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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 A PERMANENT
INJUNCTION AND DAMAGES
ENHANCEMENT**

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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Preliminary Statement

Apple’s motion for an injunction attempts to convert the jury’s specific infringement findings into a broad injunction that it can use to bully Samsung and third parties in an effort to stifle lawful, fair competition. The severe threats to fair competition created by Apple’s positions in this case have been widely reported.¹ Apple now seeks, through its requested injunction, to deprive consumers not only of the products that Apple has accused but also unspecified *other* products that Apple will argue infringe or merely include “a feature or features not more than colorably different” from features that Apple accuses. Dkt. 1987 at 2. The Court should reject this effort to hinder competition and limit consumer choice. *Apple Inc. v. Samsung Elecs. Co., Ltd.*, __ F.3d __, 2012 WL 4820601, at *3 (Fed. Cir. Oct. 11, 2012) (“*Apple II*”) (requiring courts to analyze whether “patentee seeks to leverage its patent for competitive gain beyond that which the inventive contribution and value of the patent warrant”).

Likewise, Apple’s request for more than \$500 million in *additional* damages as “enhancements” shows that Apple’s goal is not to protect innovation but to hinder competition. The enhancements that Apple seeks should not be awarded.²

Argument

I. THE COURT SHOULD NOT ISSUE A PERMANENT INJUNCTION

“For a permanent injunction to issue, the party requesting an injunction must demonstrate

¹ See, e.g., Cao, “Apple co-founder Wozniak says he hates Samsung patent verdict,” Financial Post, Sept. 14, 2012 (“‘I hate it,’ Wozniak said when asked about the patent fights between Apple and Samsung. ‘I don’t think the decision of California will hold. And I don’t agree with it — very small things I don’t really call that innovative.’”); Love, “Apple-Samsung patent fight: Fuzzy math,” Los Angeles Times, Aug. 30, 2012; Nocera, “Has Apple Peaked?” New York Times, Sept. 21, 2012; Duhigg and Lorr, “The Patent Used as a Sword” New York Times, Oct. 7, 2012 (“Former Apple employees say senior executives made a deliberate decision . . . to use patents as leverage against competitors to the iPhone”); “The Colbert Report,” Sept. 18, 2012; Raustiala & Sprigman, “Apple vs. Samsung: Is Copying Theft or Innovation?,” Los Angeles Times, Sept. 4, 2012 (“Does anyone own the rectangle? Should anyone own the rectangle?”); Editorial, “Apple’s Courtroom Win Reveals Deeper Woes in U.S. Patents,” Boston Globe, Sept. 4, 2012. All are attached as Exhibit 1 to the concurrently-filed Declaration of John Pierce (“Pierce Decl.”).

² In violation of this Court’s Order (Dkt. 1945), Apple has submitted over 40 pages of declarations used “as a vehicle for circumventing the Court’s page limits.” *Id.* Pursuant to this Court’s October 9, 2012 Order (Dkt. 2038) and L.R. 7-3(a), Samsung thus moves to strike the following: Crouse Decl., ¶¶ 2 and 4 (from 1:13 to 1:14); Musika Decl. ¶¶ 7, 10-28, 31-60; Robinson Decl., ¶¶ 34-36, 38-40, and 42; Schiller Decl., ¶¶ 3-10, 13, 15 (from 5:21 to 5:26); and Winer Decl., ¶¶ 7-14.

1 that: (1) it has suffered an irreparable injury; (2) legal remedies, such as money damages are
2 inadequate compensation; (3) the balance of hardships warrants an injunction; and (4) the public
3 interest would not be disserved by an injunction.” *ActiveVideo Networks, Inc. v. Verizon*
4 *Communications, Inc.*, ___ F.3d ___, 2012 WL 3636908, at *21 (Fed. Cir. Aug. 24, 2012) (citing
5 *eBay*, 547 U.S. at 391). These factors should be applied with an awareness of the “danger that
6 Apple’s goal in obtaining an injunction is harassment of its bitter rival” for anticompetitive
7 purposes, *Apple, Inc. v. Motorola, Inc.*, ___ F.Supp.2d ___, 2012 WL 2376664, at *20 (N.D. Ill. June
8 22, 2012) (Posner, J.) (“*Motorola*”), and with the recognition that Apple has already benefitted
9 from an enormous (and excessive) verdict and that Samsung has either redesigned or stopped
10 selling virtually every product found to infringe.

11 **A. Apple Has Not Shown That It Will Suffer Irreparable Harm From Samsung’s**
12 **Use of Its Claimed Intellectual Property**

13 Irreparable harm may not be presumed based on an infringement finding; instead, Apple
14 “must make a clear showing that it is at risk of irreparable harm, which entails showing a
15 likelihood of substantial and immediate irreparable injury.” *Apple II*, 2012 WL 4820601 at *2.
16 “But in cases such as this—where the accused product includes many features of which only one
17 (or a small minority) infringe—a finding that the patentee will be at risk of irreparable harm does
18 not alone justify injunctive relief.” *Id.* “Rather, the patentee must also establish that the harm is
19 sufficiently related to the infringement”—which requires a showing “that a sufficiently strong
20 causal nexus relates the alleged harm to the alleged infringement.” *Id.* “It is not enough for the
21 patentee to establish some insubstantial connection between the alleged harm and the infringement
22 and check the causal nexus requirement off the list.” *Id.* at *3. Nor is the requirement satisfied
23 “simply because removing an allegedly infringing component would leave a particular feature,
24 application, or device less valued or inoperable.” *Id.* at *4. “The patentee must rather show that
25 the infringing feature drives consumer demand for the accused product.” *Id.* at *3.

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1 Apple must make this causal showing—which it fails even to acknowledge³—separately
 2 for each item of intellectual property at issue. *See Apple, Inc. v. Samsung Elecs. Co., Ltd.*, 678
 3 F.3d 1314, 1323-28 (Fed. Cir. 2012) (considering separately whether Apple had proved a causal
 4 nexus for ‘381 and D’677 patents); *Apple, Inc. v. Samsung Elecs. Co.*, No. 12-cv-630, Dkt. 221, at
 5 78-93 (“*Apple II* Dkt. 221”) (considering separately whether Apple had proved a causal nexus for
 6 each of four patents); *Motorola*, 2012 WL 2376664, at *19 (denying permanent injunction after
 7 considering patents individually where Apple did “not indicate that infringement of *these* claims”
 8 caused its claimed irreparable harms) (emphasis in original). Apple seeks a separately
 9 enforceable injunction against infringement of *each feature of each individual* claimed patent and
 10 right, but fails to justify that request as to each claimed patent and right individually, opting
 11 instead for a blunderbuss approach that relies on the alleged “combined effects of Samsung’s
 12 infringement and dilution” (Mot. at 9) and the sort of generalized arguments that the Federal
 13 Circuit rejected in *Apple II*. This does not meet Apple’s burden.

14 **1. Apple Has Not Shown Irreparable Harm From Design Patent**
 15 **Infringement**

16 This Court held previously that Apple failed to demonstrate a nexus between Samsung’s
 17 alleged use of the D’677 patent and Apple’s claimed harms of lost customers and lost market
 18 share. Dkt. 452 at 34. The Federal Circuit upheld this finding and ruled it applies equally to the
 19 D’087 patent. *Apple*, 678 F.3d at 1324-27. Both this Court and the Federal Circuit placed
 20 weight on evidence that “design was not a determinative factor in consumer decisionmaking” for
 21 smartphones, *id.* at 1324, and this Court explained that “even if ‘design’ matters to a new
 22 smartphone purchaser,” Apple failed to show demand was tied to the D’677, which is limited to
 23 portions of a device’s front face. Dkt. 452 at 33-34; *accord Apple*, 678 F.3d at 1325-27.

24 Apple offers neither evidence nor argument to justify a different conclusion now.

25
 26 ³ Apple states that “no authority in the permanent injunction context requir[es] a causal nexus”
 27 between the alleged wrongdoing and the claimed irreparable harm, Mot. at 2, but makes no
 28 argument that principles of causation that are fundamental when considering interim relief become
 irrelevant when permanent relief is sought. There is no support for any such position, and it is
 fundamentally inconsistent with *eBay* and *Apple II*.

1 Instead, it rehashes the same points this Court and the Federal Circuit already rejected.
 2 *Compare, e.g.*, Mot. at 7 (arguing for permanent injunction because “80% of iPhone purchasers
 3 identify ‘attractive appearance and design’” as important and “up to 40% of customers” identified
 4 “exterior design” as a purchasing factor) *with* Dkt. 452 at 34 (this Court denying preliminary
 5 injunction as to design patent despite evidence that “design is one of six factors that influence a
 6 person’s decision to buy a particular smartphone” and “82% of iPhone purchasers find ‘attractive
 7 appearance/design’” important). For the same reasons as before, and for additional reasons,
 8 Apple has not established irreparable harm tied to the design patents asserted here.

9 **(a) Apple Overstates The Importance Of Design In Purchasing**

10 *First*, while Apple argues that it advertises the design of its products and customers care
 11 about the “style” of their smartphones, Mot. at 7, the evidence shows—as the Court found
 12 before—that sales of iPhones rise with the release of new products, suggesting “the driver in
 13 consumer demand may be the novelty of the product, and not necessarily the design.” Dkt. 452
 14 at 34. The success of the iPhone 5, which sold five million units in the first three days, confirms
 15 this (Pierce Decl., Ex. 2), as does the fact that sales spikes occur with new products even when
 16 their design does not change. Wagner Decl., Ex. 54.

17 Survey evidence equally refutes Apple’s claims. Apple’s own survey demonstrated that
 18 only 1% of iPhone users and 4% of all respondents listed “design/color” as their reason for
 19 purchasing, DX 592.023, and appearance and design came in *eighth* when domestic iPhone buyers
 20 ranked features and attributes by importance, behind ease of use, service and support, trust Apple
 21 brand, quality of apps, battery life, value for price paid and quantity of apps. Pierce Decl. Ex. 5
 22 at APLNDC-Y0000027523; PX146.5. The same holds true for Android purchasing decisions; in
 23 a January 2011 study, Apple recognized that [REDACTED]

24 [REDACTED]
 25 [REDACTED] DX572.026; DX572.082 (top three reasons domestic
 26 consumers purchase Android phones are desire to stay with current cell provider, trust in Google
 27 brand, and preference for larger screens); RT 873:6-12 (consumers desire large screens for their
 28 functionality). Consumers purchase Android phones for many reasons unrelated to design,

1 [REDACTED] DX572.027-28. Apple overlooks the *non-design*
2 factors that affect consumer choice in these complex technology products. “In this light, the
3 causal link between the alleged infringement and consumer demand for the [accused products] is
4 too tenuous to support a finding of irreparable harm.” *Apple II*, 2012 WL 4820601 at *5.

5 **(b) Apple Has Not Shown That Its Patented Designs Drive Demand**

6 Having failed to establish that design even *generally* is a significant driver of purchasing
7 decisions, Apple provides no evidence that the *specific* design patents at issue drive consumer
8 demand, as required. *Apple II*, 2012 WL 4820601 at *3 (“patentee must rather show that *the*
9 *infringing feature* drives consumer demand for the accused product”) (emphasis added). Apple’s
10 alleged proof that “design matters” says nothing about whether Samsung’s purported *use of the*
11 *patents in suit* drives demand for Samsung’s products. As the Court has explained, mere proof
12 that “‘design’ matters” does *not* establish a causal link between the use of a design patent and
13 claimed harms. Dkt. 452 at 34. Apple offers *no* evidence establishing that critical link.

14 Because Apple’s design patents cover only portions of the devices at issue, the need for
15 patent-specific proof of causation is particularly crucial. *See eBay v. MercExchange, LLC*, 547
16 U.S. 388, 396-97 (2006) (Kennedy, J., concurring) (“When the patented invention is but a small
17 component of the product the companies seek to produce and the threat of injunction is employed
18 simply for undue leverage in negotiations, legal damages may well be sufficient to compensate for
19 the infringement and an injunction may not serve the public interest.”). The D’677 patent covers
20 only one exterior face, and does not claim even the entirety of that face (it excludes the home
21 button, for example). Dkt. 1893 at 59 (Instruction No. 43). The D’087 adds a bezel, but like
22 the D’677 covers far less than the complete design for any product. *Id.* The D’305 relates only
23 to a single page of icons in a graphical user interface, which falls far short of the complete design
24 for any Apple product, *id.* at 60, and even Apple concedes that Samsung did not use the D’305 as
25 claimed since nearly every icon in Samsung’s phones differs substantially from the D’305 icons.
26 RT 1426:14-1435:24 (Kare). As this Court has recognized, “even if ‘design’ matters to a new
27 smartphone purchaser, it is not clear how much design of the front face of the phone matters to
28 that same purchaser.” Dkt. 452 at 34; *see also Apple*, 678 F.3d at 1321 (noting this Court’s

1 reliance on “fact that Apple’s patents do not claim the entire article of manufacture”). Apple
 2 offers no evidence that Samsung’s alleged use of *the designs at issue* drives demand, and fails
 3 even to acknowledge the limited scope of the patents in suit. This is fatal under *Apple II*, 2012
 4 WL 4820601, at *3.

5 In any case, even if there were proof of such a causal connection, there is no proof that
 6 Samsung’s infringement of *protectable aspects* of Apple’s designs had any effect on Apple’s
 7 market share. Functional and structural components of a design are not protectable, *Richardson*
 8 *v. Stanley Works, Inc.*, 597 F.3d 1288, 1293 (Fed. Cir. 2010); *Lee v. Dayton-Hudson*, 838 F.2d
 9 1186, 1188 (Fed. Cir. 1988), and Apple conceded at trial that many elements of its designs fall
 10 into these categories. Dkt. 1990-03 at 5 (non-ornamental features of D’677 and D’087 include
 11 form that is rectangular with curved corners; flat, clear, large screens; size that can be handheld;
 12 speakers near the top; opaque borders and bezel); *id.* at 6 (non-ornamental features of D’305
 13 include use of pictures and images as “visual shorthand” to communicate information, and
 14 inclusion of sufficient space to allow for finger-operation).⁴ Samsung, like the rest of the world,
 15 is entitled to compete with Apple by incorporating unprotected features into its products. *Bonito*
 16 *Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 159-60 (1989). To show that an
 17 injunction is needed to avoid irreparable harm, however, Apple must but cannot show that
 18 Samsung’s infringement of protectable features of Apple’s designs is causing such harm. .

19 **(c) Changes To Apple’s Offerings Defeat Irreparable Harm**

20 Apple admits it no longer sells the iPhone 3 and 3GS. Schiller Decl. ¶ 15. Because
 21 those are the only later-generation products that Apple has claimed embody the D’087 (RT
 22 1022:23-1024:10 (Bressler)), Apple no longer practices that patent. It is also clear that Apple is
 23 no longer practicing the D’305. While Apple has argued that the iPhone 4 also embodies the
 24 D’305 (RT 1369:1-14), the testimony that the D’305 was designed to have the appearance of a
 25 “missing row” of icons (Dkt. 1090-1 at 14; Pierce Decl. Ex. 42) and the undisputed fact that the

26 ⁴ Indeed, at the announcement of the iPhone 5, and in subsequent television ads, Apple touted
 27 the dimensions of the user interface as being optimally designed for control by the user’s thumb—
 28 including the phone’s being only four icons wide, like the D’305 patent. See, e.g., Pierce Decl.
 Exs. 46-47.

1 iPhone 4 does *not* incorporate such a “missing row” (JX1003) shows that the iPhone 4 does not
 2 practice the D’305 patent. And it is plain that Apple’s current screen differs from the D’305 in
 3 many other respects.

4 That Apple no longer practices the patents undermines its claim of irreparable harm. *See*
 5 *High Tech Med. Instrumentation, Inc. v. New Image Indus., Inc.*, 49 F.3d 1551, 1556 (Fed Cir.
 6 1995) (failure to practice an invention is “a significant factor” in the irreparable harm calculus).
 7 Apple must show that *ongoing* infringement of these design patents will cause irreparable harm,
 8 *Hynix Semiconductor Inc. v. Rambus Inc.*, 609 F. Supp. 2d 951, 968 (N.D. Cal. 2009), yet
 9 nowhere does it explain, let alone prove, how it purportedly is losing market share from
 10 infringement of patents it no longer practices.

11 As Apple has not shown that any ongoing infringement of Apple’s design patents will
 12 cause irreparable harm, its motion as to these patents and the Samsung phones found to infringe
 13 them should be denied.⁵

14 2. Apple Has Not Shown Irreparable Harm From Trade Dress Dilution

15 Apple’s trade dress arguments fare no better. Citing the dilution statute, Apple argues
 16 that it need not show irreparable harm to obtain an injunction for dilution. Mot. at 6. But the
 17 statute makes clear that injunctive relief is “subject to the principles of equity,” 15 U.S.C. §
 18 1125(c), and post-*eBay* authorities applying the similar provision for trademark infringement (15
 19 U.S.C. § 1116(a)) apply equitable principles when considering injunction motions.⁶ Apple must
 20 prove irreparable harm on its dilution claim, and fails to do so.

21 *First*, Apple’s claims of irreparable harm from dilution fail for the reasons shown above.
 22 Apple’s generic claim that “design matters” to consumers makes no showing that demand is

23

24 ⁵ The Samsung products at issue here are: Capitvate; Continuum; Droid Charge; Epic 4G;
 25 Fascinate; Galaxy S i9000; Galaxy S 4G; Galaxy S II (AT&T); Galaxy S II (i9100); Galaxy S II
 (T-Mobile); Galaxy S II (Epic 4G Touch); Galaxy S II (Skyrocket); Galaxy S Showcase (i500);
 Gem; Indulge; Infuse 4G; Mesmerize; and Vibrant.

26 ⁶ *Voice of the Arab World, Inc. v. MDTV Med. News Now, Inc.*, 645 F.3d 26, 33-34 (1st Cir.
 27 2011); *AFL Telecommunications LLC v. SurplusEZ.com, Inc.*, 2011 WL 5547855, at *3 (D. Ariz.
 28 2011) (rejecting presumption of irreparable harm in post-*eBay* trademark case); *Magna-RX, Inc. v.*
Holley, No. 05-3545, 2008 WL 5068977, at *4 (D. Ariz. Nov. 25, 2008) (applying *eBay* to
 trademark case).

1 driven by its claimed trade dress, which incorporates less than the entirety of its actual products.
2 PDX 26.18; Dkt. 75 at ¶¶ 49, 59 & Ex. 16. Apple also has made no effort to show that the
3 *source-identifying attributes* of its trade dress drive demand, yet those attributes are all that trade
4 dress law protects. *Inwood Labs, Inc. v. Ives Labs, Inc.*, 456 U.S. 844, 851 n.11 (1982). In
5 short, Apple offers no evidence that there is a causal connection between the alleged dilution of
6 the source-identifying attributes of its trade dress and its claimed harms. To the contrary,
7 Apple’s expert Dr. Winer affirmatively conceded at trial that there was no actual harm to Apple
8 stemming from Samsung’s alleged use of any Apple trade dress.⁷

9 *Second*, Apple no longer practices its claimed trade dress, which dooms its request for an
10 injunction. The only products that Apple claims once practiced the trade dress at issue—the
11 Unregistered iPhone 3G Trade Dress and Registered iPhone Trade Dress—are the now-
12 discontinued iPhone 3G and 3GS. Dkt. 75 at ¶¶ 58 & 60. Apple’s discontinuance of these
13 products eliminates any possibility of irreparable harm from dilution, for dilution requires proof
14 that “the capacity of the [plaintiff’s] mark to identify and distinguish goods or services sold by
15 [plaintiff] has been lessened.” *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002,
16 1012 (9th Cir. 2004). Any *future* lessening of the capacity of Apple’s trade dress to identify
17 goods that Apple sells will result *from Apple’s decision to no longer sell goods that use its trade*
18 *dress*, not from Samsung’s purported use of a similar dress. That Apple has unilaterally decided
19 not to sell products incorporating its trade dress is fatal to its request for prospective relief.

20 Recognizing this, Apple argues that its current product offerings, like the iPhone 4S,
21 “incorporate many elements of the trade dress found to be diluted.” Mot. at 6. This ignores that
22 the jury found this “Unregistered Combination iPhone Trade Dress” that Apple claims its current
23 offerings embody *is unprotectable*. Dkt. 1931 at 10; Dkt. 75 at ¶¶ 62, 64. This finding is
24 binding, *Los Angeles Police Protective League v. Gates*, 995 F.2d 1469, 1473 (9th Cir. 1993)

25 ⁷ While Winer now claims that Samsung’s “similar-looking smartphones . . . mudd[y] the
26 distinctiveness cues,” “reduce[] the strength of Apple’s brand,” and will decrease Apple’s sales,
27 Winer Decl., ¶¶ 7, 10, he admitted at trial that he has “no empirical evidence to show that
28 Samsung’s actions have diluted Apple’s brand” or that “Apple has actually lost any market share,”
and he could not “quantify the number of purchasers who bought a Samsung device in lieu of
buying an Apple device.” RT 1534:14-23; *see also* 4/27/2012 Winer Depo. at 344 (same).

1 (court sitting in equity bound by jury's findings), and it means that this unprotected trade dress
2 lawfully may be used by the world at large. *See Traffix Devices, Inc. v. Marketing Displays,*
3 *Inc.*, 532 U.S. 23, 29 (2001) ("Trade dress protection must subsist with the recognition that in
4 many instances there is no prohibition against copying goods and products. In general, unless an
5 intellectual property right such as a patent or copyright protects an item, it will be subject to
6 copying."). Any similarities between the products Apple sells now and those it has discontinued
7 are immaterial. No injunction can prohibit Samsung or anyone else from practicing that
8 supposed trade dress.

9 That Apple offers iPhone 3G or 3GS phones as replacements, or that such products remain
10 available from third parties, does not establish that Apple will suffer irreparable harm as to a trade
11 dress that it no longer uses in the marketplace. Apple offers no evidence and no authority that
12 offering "replacement phones" supports draconian injunctive relief. *Ferrari S.p.A. Esercizio*
13 *Fabbriche Automobili e Corse v. McBurnie*, No. 86-1812, 11 U.S.P.Q. 2d 1843, 1848-49 (S.D.
14 Cal. May 26, 1989), on which Apple relies, addressed whether the defendant established the
15 affirmative defense of abandonment. Apple thus erroneously conflates the substantive trademark
16 issue of abandonment with the wholly different irreparable harm requirement for an injunction,
17 which is not met here even if Apple has not abandoned trade dress.⁸ Moreover, Ferrari continued
18 to *sell* replacement parts for its discontinued line of cars and thus continued to commercially
19 exploit the mark at issue, *id.* at 1848-49, which Apple does not claim here. Its expert, Dr. Winer,
20 ignores that Apple no longer sells the iPhone 3G or 3GS, which further renders his newly found
21 opinions both inconsistent with his prior testimony and simply not credible. *F.T.C. v. Whole*
22 *Foods Market, Inc.*, 548 F.3d 1028, 1040-41 (D.C. Cir. 2008) (discrediting expert opinion
23 inconsistent with prior report and testimony).

24 Finally, as explained below, Samsung has discontinued the only products the jury found
25

26 ⁸ While Samsung need not make any such showing, Apple's discontinuance of its trade dress
27 does constitute abandonment. *See Hiland Potato Chip Co. v. Culbro Snack Foods, Inc.*, 720 F.2d
28 981, 984 (8th Cir. 1983) (resale of returned potato chips held not sufficient use to avoid
abandonment of trademark); *Kusek v. Family Circle*, 894 F. Supp. 522, 532-33 (D. Mass. 1995)
(production and sale of back issues of magazine not sufficient to avoid abandonment).

1 diluted Apple's trade dress. This Court should not issue a permanent injunction on Apple's
 2 product-configuration dilution claim after Apple has discontinued the trade dress and Samsung has
 3 discontinued the products found to infringe

4 **3. Apple Has Not Shown Irreparable Harm From Utility Patent**
 5 **Infringement**

6 Apple sought a preliminary injunction as to only one of the utility patents in this case, the
 7 '381 patent. In rejecting that request, the Court recognized that "the fact that the '381 patent is
 8 but one patent utilized in the accused products . . . weighs against a finding of irreparable harm"
 9 because Apple failed to show that purchasing decisions were based on the snap-back feature
 10 claimed by that patent. Dkt. 452 at 63-64. The Federal Circuit affirmed this ruling, *Apple*, 678
 11 F.3d at 1327-28, and it continues to apply now. The Federal Circuit also recently held that Apple
 12 failed to establish the requisite causal nexus for the universal search apparatus claimed in the '604
 13 patent, *Apple II*, 2012 WL 4820601 at *2-5, and the same reasoning likewise forecloses a finding
 14 of nexus for the two additional utility patents now at issue. Because a smartphone or tablet is
 15 "comprised of a multitude of different features," Apple's burden of proof is high. *Apple II*, Dkt.
 16 221 at 79; *see Apple II*, 2012 WL 4820601 at *2; *Motorola*, 2012 WL 2376664, at *21 ("The
 17 notion that these minor-seeming infringements have cost Apple market share and consumer
 18 goodwill is implausible"). As Apple offers no evidence that Samsung's use of the discrete patent
 19 drives consumer demand, it has not met its burden.

20 **(a) Apple Has Not Shown That Its Features Patents Drive**
 21 **Consumer Demand**

22 Apple's patents cover narrow features. Apple concedes that the '381 patent does not
 23 cover the general concept of bounce on a touchscreen, but is limited to a bounce effect occurring
 24 at the edge of the document. RT 1782:14-1783:20, 1746:3-1747:15 (Balakrishnan). The '163
 25 patent similarly does not cover double tapping to zoom or recentering generally, but requires a
 26 second gesture *after* the user is already zoomed in to recenter on another box of content. RT
 27 1840:4-14, 1878:22-1879:20 (Singh). This patent is so limited that Apple's infringement
 28 analysis was restricted to a single program (browser) on a single web page (nytimes.com), and

1 Apple’s expert admitted the patent does not apply at all to “mobile websites”—web pages
2 specifically designed for viewing on a small screen device. RT 1904:17-1907:16. The ‘915
3 patent similarly does not encompass the concepts of “scrolling” or “a gesture, a scale, a zoom, or
4 detecting those.” RT 1855:25-1856:2, 1856:21-1857:1 (Singh). It is limited to source code that
5 distinguishes between a single input point and multiple input points, and performing a scroll or
6 zoom on that basis. RT 1857:13-24 (describing “all-important test in the claim”); 1818:10-22.

7 Apple offers no evidence that these specific, narrow features cause consumers to purchase
8 Samsung’s accused products. Instead, Apple conflates these features with general concepts like
9 “ease of use” and “fun” and argues that ease of use drives demand. Mot. at 8. This approach is
10 precisely what the Federal Circuit rejected in *Apple II*. Apple can claim no patent on “fun” and
11 no monopoly over “ease of use,” which is why its burden is to show that the *specific patent*
12 *features* at issue, and not their claimed overarching effects, are causally linked to Apple’s alleged
13 harms. *Apple II*, 2012 WL 4820601 at *4 (“To establish a sufficiently strong causal nexus,
14 Apple must show that consumers buy the Galaxy Nexus because it is equipped with the apparatus
15 claimed in the ‘604 patent – not because it can search in general, and not even because it has
16 unified search”); *Motorola*, 2012 WL 2376664, at *19 (similar: “The ‘263 patent in issue in this
17 litigation is not a claim to a monopoly on streaming video!”). As this Court ruled in *Apple II*—
18 rejecting Apple’s claims of irreparable harm from ostensible infringement of its ‘647 (links for
19 structures), ‘721 (slide to unlock) and ‘172 (word recommendations)—Apple must “disaggregate
20 what ‘ease of use’ features drive consumer decisions” and show that the patents in issue claim
21 features that do so. *Apple II*, Dkt. 221 at 85-93. The iPhone has “innumerable” features, *id.* at
22 87-88, which Apple claims all “contribute to ease of use.” Pierce Decl. Ex. 11 [4/4/12 Sinclair
23 Tr. at 52:2-8]. Apple has made no showing that the specific features at issue here “would drive
24 sales if sold by [themselves].” *Apple II*, 2012 WL 4820601 at *5.

25 Moreover, even Apple’s generalized evidence that “ease of use” drives demand shows no
26 such thing. Schiller Decl., ¶ 12. In the survey Apple cites, ten out of thirteen factors were rated
27 “important” by iPhone consumers, making the importance of any one factor indeterminate. PX
28 146.5. When Apple studied what caused consumers to purchase Android devices instead of

1 iPhones, [REDACTED]. [REDACTED] Apple also cites a
 2 GravityTank study which states the iPhone is easy to use and describes zooming and scrolling as
 3 “fun” and “magic,” Mot. at 8 (citing PX36.24, PX36.21), but “zooming” and “scrolling” were in
 4 existence well before the ‘915 patent and are not exclusively owned by Apple. RT 1856:21-
 5 1857:12 (Singh). Once again, Apple misapprehends the limited nature of its monopoly under its
 6 patents, and fails to provide evidence linking Samsung’s purported infringement of that limited
 7 monopoly right to Apple’s claims of irreparable losses.⁹

8 **(b) “Copying” Does Not Demonstrate a Nexus**

9 Recognizing that it lacks proof of nexus, Apple claims that the accused features must drive
 10 demand because Samsung “copied” them. This Court has rejected this argument, previously
 11 holding that similar evidence is “probative of the fact that both Apple and Samsung value the
 12 functionality claimed by” the asserted patent, but does not “demonstrate that the [patented
 13 technology] drives consumer demand.” *Apple II*, Dkt. 221 at 86. And the Federal Circuit has
 14 explained that “the relevant inquiry focuses on the objective reasons as to why the patentee lost
 15 sales, not on the infringer’s subjective beliefs as to why it gained them (or would be likely to gain
 16 them).” *Apple*, 678 F.3d at 1328; *see also Apple II*, 2012 WL 4820601, at *4-5.

17 Further, Apple’s “copying” argument has no evidentiary support. Apple cites PX46.66,
 18 but this document calls only for a “fun visual effect,” not one that is covered by ‘381. Likewise,
 19 PX57.15-20 relates to a multitude of visual effects that have no bearing on the ‘381 patent;
 20 PX195.1 indicates that Samsung “did not release” the bounce algorithm discussed in that
 21 document; Exhibit 31 to the Robinson Declaration contains repeated statements that “the Bounce
 22 effect has no emotional impact,” confirming that bouncing behavior does not inherently create
 23 “fun”; PX38.24 discusses double-tap to zoom and two-level zooming, not the recentering behavior
 24 covered by ‘163; and PX44.58 is ambiguous as to whether it even addresses the ‘163, and gives no

25 _____
 26 ⁹ Apple also cites Mr. Schiller’s broad claim that “ease of use” is important to customers,
 27 which is immaterial here for the same reasons above, and Apple executive Scott Forstall’s
 28 speculation that “[the ‘163 patent], I think, enables you to have a, a dramatically better experience
 browsing the web,” Mot. at 8 (citing PDX10.2 and RT 751-759). Such speculation by an Apple
 executive does not support a request for a permanent injunction.

1 support to the claim that this patent drives sales. Apple offers no “copying” evidence regarding
 2 ‘915 at all. Apple’s evidence shows at most that Samsung engaged in the type of competitive
 3 analysis that Apple too routinely practices. RT 760:19-776:8 (Forstall); RT 532:8-536:25
 4 (Stringer); RT 2838:9-2842:11 (Howarth). It does not even begin to show that consumer
 5 purchases were driven by the patented features.

6 **(c) Dr. Hauser’s Survey Results Do Not Show Consumer Demand**

7 Apple relies (Mot. at 9) on Dr. Hauser’s survey results to show consumer demand for the
 8 features claimed in its three utility patents. Yet these surveys do not address consumer demand
 9 for smartphones and tablets equipped with those features. *See* Wind Decl., ¶¶13-14, 40-45, 74;
 10 Sukumar Decl., ¶¶4-6, 19, filed concurrently. In the real world, consumers choose among several
 11 brands of smartphones and tablets and may ultimately choose to make no purchase at all; Dr.
 12 Hauser’s survey forced respondents to select a *Samsung* device and excluded the option of
 13 selecting another brand—or no device at all. Wind Decl. ¶¶14, 28-31, 33, 40-45, 66-67; Sukumar
 14 Decl., ¶6. By design, therefore, his survey could only produce estimates of *intra-brand* “price
 15 premiums,” i.e., amounts consumers would pay for additional features *on a Samsung device*,
 16 which says nothing about whether consumers buy *Samsung* devices because they have certain
 17 features. Wind Decl., ¶¶13-14, 32-45; Sukumar Decl., ¶¶4-6, 19. Moreover, fundamental flaws
 18 in methodology biased Dr. Hauser’s price premium estimates, rendering them unreliable. Wind
 19 Decl. ¶¶15-17, 21-39, 46-74; Sukumar Decl. ¶¶3, 7-19. In the real world, consumers selecting
 20 between smartphones or tablets base their decisions on a subset of features, and those features do
 21 *not* include those claimed in the utility patents at issue here. *See* Erdem Decl., ¶¶16, 25-62.

22 **4. There Is No Basis For Apple’s Claimed Irreparable Harm**

23 Because “[t]his record does not permit the inference that the allegedly infringing features
 24 of [the accused products] drive consumer demand[,]” there is no need for the Court to consider
 25 “Apple’s allegations of irreparable harm.” *Apple II*, 2012 WL 4820601 at *5. But there is no
 26 basis for those allegations either, particularly given that Samsung has discontinued all but three of
 27 the 26 products that are the subject of Apple’s motion. By the time the Court hears this motion,
 28 Samsung will only be selling [REDACTED]

1 [REDACTED] Decl. of Hee-chan Choi at ¶¶ 2-9 and Exh. 1; Decl. of Corey Kerstetter,
 2 ¶¶2-13 and Exh. 1; Decl. of David Kim, ¶¶2-4. None of these products was found to dilute
 3 Apple’s trade dress, and none was found to infringe the D’087, D’305, or the ‘381 patent.¹⁰ And
 4 while the Galaxy SII (T-Mobile)—and only that product—was found to infringe the ‘163 and ‘915
 5 patents, Samsung has implemented non-infringing design-arounds. Gray Decl., ¶¶11-55; Choi
 6 Decl., ¶¶13-19, 22; Decl. of Tim Rowden, ¶¶3-7.¹¹ With respect to the design patents, the black
 7 models of the three remaining Galaxy S II products were found to infringe only the D’677
 8 patent. Samsung is discontinuing the version of the Galaxy S II (Skyrocket) with a black front
 9 mask color [REDACTED]
 10 which does not infringe D’677. Choi Decl., ¶20; Kerstetter Decl., ¶8, Lucente Decl., ¶¶12-
 11 21. [REDACTED] Kerstetter Decl., ¶8. The
 12 discontinuance and redesign of the accused products defeats the claim that Apple will be
 13 irreparably harmed absent an injunction. *Hynix Semi. Inc. v. Rambus Inc.*, 609 F. Supp. 2d 951,
 14 968 (N.D. Cal. 2009); *Nichia Corp. v. Seoul Semi. Ltd.*, 2008 WL 346416, at *1-2 (N.D. Cal. Feb.
 15 7, 2008); *see also TiVo, Inc. v. Echostar Corp.*, 646 F.3d 869, 881 (Fed. Cir. 2007).

16 Apple’s claim of harm from lost market share, downstream sales, and impact on its
 17 ecosystem suffers from numerous additional flaws. Its attempt to extend its claim of harm to
 18 markets and products not covered by the patents or trade dress at issue here (Mot. at 4-5) is an
 19 improper effort to “leverage its patent for competitive gain beyond that which the inventive
 20 contribution and value of the patent warrant” (*Apple II*, 2012 WL 4820601 at *2), and cannot be
 21 squared with *Apple II*’s causal nexus requirements. Apple has not even attempted to (nor could

22 _____
 23 ¹⁰ Samsung introduced a blue glow design-around to the ‘381 patent in early 2012. Van Dam
 Decl. ¶¶24-31; Choi Decl., ¶¶10-12. The parties’ experts agree that this design-around does not
 infringe. Van Dam Decl. ¶¶32-34.

24 ¹¹ The new source code no longer contains “instructions for, in response to detecting the second
 25 gesture, translating the structured electronic document so that the second box is substantially
 centered on the touch screen display” as required by claim 50 of the ‘163 patent. Gray Decl.
 26 ¶¶51-55. Now the product either does nothing (single tap) or zooms out (double tap) in response
 to the second gesture. *Id.* ¶52. Likewise, the new code no longer performs the “quintessential
 27 test” of “distinguishing between a single input point . . . that is interpreted as the scroll operation
 and two or more input points . . . that are interpreted as the gesture operation” as required by claim
 28 8 of the ‘915 patent. *Id.* ¶¶31-44; RT 1822:22-1826:22 (Singh testimony).

1 it) show that consumers' purchase decisions in other markets or for other products are driven by
2 the specific features of its patents or trade dress. Moreover, Apple and Samsung do not compete
3 in a two-player smartphone or tablet market, but rather face competition from other manufacturers,
4 which collectively enjoy a 43.4% share of the North American smartphone market. Wagner
5 Decl., ¶146. Apple also overstates the competition between the parties by ignoring the fact that
6 they use different operating systems, which is a critical factor for consumers, by relying on market
7 share figures for all of Samsung's products instead of the market share for the specific products
8 Apple seeks to enjoin, and by wrongly assuming that the purchasing behavior of late adopters of
9 smartphone technology will be the same as early adopters. *Id.*, ¶¶120-23, 160-181. Apple's
10 strong iPad and iPhone 4, 4S, and 5 sales also refute any claim of lost market share due to the
11 alleged infringement by the accused products. *Id.*, ¶¶124-144.

12 **B. Apple Has Not Shown That Monetary Remedies Are Inadequate**

13 Apple bears the burden of providing at least “[s]ome evidence and reasoned analysis” to
14 demonstrate the inadequacy of monetary damages to compensate its alleged harms. *Apple II*,
15 Dkt. 221 at 73; *see also Presidio Components, Inc. v. Am. Tech. Ceramics Corp.*, 723 F. Supp. 2d
16 1284, 1338 (S.D. Cal. 2010). There is no presumption that money damages would be inadequate.
17 *High Tech Med. Instrumentation*, 49 F.3d at 1557. Neither lost market share nor damage to
18 goodwill is necessarily irreparable. *Automated Merch. Sys, Inc. v. Crace Co.*, 357 F. App'x 297,
19 301 (Fed. Cir. 2009) (lost market share not necessarily irreparable); *Dexter 345 Inc. v. Cuomo*, 663
20 F.3d 59, 63 (2d Cir. 2011) (same, loss of goodwill). Nevertheless, Apple has not shown that any
21 injuries it will suffer cannot be fully compensated by monetary remedies, or that Samsung is
22 unable to satisfy a money judgment. *Motorola*, 2012 WL 2376664 at *14 (“There is no question
23 of collectability in this case, a common reason why a damages remedy is inadequate. Both
24 parties have deep pockets”); *ActiveVideo*, 2012 WL 3636908, at *24 (similar).

25 At Apple's urging, the jury awarded Apple monetary remedies and calculated specific
26 amounts. Because Apple has discontinued products embodying its patents and because Samsung
27 will have ceased any infringing activity by the time that the Court rules on this motion, no further
28 relief will be necessary. But even if further relief were proper, the jury's award confirms that any

1 purported future harms can be remedied through a monetary award. *See Innogenetics, N.V. v.*
 2 *Abbott Labs.*, 512 F.3d 1363, 1380-81 (Fed. Cir. 2008) (no irreparable harm where jury awarded
 3 damages requested by patentee); *Conceptus, Inc. v. Hologic, Inc.*, No. 09-2280, 2012 WL 44064 at
 4 * 2 (N.D. Cal. Jan. 9, 2012) (jury damages award shows damages reparable).

5 Apple has not shown, in particular, why any harm could not be compensated by an
 6 ongoing royalty, which courts increasingly have ordered “as a substitute for an injunction against
 7 infringement.” *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs., Inc.*, 670 F.3d 1171,
 8 1192 (Fed. Cir. 2012) (proper to award ongoing royalty instead of permanent injunction), *vacated*
 9 *in part on other grounds*, 682 F.3d 1003 (Fed. Cir. 2012); *Motorola*, 2012 WL 2376664, at *16 -
 10 17 (similar); *Ricoh Co. v. Quanta Computer, Inc.*, 2010 WL 1607908, at *4 (W.D. Wis. April 19,
 11 2010) (“plaintiff has failed to show that the public interest would be better served through an
 12 injunction rather than a compulsory license.”). An ongoing royalty in lieu of injunction is
 13 especially appropriate in a case like this where the patented features are but a small component of
 14 the overall product. *See Pierce Decl.*, Ex. 44 (“more than 250,000 active patents relevant to
 15 today’s smartphones”). This Court has previously “take[n] to heart Justice Kennedy’s
 16 admonition that ‘[w]hen the patented invention is but a small component of the product the
 17 companies seek to produce . . . legal damages may well be sufficient to compensate for the
 18 infringement,’” and should do so here as well. *Apple II*, Dkt. 221 at 98 (quoting *eBay*); *see*
 19 *Motorola*, 2012 WL 2376664 at *16-17 (discussing Justice Kennedy’s admonition as applied to
 20 smartphone case).¹² Rather than impose an injunction, the Court should, at most, direct the
 21 parties to negotiate an ongoing royalty. *See Paice LLC v. Toyota Motor Corp.*, 504 F.3d 1293,
 22 1315 (Fed. Cir. 2007) (“In most cases, where the district court determines that a permanent
 23 injunction is not warranted, the district court may wish to allow the parties to negotiate a license
 24 amongst themselves regarding future use of a patented invention before imposing an ongoing
 25 royalty.”).

26
 27 ¹² *See also Sovereign Software LLC v. Newegg Inc.*, 836 F. Supp. 2d 462, 482 (E.D. Tex. 2010)
 28 (denying injunction where infringing feature was small part of defendant’s system); *Techs., Inc. v.*
Microsoft Corp., 434 F. Supp. 2d 437, 441, 2006 (E.D. Tex. 2006) (similar).

1 Apple asserts that denial of an injunction would amount to a compulsory license (Mot. at
2 10), but that is not true in light of Samsung's discontinuance of its products and design-arounds.
3 Moreover, an injunction may not issue merely because a patentee refuses to offer a license.
4 *Presidio*, 723 F. Supp. 2d at 1338-39. And in any event, Apple *has* shown a willingness to
5 license both utility and design patents in the past, including patents at issue in this litigation and
6 similar ones. For example, [REDACTED]

7 [REDACTED]
8 [REDACTED]
9 [REDACTED] Apple's Boris Teksler confirmed that Apple licenses its intellectual property, including the
10 technology and designs that Apple considers a "unique user experience I.P." RT 1957: 3-9;
11 1972:18-24. And prior to filing this suit, Apple offered Samsung a "royalty-bearing license" to
12 manufacture the products that Apple said "embrace[d] and imitate[d] Apple's iPhone archetype,"
13 including "Android-based full touch screen devices" that Apple now seeks to enjoin. DX 586 at
14 17; *see* RT 1971:4-1972:17 (Apple offered to "provide Samsung with a number of options for
15 obtaining a cost-effective license to our patent portfolio," without carving out any patents that it
16 was refusing to license). This evidence weighs against any finding that monetary relief is
17 inadequate, for it demonstrates that Apple is willing to forego exclusivity in exchange for
18 monetary compensation. *Apple II*, Dkt. 221 at 96; Dkt. 452 at 64 (Apple's licenses of '381 patent
19 weigh against injunction); *see Acumed LLC v. Stryker Corp.*, 551 F.3d 1323, 1328 (Fed. Cir.
20 2008), *High Tech Med.*, 49 F.3d at 1557; *Advanced Cardiovascular Sys. v. Medtronic, Inc.*, 2008
21 U.S. Dist. LEXIS 88892 (N.D. Cal. Oct. 21, 2008).

22 C. The Balance Of Hardships Favors Samsung

23 "An injunction that imposes greater costs on the defendant than it confers benefits on the
24 plaintiff reduces net social welfare. That is the insight behind the 'balance of hardships'
25 component of the *eBay* standard for injunctive relief in patent cases." *Motorola*, 2012 WL
26 2376664, at *21. Apple will not suffer in the absence of an injunction. It no longer offers the
27 iPhone 3G and 3GS, and it does not argue that its recent sales of the iPhone 5 were negatively
28 affected by Samsung's limited sales of the accused products. To the extent that there is any

1 ongoing infringement, the availability of a reasonable royalty weighs against Apple. *See*
 2 *Motorola*, 2012 WL 2376664, at *19 (availability of royalty “is germane to the ‘balance of
 3 hardships’ component of *eBay*’s test for whether to grant an injunction”).

4 In contrast, an injunction would impose severe hardship on Samsung by disrupting its
 5 relationships with carriers who may be selling pre-existing stock and with customers who may still
 6 be using the accused products, *see Paice LLC v. Toyota Motor Corp.*, 2006 U.S. Dist. LEXIS
 7 61600, at *16-17 (E.D. Tex. Aug. 16, 2006) (“enjoining [defendant’s] sales will likely interrupt
 8 not only Defendants’ business but that of related businesses, such as dealers and suppliers . . .
 9 [and] will damage their reputation”), and by creating paralyzing uncertainty as to the future steps
 10 Apple might take seeking to enforce an injunction against as yet unaccused products and features.
 11 *See Motorola*, 2012 WL 2376664, at *20 (relying on possibility that “Apple will sue Motorola
 12 alleging that the redesigned phones still infringe its patents, just as it is [doing in the ITC]”); *see*
 13 *also Accentra, Inc. v. Staples, Inc.*, 2011 WL 7563039, at *30 (C.D. Cal. Dec. 19, 2011) (rejecting
 14 “position that an injunction should issue because [it] will have little negative impact on” the
 15 defendant if the defendant does not “infringe in the future” because *eBay* rejects such a ‘better-
 16 safe-than-sorry’ approach.”).¹³ In fact, Apple previously abused the short-lived Galaxy Tab 10.1
 17 preliminary injunction by falsely claiming without legal basis that third-party carriers were bound
 18 by it and that it extended to wholly unspecified tablet computer products. *See* Dkt. 1943 at 2.

19 **D. An Injunction Would Not Be In The Public Interest**

20 Apple bears the burden of showing that an injunction is in the public interest, *Stormans,*
 21 *Inc. v. Selecky*, 586 F.3d 1109, 1139 (9th Cir. 2009), a burden that is especially great because the
 22 first three *eBay* factors favor Samsung. *Soverain*, 836 F. Supp. 2d at 482. Both “the harm that
 23 an injunction might cause to consumers who can no longer buy preferred products because their
 24 sales have been enjoined, and the cost to the judiciary as well as to the parties of administering an
 25 injunction” should be considered. *Motorola*, 2012 WL 2376664, at *20. The only public

26 ¹³ Apple asserts that the jury’s finding of willful infringement obviates the need to balance
 27 hardships. Mot. at 10. It cites no post-*eBay* case that has so held. More recent decision are to
 28 the contrary. *See, e.g., In re Renard*, 451 B.R. 12, 23 (Bankr. C.D. Cal. 2011) (rejecting
 argument against balancing of hardships in case involving intentional conduct).

1 interest cited by Apple—preserving rights of patent holders—cannot alone justify injunctive relief
2 because such interests “are always present in a patent case!” *Presidio*, 723 F. Supp. 2d at 1339;
3 *Belden Techs. Inc. v. Superior Essex Comms. LP*, 802 F. Supp. 2d 555, 579 (D. Del. 2011) (same).

4 While Apple identifies no compelling public interest favoring an injunction here, the
5 public has an overwhelming interest in *preventing* one company from having a monopoly over
6 basic elements of smartphone design such as a rectangular shape with rounded corners. Even
7 though the patents at issue are but “small component[s] of the product” and Apple no longer
8 practices the only trade dress the jury found protectable, an injunction would have a significant
9 impact on competition in the smartphone market. *Motorola*, 2012 WL 2376664, at *20 (“the
10 harm that an injunction might cause to consumers who can no longer buy preferred products
11 because their sales have been enjoined” weighs against entry of injunction). This litigation is
12 part of Apple’s campaign against makers of Android devices, which provide free, opensource
13 mobile software that any developer can use to create applications for mobile devices and that any
14 handset manufacturer can install on a device. Dkt. 179-44 at 5. This Court should not deprive
15 consumers of choice by granting the broad, vague injunction that Apple seeks.

16 An injunction would also be disruptive for third parties, such as suppliers, retailers,
17 carriers, and their customers. *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683, 704 (Fed. Cir.
18 2008); *Fractus, S.A. v. Samsung Elecs. Co., Ltd.*, No. 6:09-cv-203, 2012 WL 2505741 at *45
19 (E.D. Tex. June 28, 012). Indeed, Apple’s inability to supply all consumers with the iPhone
20 strongly weighs against the broad injunction it seeks. *See Tate Access Floors v. Interface*
21 *Architectural Res., Inc.*, 132 F. Supp. 2d 365, 377 (D. Md. 2001) (considering patentee’s
22 manufacturing capacity). Demand for the iPhone 5 exceeded initial supply, and labor disputes at
23 Foxconn, Apple’s supplier, caused at least two production stoppages in September and October.¹⁴
24 These shortages are likely to continue as Apple releases the iPhone 5 to additional countries
25 (including 70 in December alone) and carriers around the world; and the Wall Street Journal

26 _____
27 ¹⁴ *See* Poonima Gupta & Jennifer Saba, Apple Sells Over 5 Million iPhone 5, Supply
28 Constraints Loom, Reuters, Sept. 24, 2012 (Pierce Decl., Ex. 16); Foxconn Labor Disputes
Disrupt iPhone Output for 2nd Time, Bloomberg News, Oct. 7, 2012 (Pierce Decl., Ex. 17).

1 reports that NAND memory shortages may lead to further constraints on Apple’s output.¹⁵ The
 2 public interest will be harmed by diminishing consumer access to competing smartphones under
 3 these circumstances.

4 Finally, the broad and vaguely worded injunction that Apple requests would also impose a
 5 significant administrative burden on this Court, for there can be no doubt that Apple will
 6 aggressively seek to extend it to non-accused products. This further weighs against Apple’s
 7 motion. *See Motorola*, 2012 WL 2376664, at *20 (denying motion for permanent injunction in
 8 part based on “the cost to the judiciary as well as to the parties of administering an injunction”).

9 **E. Apple’s Proposed Injunction Is Vague, Overbroad And Otherwise Improper**

10 No injunction should issue; if any will, the language that Apple seeks should be rejected.
 11 Rule 65(d) requires that an injunction “(A) state the reasons why it issued; (B) state its terms
 12 specifically; and (C) describe in reasonable detail—not by referring to the complaint or other
 13 document—the act or acts restrained or required.” Fed. R. Civ. P. 65(d)(1); *Schmidt v. Lessard*,
 14 414 U.S. 473, 476 (1974). Apple’s broad, vague injunction violates these principles.

15 *First*, the language of Apple’s proposed injunction is improper because it extends generally
 16 to unspecified violations of the law and would broadly and vaguely cover unidentified “other
 17 products.” Dkt. 1987 at 2.¹⁶ This language is an invitation to endless litigation, against the
 18 backdrop of the “deadly” threat of the contempt power, as well as to overbroad, anti-competitive
 19 threats by Apple against third parties as Apple sought to do in the past. *Int’l Longshoremen’s*
 20 *Ass’n v. Philadelphia Marine Trade Ass’n*, 389 U.S. 64, 76 (1967); *see Forest Labs., Inc. v. Ivax*
 21 *Pharms., Inc.*, 501 F.3d 1263, 1272 (Fed. Cir. 2007) (finding injunction overbroad and modifying
 22 it “to delete the language ‘any products that infringe the ‘712 patent, including’”).

23 *Second*, the injunction proposed by Apple wrongly extends to a “feature or features not
 24 more than colorably different” from “any of the infringing feature or features in any of the

25 _____
 26 ¹⁵ Yun-Hee Kim, Why There May Be an iPhone 5 Shortage, Wall Street Journal, Oct. 8, 2012
 (Pierce Decl., Ex. 18).

27 ¹⁶ Apple’s proposed injunction improperly lists the “Galaxy S,” the “Galaxy S II (i9000)” and
 28 the “Infuse,” when the correct product names are Galaxy S (i9000), Galaxy S II (i9100) and Infuse
 4G respectively.

1 Infringing Products.” Dkt. 1987 at 2. Apple’s focus on specific “features” of its design patents
2 ignores that many of those features are functional and structural, and therefore are not protectable.
3 See *supra* Section I.A; Dkt. 1990-3 at 7-10. Apple cannot obtain an injunction against use of
4 features that are free for the world to use. *Bonito Boats*, 489 U.S. at 159-60. Moreover,
5 Apple’s demand that Samsung be prohibited from using undefined “features” is inconsistent with
6 Apple’s refrain during trial that the test is whether an accused product shares the same overall
7 visual impression as the patented designs. RT 1348:8-17; 1374:6-1375:15; 1376:19-1377:8.

8 The jury made particular findings, rejecting, for example, Apple’s allegations that specific
9 products infringed the D’087 and D’677 patents or else diluted Apple’s trade dress. Dkt. 1931.
10 The “colorably different” standard that Apple seeks to rely on would allow Apple to seek
11 contempt violations for the very sorts of “features,” or equivalent ones, that the jury itself found to
12 be non-infringing or non-diluting. Apple’s request for a broad injunction against unspecified
13 products and unprotected features should be denied. See *Motorola*, 2012 WL 2376664, at *20
14 (“The danger that Apple’s goal in obtaining an injunction is harassment of its bitter rival, requiring
15 particularly watchful supervision by the court should it issue an injunction, is suggested by the fact
16 that . . . it wants to forego [a royalty revenue stream] in favor of imposing costs and litigation
17 burdens on its adversary”).

18 **F. Apple Should Post Security to Protect Samsung From A Wrongful Injunction**

19 Apple should be required to post a bond to protect Samsung’s interests if any injunction is
20 overturned on appeal. The Court has power to grant an injunction upon “the principles of equity
21 and upon such terms as the court may deem reasonable.” 15 U.S.C. § 1116(a), 35 U.S.C. § 283.
22 An injunction bond is necessary to protect Samsung from the financial consequences of Apple’s
23 sweeping proposed injunction, should Samsung be wrongfully enjoined. If a bond does not issue
24 now, Samsung may have no recourse for the damages it sustains from a wrongful injunction,
25 making the requirement of a substantial bond critical. *W.R. Grace & Co. v. Local Union 759*,
26 461 U.S. 757, 770 (1983); *Buddy Sys., Inc. v. Exer-Genie, Inc.*, 545 F.2d 1164, 1167 (9th Cir.
27 1976).

28 When setting the amount of an injunction bond, district courts should err on the high side.

1 *Apple II*, Dkt. 221 at 100 (citing *Mead Johnson & Co. v. Abbott Labs.*, 201 F.3d 883, 888 (7th Cir.
 2 2000)). Courts may consider (1) lost profits, (2) out-of pocket expenses related to promotion of
 3 the defendant’s infringing products; (3) damage to the defendant’s reputation; and (4) expenses
 4 associated with the recall of the infringing products. *Cybermedia, Inc. v. Symantec Corp.*, 19 F.
 5 Supp. 2d 1070, 1079-80 (N.D. Cal. 1998). Samsung estimates that over the course of roughly
 6 11.2 months—the median time from docketing to disposition in 2011 in the Federal Circuit—
 7
 8
 9 (http://www.cafc.uscourts.gov/images/stories/the-
 10 court/statistics/Median_Disp_Time_table_02-11.pdf). Accordingly, in the event the court issues
 11 an injunction covering these non-infringing products, a bond of at least \$32,550,725 should be
 12 required. Wagner Decl., ¶¶229-232.

13 **II. THE COURT SHOULD NOT ENHANCE THE JURY’S DAMAGES VERDICTS**

14 As Samsung explained in its JMOL, the jury’s damages award already goes too far; that
 15 award should be reduced, not enhanced—much less by the \$535 million Apple seeks. There is
 16 no dispute that an award of infringer’s profits under Section 289 cannot be enhanced, and it is
 17 apparent that the vast bulk of the jury’s award—a full \$948,278,061—reflects disgorgement of
 18 Samsung’s profits (whether from products found to infringe Apple’s design patents, or in the case
 19 of the Galaxy Prevail, a utility patent that cannot be the basis for such an award). *See* Dkt. 1990-
 20 20 (Wagner JMOL Decl.) at ¶ 17. Thus, only \$101,145,479 of the total award could even
 21 conceivably be subject to enhancement, making Apple’s request for *more than five times* that
 22 plainly excessive.

23 As a matter of law, Apple has failed to establish the prerequisites for enhancement:
 24 Apple has not offered clear and convincing evidence of willfulness, as required, nor demonstrated
 25 that additional damages would recompense Apple for any actual harm not accounted for by the
 26 jury. To the extent enhancement is a matter of discretion, the Court should exercise its discretion
 27 not to enhance the jury’s award any further.

28

1 **A. Nearly \$950 Million Of The Jury’s Award Represents Disgorgement Of**
 2 **Infringer’s Profits That Is Not Subject To Enhancement**

3 Under 35 U.S.C. § 289, infringement of a design patent is subject to a special measure of
 4 damages—infringer’s profits—not otherwise available in a patent case. The trade-off for a
 5 plaintiff’s claiming infringer’s profits is relinquishing any right to seek enhancements. 35 U.S.C.
 6 § 289 (patentee “shall not twice recover the profit made from the infringement”); *Catalina*
 7 *Lighting, Inc. v. Lamps Plus, Inc.*, 295 F.3d 1277, 1290-92 (Fed. Cir. 2002) (election to recover
 8 defendant’s profits under Section 289 bars any further recovery on same sales); *Braun Inc. v.*
 9 *Dynamics Corp. of America*, 975 F.2d 815, 283-84 (Fed. Cir. 1992) (Section 289 “insure[s] that a
 10 patentee not recover both the profit of an infringer and some additional damage remedy from the
 11 same infringer”). Apple concedes that the Court “cannot treble amounts for which the sole basis
 12 for the award was disgorgement of Samsung’s profits under section 289.” Mot. at 28. In this
 13 case, fully **\$948,278,061** of the award represents supposed infringer’s profits, awarded per Apple’s
 14 requested jury instruction and verdict form. Dkt. 1694 at 147; Dkt. 1903 at 72; Dkt. 1990-3 at
 15 17-18.

16 **1. Products Found To Infringe Design Patents But Not Dilute Trade Dress**

17 The jury found that 11 Samsung products infringe one or more design patents and do not
 18 dilute Apple’s trade dress.¹⁷ As to each of these, the jury awarded exactly 40% of Apple’s
 19 calculation of Samsung’s profits, which shows that the jury’s awards for these products were made
 20 under Section 289. See Dkt. 1990-20, ¶ 20. Indeed, the jury could have arrived at these awards
 21 *only* pursuant to Section 289, for the jury’s awards for these products – which together total
 22 \$599,859,395 (*id.*)—exceed the amount Apple requested under Section 284 for its own alleged
 23 lost profits. See PX25A1.4 (seeking \$333,365,673 in lost profits for the 11 products found to
 24 infringe only Apple’s design patents). Therefore, **\$599,859,395** of the jury’s award cannot be
 25 enhanced as a matter of law—a fact that Apple appears not to dispute.

26
 27 ¹⁷ The Captivate, Continuum, Droid Charge, Epic 4G, Galaxy S II (AT&T), Galaxy S II (T-
 28 Mobile), Galaxy S II (Epic 4G Touch), Galaxy S II (Skyrocket), Gem, Indulge, and Infuse 4G.

1 (D.N.J. 2004) *aff'd*, 131 F. App'x 836 (3d Cir. 2005) (rejecting prejudgment interest where
2 plaintiff did not request discrete verdicts segregating losses).¹⁹

3 *Second*, Apple alone is to blame for any ambiguity in the jury's verdict. Samsung
4 requested a verdict form that would have required more specificity in the jury's findings; Apple
5 tactically resisted Samsung's proposed verdict form as "way too specific" and requested a single
6 damages figure for each product. RT 3852:24-3856:10; *see also* RT 3764:1-6, 3813:14-3814:25
7 (noting Apple's failure to elect a single damages theory). As the party bearing the burden here,
8 and having created the claimed ambiguity, Apple cannot now use that claimed ambiguity to
9 circumvent the statutory bar against enhancements of infringer's profits.

10 *Third*, there in fact is no ambiguity here, as the jury uniformly awarded 40% of Samsung's
11 profits as calculated by Mr. Musika as to every product found to infringe a design patent, whether
12 those products were found only to infringe design patents or both infringe design patents and also
13 dilute trade dress. As to the products that diluted trade dress, the jury then *added* sums reflecting
14 *Apple's lost profits*. *See* Dkt. 1990-20, ¶¶12-13. Only that \$91,132,279 consisting of Apple's
15 profits might under any circumstances (and not these) fall outside Section 289's ban on
16 enhancement for infringers' profits.

17 *Finally*, having elected to seek parallel recoveries on the same bucket of products pursuant
18 to Section 289 and the Lanham Act, Apple cannot seek enhancement of *any* portion of the
19 resulting award, including the \$91,132,279. The Federal Circuit has rebuffed efforts by patent-
20 holders who try to recover beyond the limits of Section 289 by claiming parallel intellectual

21 ¹⁹ Ignoring on point authority, Apple cites three cases that address uncertainty in the dollar
22 amount of the underlying damages award, not whether the award is eligible for enhancement.
23 *E.g.*, *Kaufman Co., Inc. v. Lantech, Inc.*, 926 F.2d 1136, 1141 (Fed. Cir. 1991) ("Any doubts
24 regarding the calculatory precision of the damage amount must be resolved against the infringer.")
25 (emphasis added); *see also* *Ryco, Inc. v. Ag-Bag Corp.*, 857 F.2d 1418, 1428 (Fed. Cir. 1998)
26 (damages award cannot be "speculative" but need not be calculated with "unerring precision").
27 Such cases speak to a district court's exercise of discretion in arriving at statutorily authorized
28 damages "as a matter of just and reasonable inference," without resort to "mere speculation or
guess," *Paper Converting Machine Co. v. Magna Graphics Corp.*, 745 F.2d 11, 22 (Fed. Cir.
1984). None of these cases even purports to address the distinct legal issues involved in
enforcing the statutory line separating those damages eligible for special enhancement from those
that are ineligible, let alone ambiguity that was sown by the party seeking enhancement. *Cf.*
Arnott, 609 F.2d at 888-89 (reversing trebling where general verdict did not differentiate antitrust
theory from others that might have grounded the award).

1 property rights have been violated based on “the same set of operative facts.” *Aero Prods. Int’l,*
 2 *Inc. v. Intex Recreation Corp.*, 466 F.3d 1000, 1016-17 (Fed. Cir. 2006) (plaintiff who recovers
 3 under the Patent Act cannot further recover under the Lanham Act); *see Catalina Lighting*, 295
 4 F.3d at 1290-1292 (profits recovery under Section 289 bars further recovery on the same sales
 5 despite overlapping protection of utility as well as design patents). *Catalina Lighting* and *Aero*
 6 *Products* prohibit Apple from obtaining any enhancement atop the award it has collected under
 7 Section 289 by pursuing parallel recovery under the Lanham Act based on the same core of
 8 operative facts.²⁰ Although Apple protests that Samsung’s “infringement caused more than one
 9 type of harm to Apple” (Mot. at 30), the same was true in both *Catalina Lighting* and *Aero*
 10 *Products*.

11 The only case Apple cites in support of its demand for parallel enhancement is an
 12 unpublished district court decision, enhancing a Lanham Act award that ostensibly overlapped
 13 with a far smaller amount of profits separately awarded under Section 289. *Victor Stanley Inc. v.*
 14 *Creative Pipe Inc.*, No. 06-2662, 2011 WL 4596043 (D. Md. Sept. 30, 2011). After a bench trial,
 15 the court awarded \$1,150,750 in Lanham Act profits for “reverse passing off,” which the court
 16 enhanced by 50%. *Id.* at *11-12. The court also awarded, but did not enhance, \$35,137 in
 17 profits under Section 289 for design patent infringement. *Id.* at *20. Notably, the Lanham Act
 18 violation and design patent infringement in *Victor Stanley* involved entirely distinct facts—
 19 defendant’s passing off plaintiff’s technical drawings as its own, and defendant’s sale of a product
 20 infringing plaintiff’s design patent. Thus, the theories of recovery in *Victor Stanley* were not

21 ²⁰ Still more unsupportable is Apple’s suggestion that its same requested enhancement might
 22 follow *under the Patent Act*, Section 284. Despite its plain statement specifying that it “requests
 23 an enhancement of \$135 million under the Patent Act and \$400 million under the Lanham Act,”
 24 (Mot. at 11), with the former computation limited to products found to infringe utility patents not
 25 subject to Section 289, Apple then shifts gears to argue the Court could “justify the full \$535
 26 million enhancement based on the Patent Act alone.” (Mot. at 29.) Without offering any
 27 explanation, much less plausible explanation, of how more than \$10 million of the amount the jury
 28 awarded for infringement of Apple’s patents might arise outside Section 289, Apple is barreling
 headlong into Section 289’s prohibition against enhancement. Moreover, assuming *arguendo*
 that overlapping theories of recovery pose ambiguity in the verdict form, that alone would rule out
 enhancement. *See Arnott*. 609 F.2d at 888-89. Finally, Apple is at best attempting to do
 precisely what *Catalina Lighting* and *Aero Products* foreclose—namely, to circumvent the limits
 Section 289 imposes upon recovery by invoking Section 284 and separate intellectual property
 rights in parallel.

1 coextensive and interchangeable, as is true here and was true in *Catalina Lighting* and *Aero*
 2 *Products*. Perhaps as a result, *Victor Stanley* addressed no objection and offered no analysis with
 3 respect to Section 289’s prohibition, *Braun*, *Catalina Lighting*, or *Aero Products*. In sum, *Victor*
 4 *Stanley* does not illuminate, much less commend, a path towards Apple’s requested enhancement.

5 3. **Products Found To Infringe Only Utility Patents**

6 The jury found that seven Samsung products infringe only utility patents. For one of
 7 those, the Galaxy Prevail, the jury awarded \$57,867,383—exactly 40% of Samsung’s profits for
 8 that product, as calculated by Mr. Musika. Dkt. 1990-3 at 18, 26; PX25A1.4; Dkt. 1990-20 at
 9 ¶15. This award (comprising all but some \$10 million of the total award for products found to
 10 infringe utility patents) undoubtedly represents Samsung’s profits, because *Apple’s claimed lost*
 11 *profits* for the Prevail as calculated by Mr. Musika were limited to \$8.5 million. PX25A1.4.
 12 But disgorgement of an infringer’s profits is peculiar to Section 289; the award must be remitted,
 13 and it certainly is not subject to enhancement.

14 B. **Apple’s Requested Enhancement Is Unavailable Under The Lanham Act**

15 Even apart from the bar on Apple’s efforts at dual recovery, the award of \$91,132,279 in
 16 Apple’s lost profits (for trade dress dilution) under the Lanham Act should be further reduced by
 17 \$70,034,295 (*see* Dkt. 1990-3 at 17-18), leaving \$20,097,984 in Apple’s lost profits as the
 18 maximum potentially eligible for enhancement under the Lanham Act. Even this amount,
 19 however, should not be enhanced. Because the Lanham Act “expressly forbid[s] the award of
 20 damages to punish an infringer,” any enhancement must be limited “to ensur[ing] that the plaintiff
 21 receives compensation.” *Skydive Arizona, Inc. v. Quattrocchi*, 673 F.3d 1105, 1108 (9th Cir.
 22 2012) (citation omitted); *see also Jurgens v. McKasy*, 927 F.2d 1552, 1564 (Fed. Cir. 1991);
 23 *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 970 (D.C. Cir. 1990). Only if the
 24 requested enhancement serves to compensate Apple for actual harm in excess of the jury’s award
 25 might it be permissible. *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 997 F.2d 949, 955 (D.C.
 26 Cir. 1993); *Vanwyk Textile Sys., B.V. v. Zimmer Mach. Am., Inc.*, 994 F. Supp. at 379-81
 27 (W.D.N.C. 1997). Here, Apple makes no such showing.

28

1 **1. Apple’s Claim Of Uncompensated Injury Is Unsupported**

2 Apple maintains that the jury’s award is too parsimonious to compensate it for what it
3 characterizes as incalculable injuries to its brand image and lost downstream sales of later
4 generation iPhones and tag-along products. Mot. at 6, 26. As to brand dilution, Apple
5 identifies no evidence that would justify finding the jury’s calculation inadequate.²¹ See *Vanwyk*,
6 994 F. Supp. at 380-381. As to any lost sales, Apple argues those “cannot be quantified with
7 reasonable certainty,” Mot. at 5, and does not even try to quantify them, for instance, by
8 specifying what its claimed profit margins would have been. See *id.* In fact, far from
9 undercompensating, the jury’s award already gives Apple a windfall, as discussed in Samsung’s
10 JMOL. First, the jury awarded all of Samsung’s profits, without apportionment, although there
11 was no evidence suggesting that the entire sales value of Samsung’s products is attributable to
12 their outer casings and GUI. See Dkt. 1990-3 at 18. Second, the jury failed to deduct
13 Samsung’s expenses, resulting in an award that exceeds the actual profits Samsung derived from
14 its allegedly diluting sales. *Id.* at 19. Third, the jury based its award on an incorrect notice
15 date.²² It follows that the award of damages for trade-dress dilution should be reduced rather
16 than enhanced.

17 **2. Apple’s Calculation Is Flawed and Arbitrary**

18 Even if the verdict had not properly compensated Apple, Apple makes no showing that its

19 ²¹ This absence of proof distinguishes this case from those cited by Apple, where a plaintiff
20 provided substantial, concrete evidence of its actual harm, thereby enabling determination that
21 such harm exceeded the damages awarded. See *Binder v. Disability Group*, 772 F. Supp. 2d
22 1172, 1181-84 (C.D. Cal. 2011) (surveys and testimony from consumers showing deception);
23 *Taco Cabana*, 932 F.2d at 1126-1127 (expert’s damages model valuing preempted competition at
24 \$4.4 million). Similarly, in *La Quinta Corp. v. Heartland Properties LLC*, 603 F.3d 327, 343
(6th Cir. 2010), the award of royalties was limited by the parties’ license agreement, affording no
25 prospect of recompense for the plaintiff’s lost “ability to control its brand image.” By contrast,
26 Apple’s expert expressly disclaimed any evidence that Samsung’s conduct actually harmed
27 Apple’s brand or caused any other loss to Apple, RT 1534:14-17; 1534:22-1535:11, and his post-
28 trial declaration identifies harm merely “[a]s a conceptual matter” at best. Dkt. 1986, ¶ 8.

²² As discussed in Samsung’s motion for judgment as a matter of law, the record does not show
that Samsung had actual notice of Apple’s trade dress or selected its designs in order to willfully
trade on its goodwill. See Dkt. 2013 at 15-16, 23-25. Because willfulness is prerequisite to any
recovery for dilution under Section 1117(a), enhancement requires a heightened showing of
willfulness—otherwise, there would be no distinction between the proof required to award regular
damages and that required to enhance them. Samsung has already submitted, and respectfully
reiterates, that requisite proof of willfulness is lacking. See *id.*

1 requested enhancements are calibrated to accomplish that purpose. Apple’s new expert, Ms.
2 Robinson, opines that, but for Samsung’s unlawful conduct, Apple would have sold 2.1 million
3 additional units, but neither Apple nor Ms. Robinson attempts to show that these units were not
4 *already accounted for* in the jury’s verdict awarding damages for the *13.9 million units* that
5 Robinson says Samsung would not have sold absent the infringement or dilution. Just as Mr.
6 Musika acknowledged the need to ensure against any double counting (RT 2048:21-2050:15), the
7 Lanham Act bars “double recovery” of “both plaintiff’s lost profits and disgorgement of
8 defendant’s profits” on the same sale. *Nintendo of Am., Inc. v. Dragon Pac. Int’l*, 40 F.3d 1007,
9 1010 (9th Cir. 1994). Yet Apple’s new expert does not even attempt to account for this problem.

10 In addition, Ms. Robinson’s request for additional lost profits further compounds the flaws
11 identified in Samsung’s Rule 50 motion. Dkt. 1990-3 at 20-25. *First*, Ms. Robinson arrived at
12 her calculations using IDC market-share data that includes *all* Samsung smartphones, without
13 attempting to identify what percentage of Samsung’s increased market share is attributable
14 specifically to the diluting products. Robinson Decl. at ¶ 27. *Second*, Ms. Robinson simply
15 assumes that, but for the diluting phones, Samsung’s market share would have remained at 5%,
16 without addressing—much less denying—that *non-infringing* products could predictably make
17 their own contributions to Samsung’s increase in market share. *Compare id.* at ¶ 26 with, *e.g.*,
18 Dkt. 1931 at 5-7, 10-11 (products found non-infringing). *Third*, Ms. Robinson calculates that
19 Apple would have made an additional 2.1 million sales based on the quantity sold of *all*
20 “infringing and diluting” products, not just the diluting phones, *see* Robinson Decl. at ¶ 27, but
21 fails to explain why lost sales caused by *other* products—including 11 products explicitly found
22 *not* to dilute Apple trade dress—should support Lanham Act enhancement for these five.

23 Finally, Ms. Robinson ignores key factors that Mr. Musika recognized as critical to proper
24 analysis. She does not account for constraints on Apple’s capacity to make additional sales. *Cf.*
25 RT 2085:10-2086:3. Her *Mor-Flo* analysis does not account for consumer’s carrier preferences
26 and the unavailability of Apple’s products through numerous carriers during the relevant time
27 period. *Cf.* RT 2096:24-2097:5; 2123:5-18. Nor does she heed Federal Circuit precedent
28 requiring that she account for the possibility of design-arounds. *Cf.* RT 2123:17-24; PX25.2

1 (limiting lost-profits analysis to 8 months).²³

2 As numerous courts and commentators have observed, proper application of the Lanham
3 Act “becomes complicated when the concept of blurring is applied to competing similar products.”
4 *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 49 (1st Cir. 1998); 4 *McCarthy on Trademarks*
5 *and Unfair Competition* § 24:102 (4th ed.) (noting complications “if antidilution law was applied
6 to give exclusive rights to a product shape”). Contrary to Apple’s assertion that its alleged injury
7 “is exactly why Congress authorized judicial enhancement for trade dress dilution,” *see* Dkt. 1982-
8 1 at 26, there is “doubt that Congress intended the reach of the dilution concept under the FTDA to
9 extend this far . . .” *I.P. Lund*, 163 F.3d at 50. Product design is particularly far removed from
10 the purpose of anti-dilution laws, especially where a direct competitor allegedly diluted without
11 creating likelihood of confusion. *Id.* at 48. To enhance a monetary award for trade-dress
12 dilution of such magnitude and novelty, atop a parallel monetary award for design-patent
13 infringement, based on little more than pure speculation, would exceed anything Congress
14 contemplated in Section 1125(c).

15 **C. Apple Is Not Entitled To Enhancement Based On Utility Patent Infringement**

16 Although Apple claims some \$68 million as the baseline for potential utility patent
17 enhancement, most of this consists of the \$57,867,383 that the jury awarded specifically for the
18 Galaxy Prevail, which represents Samsung’s profits and is not subject to enhancement. Of the
19 jury’s award for the products found to infringe only utility patents, \$10,013,200 might arguably be
20 subject to enhancement under Section 284—\$9,180,124 of which represents Apple’s royalties for
21 the Exhibit 4G, Galaxy Tab, Nexus S 4G, Replenish, and Transform, and \$833,076 of which
22 represents the award for the Galaxy Tab 10.1 (WiFi). *See* Dkt. 1931 at 16. Samsung has
23 already noted the absence of record support for finding willfulness that is prerequisite to any

24 _____
25 ²³ In an effort to find some alternative basis for its request, Apple conjures other amounts totaling
26 \$400 million. *Mot.* at 26-27. For example, \$400 million represents 40% of Mr. Denison’s
27 estimation of STA’s total annual advertising budget; and \$400 million roughly approximates
28 Apple’s advertising expenditures over four arbitrarily chosen years. Neither fact has anything to
do with the proper measure of any allegedly uncompensated harm to Apple, nor does Apple’s
reference to Samsung’s gross profits and revenues—across *all* Samsung subsidiaries and *all*
Samsung products, many of which are not in any way implicated here.

1 enhancement. See Dkt 1988 at 8-10; Dkt. 1990-3 at 15-16. This includes a threshold showing
2 that Samsung's infringement was *objectively* willful, *In re Seagate Techs., LLC.*, 497 F.3d 1360,
3 1371 (Fed. Cir. 2007), a demanding standard that excludes instances where "a 'reasonable litigant
4 could realistically expect' [its] defenses to succeed." *Bard Peripheral Vascular v. WL Gore &*
5 *Associates*, 682 F.3d 1003 (Fed. Cir. 2012); see *iLOR LLC v. Google, Inc.*, 631 F.3d 1372, 1378
6 (Fed. Cir. 2011). Here, Apple fails to show that Samsung's defenses to Apple's patents,
7 particularly as to the utility patents' likely invalidity, were unreasonable.

8 Moreover, because Section 284 speaks in discretionary terms, finding willfulness is
9 necessary but not sufficient to enhance. See *Mentor H/S, Inc. v. Medical Device Alliance, Inc.*,
10 244 F.3d 1365, 1380 (Fed. Cir. 2001); *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826 (Fed Cir.
11 1992) (finding of willfulness "does not mandate that damages be enhanced, much less mandate
12 treble damages."); *Modine Mfg. Co. v. Allen Group. Inc.*, 917 F.2d 538, 543 (Fed. Cir. 1990).
13 Accordingly, courts frequently deny enhancement despite finding willfulness. See, e.g., *Funai*
14 *Elec. Co., Ltd. v. Daewoo Elec. Corp.*, 593 F. Supp. 2d 1088 (N.D. Cal. 2009), aff'd 616 F.3d
15 1357 (Fed. Cir. 2010); *Brooktree Corp. v. Adv. Micro Devices, Inc.*, 977 F.2d 1555, 1581-82 (Fed.
16 Cir. 1992); *Modine Mfg.*, 917 F.2d at 543. The "paramount determination" is the "egregiousness
17 of the defendant's conduct based on all the facts and circumstances." *Read*, 970 F.2d at 826.

18 ***Supposed Evidence of Copying.*** Apple's purported evidence of deliberate copying
19 amounts to far less than it claims. See *Creative Internet Advertising Corp. v. Yahoo! Inc.*, 689 F.
20 Supp. 2d 858, 863-64. (E.D. Tex. 2010) (evidence supporting strong inference of copying still did
21 not demonstrate deliberate copying under *Read*); *Judkins v. HT Window Fashions Corp.*, 704 F.
22 Supp. 2d 470 (W.D. Pa. 2010); *Hako-Med USA, Inc. v. Axiom Worldwide, Inc.*, 2009 WL
23 3064800, at *6 (M.D. Fla. Sept. 22, 2009). Most of the documents cited by Apple show
24 comparative analysis or benchmarking of competitor products that is typical of all companies,
25 including Apple. See, e.g., DX687; DX717. Certain documents, like PX34, are not even from
26 the business unit that designs and develops Samsung's products; rather, they come from the
27 division that manufactures components for Apple, and merely identify iPhone-related issues that
28 may affect manufacturing trends. And much of what Apple cites as evidence of alleged copying

1 relates to Apple's hardware and GUI design patents (Mot. at 16-17 (citing PX3, PX6, PX40, RT
2 2530:10-2531)); awards relating to these patents are not subject to enhancement. Finally, to the
3 extent design-related documents may be relevant, whereas the jury was not permitted to consider
4 evidence that Samsung's smartphone designs date back to 2006, before the iPhone's
5 announcement and release (Dkt. 1970 at 11-18 (detailing Samsung's prior smartphone
6 development efforts); Dkt. 1970-26 (Samsung's Korean Patent No. 30-0452985, covering
7 independently developed designs)), the Court should account for these documents as undermining
8 the copying allegations. *See Advanced Cardiovascular Inc. v. Medtronic, Inc.*, 265 F.3d 1294,
9 1311 (Fed. Cir. 2001); *Judkins*, 704 F. Supp. 2d at 483.

10 ***Absence of Notice/Bad Faith.*** With the possible exception of the '381 patent, Samsung
11 did not receive any specific notice of the patents and accused products before Apple filed suit.
12 PX52; RT 1964:20-1968:11 (Mr. Teksler admitting that other utility and design patents and trade
13 dress were not identified or mentioned in Apple's 2010 presentation to Samsung). Even as to the
14 '381 patent, the parties' first meeting took place months—not years—before suit was initiated.
15 These facts differentiate this case from those enhancing damages against infringers who were
16 "repeatedly notified that their products infringed on Plaintiff's patents" but "continued to engage
17 in their tortious conduct over the course of a number of years." *Wordtech Sys., Inc. v. Integrated*
18 *Network Solutions, Inc.*, 2009 WL 113771, at *2 (E.D. Cal. 2009).

19 Apple is wrong to accuse Samsung of litigation misconduct as a basis for enhancement.
20 Mot. at 19-22. The alleged copying documents Apple cites did not correlate with the patents and
21 features at issue here, and were produced beginning in December 2011 and all turned over before
22 discovery closed. *See* Dkt. 1992 at ¶7. Apple's argument that Samsung was sanctioned ignores
23 this Court's finding that "discovery sanctions are litigation related conduct, which does not serve
24 as the main basis for a willful infringement finding." Dkt. 1267 at 5. Apple also ignores that
25 Judge Grewal made no finding that Samsung acted in bad faith, and in two instances expressly
26 found that Apple *failed* to show bad faith. Dkt. 880 at 15; Dkt. 898 at 6. Prior imposition of
27 sanctions, unadorned by any finding of bad faith, should not be "double counted" as grounds for
28 still more and harsher sanctions. *See Funai*, 593 F. Supp. 2d at 1115; *Mass Engineered Design*,

1 *Inc. v. Ergotron*, 663 F. Supp. 2d 361, 391-92 (E.D. Tex. 2009). Similarly, in relying on
 2 Samsung's release of excluded evidence, Apple ignores that (i) the Court has already denied
 3 Apple's motion for sanctions based on this very conduct (RT 574:4-9); (ii) the Court polled the
 4 jurors and concluded that the publication of evidence had no effect (RT 578:10-590:16); and (iii)
 5 in all events, the evidence in question had previously been publicly filed and discussed at length in
 6 open court and resulting media coverage. Dkt. 1533.²⁴

7 Apple also ignores the many instances where it was found to have delayed and obstructed
 8 Samsung's discovery, necessitating multiple successful motions to compel (Dkt. Nos. 233, 292,
 9 398, 536, 673 at 15-23, 821), motions to enforce (Dkt. Nos. 673 at 23-28, 867, 1213), and motions
 10 for sanctions (Dkt. Nos. 1144, 1213). *Kowalski*, 2009 WL 855976, at *2 (factor is neutral where
 11 both parties were responsible for impeding discovery). Indeed, this Court on multiple occasions
 12 criticized Apple for litigation misconduct. *See, e.g.*, Dkt 404, Tr. 63:13-22 (Court criticizing
 13 Apple counsel's instructions to witnesses during depositions); Dkt. 1164, Tr. 145:7-146:15; 147:4-
 14 20 (expressing frustration with Apple's refusal to schedule depositions requested by Samsung);
 15 148:3-10 (expressing frustration at how Apple "stiffed [Samsung] on transcripts"). In addition,
 16 Apple obstructed discovery by [REDACTED]

17 [REDACTED]
 18 [REDACTED]
 19 [REDACTED] *See Pierce Decl. Exs. 22-44; Dkt. 2042*
 20 at 3, n.1.

21 ***Samsung's Finances Do Not Warrant Enhancement.*** While a company's finances can
 22 be mitigating to avoid crippling its business, the opposite is not true. *Power Integrations, Inc. v.*
 23 *Fairchild Semiconductor Inc.*, 762 F. Supp. 2d 710, 722 (D. Del. 2011) (citing cases).

24 *Samsung Had Reasonable Defenses.* This Court repeatedly noted that neither party was

25
 26 ²⁴ As to witness lists, the Court ordered *both* parties, not just Samsung, to reduce the number of
 27 witnesses on their respective lists to 50 live witnesses and 45 deposition designations. Dkt. 1267
 28 at 2; Dkt. 1272 (July 18 Tr.) at 18:13-23 (describing both parties' lists as "not realistic"). Nor
 was Samsung's Appendix to its revised witness list improper. The document's title makes clear
 that it was intended simply to preserve appellate recourse. Dkt. 1278 at 20.

1 assured of victory and both faced exposure. *See* RT 2660:25-2661:15 (Court noting there were
2 “risks here for both sides”). This Court similarly recognized that Samsung’s infringement of the
3 D’087 and D’677 patents was a “close question.” Dkt. 452, at 26, 27, 37, 38. The jury found
4 that a claimed Apple trade dress was not protectable, two of Apple’s four asserted trade dresses
5 were not diluted or infringed, the D’889 patent was not infringed; and the majority of accused
6 Samsung products did not infringe the D’087. Dkt. 1931 at 6, 7, 10. The persistence of
7 substantial questions of validity, infringement and enforceability through trial indicates closeness
8 that weighs against enhancement. *See Judkins*, 704 F. Supp. 2d at 481; *Telecordia v. Cisco*, 592
9 F. Supp. 2d 727 (D. Del. 2009). Nor do the jury’s ultimate findings of infringement make
10 Samsung’s defenses unreasonable. *See, e.g., DePuy Spine, Inc. v. Medtronic Sofamor Danek,*
11 *Inc.*, 567 F.3d 1314, 1337 (Fed. Cir. 2009) (“The mere fact that the jury ultimately found
12 equivalence does not diminish the difficulty of their task”); *Spine Solutions v. Medtronic*
13 *Sofamor Danek USA*, 620 F.3d 1305, 1319-20 (granting JMOL of no willfulness based on a
14 “reasonable” obviousness defense, despite “substantial evidence to support the jury’s implicit
15 finding” of nonobviousness).

16 ***The Duration Of Infringement Does Not Support Enhancement.*** Apple argues that
17 Samsung has been infringing for “more than two years since being notified of its infringement”
18 (Mot. at 22), but that claim is based solely on the ‘381 patent, which was first presented some
19 months (August 2010), not years, before suit was filed. PX 52.14. And as Apple is aware,
20 Samsung has long since designed around the ‘381 and ‘163 patents. Apple’s other patents were
21 not asserted until this litigation began in April 2011. Moreover, Apple did not accuse the Galaxy
22 SII devices of infringing Apple’s design patents until March 4, 2012. *See* Dkt. 1185-3, at 10-13.

23 ***Samsung’s Intent and Remedial Action Weigh Against Enhancement.*** Samsung will by
24 the time of the hearing have either designed around or discontinued the products found to infringe.
25 Prior to the verdict, Samsung believed in good faith that Apple’s patents were invalid and not
26 infringed. *See Kowalski*, 2009 WL 855976, at *3. Only a specific intent to harm Apple,
27 beyond simply gaining market share through vigorous competition, would support enhancement.
28 *See Power Integrations*, 762 F. Supp. 2d at 724; *Baden Sports, Inc. v. Kabushiki Kaisha Molten*,

1 2007 WL 2790777 (W.D. Wash. 2007), at *5. This requires showing that Samsung had a
2 “specific intent to steal” from Apple as opposed to a “sincere belief” in “a legitimate argument that
3 [it] was acting lawfully.” *Mass Engineered*, 633 F. Supp. 2d at 391. Yet the documents Apple
4 cites show nothing more than robust competition or, as even Apple puts it, desire to “go head to
5 head with Apple in [the smartphone] market.” Mot. at 23.

6 ***Samsung Has Not Attempted To Conceal Misconduct.*** Apple’s claim that Samsung
7 attempted to conceal its misconduct does not square with its repeated claims that Samsung has
8 “flooded the market” with “millions” of copycat products. Mot. at 13, 25. Moreover, Samsung
9 obtained its own smartphone and tablet-design patents in full public view, citing certain Apple
10 patents in applying for its design patents and obtaining patents over them. Dkt. 1970 at 8-10.
11 Whatever Apple’s complaints about Samsung’s conduct, that conduct was anything but concealed.

12 In sum, the *Read* factors, if reached, weigh against any enhancement as to the \$10,013,200
13 that is even arguably eligible for enhancement under the Patent Act. And the remaining
14 \$91,132,279 of the award that Apple might try to spotlight as an eligible baseline for
15 enhancement, specifically under the Lanham Act, is of a piece—either insusceptible to or else
16 undeserving of any enhancement for the reasons stated above.

17

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