl. ¶ 6.)

supplemental damages) would have been higher. (See Reply Robinson Decl. ¶ 3.) Samsung also
wrongly criticizes Apple for failing to consider the effect of new products or supposedly non-
infringing variations of the eight products, although Apple's model of supplemental damages took
into account the likelihood of reduced demand, and thus reduced sales. (See Dkt. 1982-74; Ex.
3.2.) And Samsung attempts to limit the award to post-verdict infringement, although the
limitations on information available meant the jury was not asked to and did not compensate
Apple for sales after June 30, 2012. Pre-verdict supplemental damages – beginning after the "the
last date for which [the patentee] was able to present evidence of [infringing] sales to the jury -
are proper. Hynix Semiconductor, Inc. v. Rambus, Inc., 609 F. Supp. 2d 951, 959-65, 987 (N.D.
Cal. 2009); see also Metso Minerals, Inc. v. Powerscreen Int'l Distrib. Ltd., 833 F. Supp. 2d 333,
349-351 (E.D.N.Y. 2011).
Finally, the Court should reject Samsung's attempt to postpone an award of supplemental
damages until after final judgment and appeal. The Court has all the information it needs to
fashion appropriate post-verdict relief, and waiting until later to award supplemental damages will

needlessly drag out the proceedings.

Pre-judgment interest. Samsung's calculation of prejudgment interest of only \$248,023 on a \$1.05 billion judgment is not plausible on its face. Samsung fails to identify any evidence that Apple could have borrowed \$1.05 billion at the historically low rate – about two tenths of one percent – that Samsung identifies in its opposition. (See Opp. 30.) Apple's request for prejudgment interest using the compounded prime rate better reflects actual borrowing costs for businesses during the relevant period and, as courts have frequently recognized, the prime rate "is appropriate for calculating prejudgment interest in a patent case." Fresenius Med. Care Holdings v. Baxter Int'l, Inc., No. C 03-1431, 2008 WL 928535, at *3 (N.D. Cal. Apr. 4, 2008).

Samsung's argument that the Court should deconstruct the jury's verdict and award prejudgment interest on only portions of it finds no support in the case law. Beatrice Foods Co. v. New England Printing & Lithographing Co., 923 F.2d 1576 (Fed. Cir. 1991), upheld a prejudgment interest award to the full extent of the assessed damages, declining only to affirm prejudgment interest for amounts that reflected the trebling of that award. *Id.* at 1578-81. Here, REPLY ISO APPLE'S MOTION FOR JMOL (RENEWED), NEW TRIAL, AND AMENDED JUDGMENT CASE No. 11-CV-01846-LHK sf-3210407

Apple has not sought prejudgment interest on any enhancement of its damages. *Oiness v. Walgreen Co.*, 88 F.3d 1025 (Fed. Cir. 1996), is similarly inapposite because *Oiness* involved two separate awards, one for past damages where the Federal Circuit said prejudgment interest on the entire award was appropriate, and one for projected future damages, a remedy Apple has not sought. (*See id.* at 11033.) "Interest compensates the patent owner for the use of its money between the date of injury and the date of judgment," the *Oiness* court explained, a principle that supports awarding prejudgment interest on all of the damages in this case. As noted above with respect to supplemental damages, any deconstruction of the jury award is contrary to Federal Circuit precedent.

Samsung is also wrong that the Ninth Circuit awards prejudgment interest in Lanham Act cases only where counterfeiting is at issue. In this Circuit and elsewhere, courts have discretion to award prejudgment interest for other types of Lanham Act violations. *See Clamp Mfg. Co., Inc. v. Enco Mfg. Co., Inc.*, 870 F.2d 512 (9th Cir. 1989) (affirming award of prejudgment interest in non-counterfeiting Lanham Act case); *Cyclone USA, Inc. v. LL & C Dealer Serv., LLC*, No. CV 03-992, 2010 WL 2132378, at *1 (C.D. Cal. May 24, 2010) (awarding prejudgment interest for trademark infringement and other Lanham Act violations because "prejudgment interest should be presumptively available" for violations of federal law).

Finally, Apple's request for prejudgment interest is not premature. Apple's request is consistent with the schedule ordered by the Court, which will have all the information it requires to calculate and award interest on the final amount of the judgment.

CONCLUSION

For the foregoing reasons and as set forth in Apple's opening brief, Apple requests that the Court award judgment as a matter of law or, in the alternative, a new trial as to certain claims, together with supplemental damages and prejudgment interest.

1	Dated: November 9, 2012	MOR	RRISON & FOERSTER LLP
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3		By:	/s/ Michael A. Jacobs Michael A. Jacobs
4			
5			Attorneys for Plaintiff APPLE INC.
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