

United States District Court
For the Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

APPLE, INC., a California corporation,)	Case No.: 11-CV-01846-LHK
)	
Plaintiff,)	ORDER GRANTING IN PART AND
v.)	DENYING IN PART MOTION FOR
)	JUDGMENT AS A MATTER OF LAW
SAMSUNG ELECTRONICS CO., LTD., A)	
Korean corporation; SAMSUNG)	
ELECTRONICS AMERICA, INC., a New York)	
corporation; SAMSUNG)	
TELECOMMUNICATIONS AMERICA, LLC,)	
a Delaware limited liability company,)	
)	
Defendants.)	
)	

On August 24, 2012, after a thirteen day trial and approximately three full days of deliberation, a jury in this patent case reached a verdict. *See* ECF No. 1931. Samsung now seeks judgment as a matter of law to overturn certain of the jury’s findings. In the alternative, Samsung moves for a new trial. *See* Samsung’s Motion for Judgment as a Matter of Law, New Trial And/Or Remittitur Pursuant to Federal Rules of Civil Procedure 50 and 59 (“Mot.”), ECF No. 2013. Apple filed an opposition (“Opp’n”), ECF No. 2050, and Samsung filed a Reply (“Reply”), ECF No. 2131. For the reasons discussed below, the Court GRANTS Samsung’s motion for judgment as a matter of law that claims 15 and 16 of Samsung’s U.S. Patent No. 7,447,516 (“the ’516 Patent”) are not exhausted. The Court also GRANTS judgment as a matter of law that Samsung’s acts of patent infringement were not willful. However, for the reasons discussed below, the Court

1 DENIES Samsung's motion for judgment as a matter of law in all other respects, and DENIES
2 Samsung's motion for a new trial.¹

3 **I. LEGAL STANDARD**

4 Federal Rule of Civil Procedure 50 permits a district court to grant judgment as a matter of
5 law "when the evidence permits only one reasonable conclusion and the conclusion is contrary to
6 that reached by the jury." *Ostad v. Oregon Health Scis. Univ.*, 327 F.3d 876, 881 (9th Cir. 2003).
7 A party seeking judgment as a matter of law after a jury verdict must show that the verdict is not
8 supported by "substantial evidence," meaning "relevant evidence that a reasonable mind would
9 accept as adequate to support a conclusion." *Callicrate v. Wadsworth Mfg.*, 427 F.3d 1361, 1366
10 (Fed. Cir. 2005) (citing *Gillette v. Delmore*, 979 F.2d 1342, 1346 (9th Cir.1992)).

11 A new trial is appropriate under Rule 59 "only if the jury verdict is contrary to the clear
12 weight of the evidence." *DSPT Int'l, Inc. v. Nahum*, 624 F. 3d 1213, 1218 (9th Cir. 2010). A court
13 should grant a new trial where necessary "to prevent a miscarriage of justice." *Molski v. M.J.*
14 *Cable, Inc.*, 481 F.3d 724, 729 (9th Cir. 2007).

15 **II. ANALYSIS**

16 **A. The Jury Reasonably Found Apple's Design Patents to be Valid and Infringed**

17 **1. Infringement**

18 Samsung moves for judgment as a matter of law that Samsung's accused devices do not
19 infringe U.S. Patent No. D593,087 ("the D'087 Patent"), U.S. Patent No. D618,677 ("the D'677
20 Patent"), and U.S. Patent No. D604,305 ("the D'305 Patent"). *See* Mot. at 4-7. In the alternative,
21 Samsung moves for a new trial on infringement of Apple's design patents. *Id.*

22 Samsung argues that there is no evidence to support the jury's findings of design patent
23 infringement. Samsung cites evidence that would have supported a jury finding of non-
24 infringement. Specifically, Samsung points to evidence of similarities between Apple's design
25 patents and the prior art that might limit the scope of the design patents, thus rendering Samsung's
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27 ¹ Samsung has also moved for remittitur or a new trial on damages. These claims will be addressed
28 in a separate order.

1 designs outside of the scope of Apple’s patents. *See* Mot. at 5-7. However, other evidence in the
2 record supports the jury’s finding of infringement. Specifically, the jury was presented with the
3 design patents, accused devices, and prior art, and was appropriately instructed on the
4 “substantially the same” standard for infringement and the role of prior art in analyzing design
5 patent infringement. *See* Final Jury Instruction No. 46. Furthermore, the jury heard expert
6 testimony supporting the conclusion that Samsung devices infringed Apple’s design patents. *See*
7 Tr. 1049:6-1064:11 (Apple design expert Peter Bressler’s testimony on substantial similarity
8 between Samsung’s accused phones and the D’087 and D’677 Patents); Tr. 1371:18-1381:23
9 (Apple design expert Dr. Susan Kare’s testimony on substantial similarity between Samsung’s
10 accused phones and the D’305 Patent). The phones themselves, along with the expert testimony,
11 constitute substantial evidence in the record to support the jury’s finding of infringement. Given
12 this evidence, the jury’s conclusion of infringement was not against the clear weight of the
13 evidence.

14 Samsung also argues that the Court inappropriately failed to instruct the jury to factor out
15 functional design elements. As a preliminary matter, Samsung raised this objection during the
16 briefing on the final jury instructions, and therefore this argument is not waived. *See* Reply at 6, n.
17 7. However, a “filtering” instruction of the type Samsung requested is not required. The Federal
18 Circuit has explained that a court may aid a jury in determining design patent infringement by
19 construing the claims, *see Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 679-80 (Fed. Cir.
20 2008) (en banc), and that claim construction may, but need not, include listing functional elements
21 that should be factored out of the claimed design. *See Richardson v. Stanley Works, Inc.*, 597 F. 3d
22 1288, 1293-94 (Fed. Cir. 2010) (construing a design patent by factoring out functional elements in
23 the context of a bench trial). However, claim construction is a matter of law for the Court. The
24 cases do not suggest that this type of claim construction is appropriate when instructing a jury. The
25 cases engaging in such explicit filtering analysis generally do so in contexts in which a court then
26 rules directly on infringement, such as summary judgment or a bench trial. *See, e.g., Richardson*,
27 597 F.3d 1288 (bench trial). Indeed, *Egyptian Goddess* warns of the risks of providing an element-
28 by-element construction to a jury, as such instruction could divert the jury’s attention from “the

1 design as a whole.” *Id.*; *see also* 543 F.3d at 680. Moreover, the Court determined in considering
2 Samsung’s request for a jury instruction that Samsung had not shown that the allegedly functional
3 design elements were actually functional under the Federal Circuit’s “dictated by function”
4 standard, particularly in light of Apple’s evidence that alternative designs existed. *See Richardson*,
5 597 F.3d at 1294 (applying the “dictated by function” standard during design patent claim
6 construction). *See also* PX163-168 (alternative designs created by Apple); PX10, PX148, PX150,
7 PX2277, PX2278 (alternative designs created by third parties).

8 In sum, the Court appropriately instructed the jury, and there is substantial evidence in the
9 record to support the jury’s ultimate finding of infringement of the D’087, D’677, and D’305
10 Patents. Moreover, the jury’s verdict was not against the clear weight of the evidence.

11 Accordingly, the Court DENIES Samsung’s motion for judgment as a matter of law that none of
12 Samsung’s accused phones infringe Apple’s design patents, and DENIES Samsung’s motion in the
13 alternative for a new trial.

14 2. Invalidity

15 Samsung also moves for judgment as a matter of law that Apple’s D’087, D’677, and
16 D’305, Patents, as well as U.S. Patent No. D504,889 (“the D’889 Patent”) are invalid, or in the
17 alternative for a new trial. *See Mot.* at 7-8. Samsung argues that no reasonable jury could have
18 found Apple’s design patents valid.

19 a. Functionality

20 First, Samsung argues that the patents are invalid because the patented designs are
21 functional. It was Samsung’s burden at trial to establish invalidity by clear and convincing
22 evidence. Samsung points to expert testimony identifying some allegedly functional elements of
23 the designs. However, invalidity requires not just some functional elements, but that the overall
24 design is “primarily functional.” *See PHG Techs. v. St. John Companies, Inc.*, 469 F. 3d 1361,
25 1366 (Fed. Cir. 2006). A design is primarily functional if “the appearance of the claimed design is
26 ‘dictated by’ the use or purpose of the article.” *Id.* (quoting *L.A. Gear, Inc. v. Thom McAn Shoe*
27 *Co.*, 988 F. 2d 1117, 1123 (Fed. Cir. 1993)). Expert testimony of the type Samsung identifies,
28 stating that individual design elements confer specific functional benefits (e.g., that round corners

1 “help you move things in and out of your pocket,” Tr. 680:9-15), does not constitute clear and
2 convincing evidence that the overall patented designs are dictated by function. Samsung has not
3 identified any other evidence of functionality directed at the designs as a whole. Accordingly, the
4 Court cannot say that the jury’s finding that Samsung had not met its burden to establish
5 functionality was unsupported by substantial evidence, or was against the clear weight of the
6 evidence. Samsung’s motion for judgment as a matter of law or a new trial on the question of
7 design patent functionality is DENIED.

8 b. D’677 and D’087 Obviousness

9 Second, Samsung argues that the D’677 and D’087 Patents are invalid for obviousness.²
10 “Because obviousness is a mixed question of law and fact, we first presume that the jury resolved
11 the underlying factual disputes in favor of the verdict and leave those presumed findings
12 undisturbed if they are supported by substantial evidence.” *Kinetic Concepts*, 688 F.3d at 1357.
13 The factual inquiries underlying the obviousness inquiry are: (1) the scope and content of the prior
14 art; (2) the differences between the prior art and the claims at issue; (3) the level of ordinary skill in
15 the art; and (4) any relevant secondary considerations, such as commercial success, long felt but
16 unsolved needs, and the failure of others. *KSR Int’l Co. v. Teleflex, Inc.*, 550 U.S. 398, 406 (2007)
17 (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966)); *Aventis Pharma S.A. v. Hospira,*
18 *Inc.*, 675 F.3d 1324, 1332 (Fed. Cir. 2012). “Then we examine the ultimate legal conclusion of
19 obviousness de novo to see whether it is correct in light of the presumed jury fact findings.”
20 *Kinetic Concepts*, 688 F.3d at 1357. The jury found the D’688 and D’087 Patents valid. Thus, the
21 Court will first examine whether substantial evidence supported the jury’s underlying factual
22 conclusions that there was a significant gap between the prior art and the patents, and that there
23 were persuasive secondary indicia of non-obviousness.

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26 ² Samsung appropriately addressed obviousness as a legal conclusion in the context of its motion
27 on non-jury claims. However, the Court addresses obviousness in this Order, along with other
28 invalidity arguments, because obviousness turns on the jury’s implied findings of fact in support of
non-obviousness, which the Court evaluates under the “substantial evidence in the record”
standard. See *Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1342, 1357 (Fed. Cir.
2012).

1 In addressing a claim of obviousness in a design patent, “the ultimate inquiry. . . is whether
2 the claimed design would have been obvious to a designer of ordinary skill who designs articles of
3 the type involved.” *Titan Tire Corp. v. Case New Holland, Inc.*, 566 F.3d 1372, 1375 (Fed. Cir.
4 2009) (quoting *Durling v. Spectrum Furniture Co., Inc.*, 101 F.3d 100, 103 (Fed.Cir.1996)). “To
5 determine whether ‘one of ordinary skill would have combined teachings of the prior art to create
6 the same overall visual appearance as the claimed design,’ the finder of fact must employ a two-
7 step process.” *Apple, Inc. v. Samsung Electronics Co., Ltd.*, 678 F.3d 1314, 1329 (Fed. Cir. 2012)
8 (quoting *Titan Tire*, 566 F.3d at 1381). “First, ‘one must find a single reference, a something in
9 existence, the design characteristics of which are basically the same as the claimed design.’” *Id.* at
10 1329 (quoting *Durling*, 101 F.3d at 103). “Second, ‘other references may be used to modify [the
11 primary reference] to create a design that has the same overall visual appearance as the claimed
12 design.’” *Id.* “However, the ‘secondary references may only be used to modify the primary
13 reference if they are so related to the primary reference that the appearance of certain ornamental
14 features in one would suggest the application of those features to the other.’” *Id.* at 1329-30
15 (quoting *Durling*, 101 F.3d at 103).

16 To support Samsung’s claim that the D’677 and D’087 Patents are obvious, Samsung cites
17 expert Itay Sherman’s testimony that these patents are obvious over two Japanese patents, a Korean
18 patent (K’547), and the LG Prada, individually or in combination. Mr. Sherman’s expert testimony
19 consisted of identification of similarities between the prior art and the D’677 and D’087 Patents,
20 followed by a bare assertion that a designer of ordinary skill would have found it obvious to
21 combine the identified prior art to create the D’677 and D’087 Patents. *See, e.g.*, Tr. 2595:7-22
22 (Sherman testimony that it would have been obvious to combine the two Japanese patents to create
23 the D’087 Patent). However, Mr. Sherman acknowledged that some differences between the prior
24 art and the D’677 and D’087 exist. For example, Mr. Sherman admitted that one of the Japanese
25 patents, JP’638, has a curved front face rather than a flat front face. *See* Tr. 2582:5-7. Other
26 differences are apparent from the evidence, although Mr. Sherman did not specifically
27 acknowledge them in his testimony. For example, the Korean patent K’547 discloses a screen that
28 is much smaller in comparison to the overall front face than the screen in the D’677 and D’087

1 Patents, particularly in the shorter dimension. *See* DX727.002 (K'547 disclosure of the front face).
2 Thus, there was substantial evidence in the record to support the jury's implicit factual finding that
3 there existed a significant gap between any primary reference in the prior art and the D'677 and
4 D'087 Patents. As Samsung bears the burden on this issue, the Court cannot say that the jury's
5 implied finding that these gaps were significant was not supported by the record.

6 Furthermore, Apple cites substantial evidence in the record of objective indicia of non-
7 obviousness, including design awards, other accolades, and alleged copying by Samsung. *See*
8 Opp'n at 7 (citing Tr. 508:4-509:4 (testimony on design awards); PX135.1 ("iPhone is pretty" was
9 top reason for invention of the year award); PX44.122, .PX44.127, and .PX44.131 (evidence of
10 Samsung copying)). Pursuant to *Kinetic Concepts*, the Court understands that in reaching the
11 ultimate legal conclusion of non-obviousness, the jury made implied findings of fact accepting this
12 evidence of secondary indicia of non-obviousness. The Court finds that the jury's implied finding
13 that secondary indicia support non-obviousness is supported by substantial evidence in the record.

14 In light of these factual findings, the Court must now consider whether, as a matter of law,
15 it would have been obvious to a designer of ordinary skill in the art to bridge the significant gap the
16 jury implicitly found. The Court notes that Mr. Sherman did not identify the required primary and
17 secondary reference. *See* Tr. 2580:5-2586:7; 2588:4-2589:22 (Mr. Sherman's testimony about
18 prior art). Nor did he attempt to explain why it would have been obvious for a designer of ordinary
19 skill to take whichever of these prior art designs might have been a primary reference and combine
20 it with the relevant element of a secondary reference or otherwise modify it to arrive at the patented
21 designs. Instead, Samsung offers only the bare *ipse dixit* of Mr. Sherman, who is not himself an
22 industrial designer, that it would have been obvious for an ordinary designer to bridge the gaps
23 between various pieces of prior art and the patents. This testimony does not satisfy the Federal
24 Circuit's articulated requirements for obviousness in design patents. *See Apple*, 678 F.3d at 1329-
25 20. Samsung did not present any other testimony on obviousness for these two design patents.
26 Thus, the Court finds no persuasive evidence of obviousness in the record.

27 In sum, the jury's implied factual findings of a significant gap and indicia of non-
28 obviousness are supported by substantial evidence in the record. In light of the gaps between the

1 prior art and the D'677 and D'087 Patents, the secondary indicia of non-obviousness, and the lack
2 of evidence about a secondary reference or how the identified gap might be bridged, the Court
3 finds that the D'677 and D'087 are not invalid for obviousness.

4 c. D'889 Obviousness

5 Third, Samsung moves for judgment as a matter of law that the D'889 Patent is obvious
6 over two prior art references: the Fidler tablet and TC1000 tablet. The Federal Circuit previously
7 ruled that “the Fidler reference, with or without the TC1000, cannot serve to render the D'889
8 patent invalid for obviousness” because its similarity to the claimed design is at “too high a level of
9 abstraction.” *Apple*, 678 F.3d at 1332. Thus, the Federal Circuit ruled that neither the Fidler tablet
10 nor the TC1000 tablet was an appropriate primary reference. *See id.* Although the Federal
11 Circuit’s ruling at the preliminary injunction stage does not necessarily preclude a finding of
12 obviousness in light of additional evidence presented at trial, the jury agreed with the Federal
13 Circuit and concluded that the D'889 Patent was not obvious. This Court now considers whether
14 the factual record could support the jury’s conclusion.

15 In reaching its finding that the D'889 Patent was valid, the jury made implicit findings of
16 fact about the scope of the prior art. In particular, there was significant evidence before the jury
17 that these two prior art references and the D'889 patent differ in several respects, including the
18 Fidler tablet’s curved front face, and the Fidler tablet’s inclusion of a screen frame that is
19 asymmetric and not flush with the screen. The TC1000 is more different still. *Kinetic Concepts*
20 requires this Court to credit the jury’s implicit finding that these gaps are significant. In light of
21 these implicit findings of fact, supported by the record and in accord with the Federal Circuit’s
22 reasoning in *Apple*, 678 F.3d 1314, neither the Fidler tablet, nor the still more divergent TC1000,
23 can serve as a primary reference for obviousness. Accordingly, the Court finds that as a matter of
24 law, the Fidler tablet and the TC1000 do not render the D'889 Patent obvious, and the Court
25 DENIES Samsung’s corresponding motion for judgment as a matter of law or a new trial.

26 d. D'677 Double Patenting

27 Fourth, Samsung argues that the D'677 Patent is invalid for double-patenting over the
28 D'087 Patent. 35 U.S.C. § 101 states that an inventor may obtain “a patent” for an invention.

1 Accordingly, the statute “permits only one patent to be obtained for a single invention.”
 2 *Boehringer Ingelheim Intern. GmbH v. Barr Labs., Inc.*, 592 F.3d 1340, 1346 (Fed. Cir. 2010)
 3 (quoting *In re Lonardo*, 119 F.3d 960, 965 (Fed. Cir. 1997)). However, § 101 “only prohibits a
 4 second patent on subject matter identical to an earlier patent.” *Geneva Pharms., Inc. v.*
 5 *GlaxoSmithKline PLC*, 349 F.3d 1373, 1377 (Fed. Cir. 2003). Accordingly, courts developed the
 6 doctrine of obviousness-type double patenting to “prevent the extension of the term of a patent . . .
 7 by prohibiting the issuance of the claims in a second patent not patentably distinct from the claims
 8 of the first patent.” *Boehringer Ingelheim*, 592 F.3d at 1346 (quoting *In re Longi*, 759 F.2d 887,
 9 892 (Fed. Cir. 1985)).

10 The Federal Circuit has explained that “a patentee may [assure the validity of a patent by
 11 filing] a disclaimer after issuance of the challenged patent or during litigation, [and] even after a
 12 finding that the challenged patent is invalid for obviousness-type double patenting.” *See*
 13 *Boehringer Ingelheim*, 592 F.3d at 1347 (citing *Perricone v. Medicis Pharmaceutical Corp.*, 432 F.
 14 3d 1368, 1975 (2005)). Apple has now filed a terminal disclaimer with the P.T.O., limiting the
 15 term of the D’677 Patent to the duration of the earlier-expiring D’087 Patent. *See* ECF No. 2162.
 16 Accordingly, under *Boehringer*, Apple has assured the validity of the D’677 Patent as against
 17 Samsung’s claim of double patenting over the D’087 Patent. For this reason, Samsung’s motion
 18 for judgment as a matter of law that the D’677 Patent is invalid on the basis of double patenting is
 19 DENIED.

20 **B. Apple’s Registered iPhone Trade Dress and Unregistered iPhone 3G Trade**
 21 **Dress are Protectable and Diluted**

22 Samsung moves for judgment as a matter of law that Apple’s registered iPhone Trade Dress
 23 and unregistered iPhone 3G Trade Dress are not protectable and not diluted. *See* Mot. at 8-12. In
 24 the alternative, Samsung moves for a new trial on trade dress. *Id.*

25 **1. Functionality**

26 Samsung argues that Apple’s registered iPhone Trade Dress and unregistered iPhone 3G
 27 Trade Dress are not protectable because they are functional. As a preliminary matter, Apple’s
 28 registered iPhone Trade Dress is presumed valid, and therefore non-functional, while Apple’s

1 unregistered iPhone 3G Trade Dress is presumed functional. *See* 15 U.S.C.A. § 1125; Final Jury
2 Instruction No. 62.

3 There are two types of functionality: utilitarian functionality and aesthetic functionality.
4 *See TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 33 (2001). A finding of either type
5 of functionality would defeat protectability. Under the traditional, utilitarian functionality test, a
6 trade dress is functional “when it is essential to the use or purpose of the device or when it affects
7 the cost or quality of the device.” *Id.* In applying this test, the Ninth Circuit assesses four factors:
8 “(1) whether advertising touts the utilitarian advantages of the design, (2) whether the particular
9 design results from a comparatively simple or inexpensive method of manufacture, (3) whether the
10 design yields a utilitarian advantage and (4) whether alternative designs are available.” *Talking*
11 *Rain Beverage Co. v. South Beach Beverage Co.*, 349 F.3d 601, 603 (9th Cir. 2003) (citing *Disc*
12 *Golf Ass’n, Inc. v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998)); *see also Au-*
13 *Tomotive Gold, Inc., v. Volkswagen of America*, 457 F.3d 1062, 1072 n.8 (9th Cir. 2006)
14 (acknowledging the four factor test applied by the Ninth Circuit).

15 Samsung argues that the record lacks substantial evidence to support the jury’s findings
16 that: (1) Apple had established nonfunctionality for its unregistered iPhone 3G trade dress; and (2)
17 that Samsung had not proven functionality for Apple’s registered iPhone trade dress.³ Apple cites
18 evidence disputing utilitarian functionality under all four *Disc Golf* factors. As to the first factor,
19 “whether advertising touts the utilitarian advantages of the design,” Apple cites Apple executive
20 Phil Schiller’s testimony that Apple’s advertising used a “product as hero” pitch that does not tout
21 design utility. *See* Opp’n. at 8 (citing Tr. 654:24-655:1). As to the second factor, “whether design
22 results from a comparatively simple or inexpensive method of manufacture,” Apple cites the
23 testimony of Apple design executive Christopher Stringer that Apple encountered difficulties in
24 manufacturing iPhones, suggesting that the designs were *not* especially simple to manufacture. *See*
25 Mot. at 8 (citing Tr. 494:15-495:21). As to the third factor, whether the design yields utilitarian

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27 ³ As the designs in the iPhone and iPhone 3G trade dress are similar and apply to different versions
28 of the same product, the iPhone, the parties rely on the same evidence in analyzing the
functionality of both trade dresses. The Court will do the same.

1 advantage, Apple cites Mr. Stringer’s testimony that the iPhone design was selected from among
2 alternative designs because “[i]t was the most beautiful” rather than for some functional purpose.
3 *See* Opp’n. at 8 (citing Tr. 493:14-15). As to the fourth factor, Apple cites actual alternative phone
4 body designs (*see* Opp’n. at 8 (citing PX10)), and the testimony of Apple’s expert Susan Kare on
5 alternative phone screen designs. *See* Opp’n. at 8 (citing Tr. 1400:6-1401:1). This body of
6 evidence is sufficient to support a jury’s finding that Apple had proven utilitarian nonfunctionality
7 for its unregistered iPhone 3G trade dress and that Samsung had not proven utilitarian functionality
8 for Apple’s registered iPhone trade dress.

9 Furthermore, there is substantial evidence to support the jury’s finding of protectibility
10 because the asserted iPhone Trade Dresses lack “aesthetic functionality.” *See Au-Tomotive Gold*,
11 457 F.3d at 1072. A trade dress has aesthetic functionality only if limiting competitors’ use of the
12 trade dress would impose a “significant non-reputation-related competitive disadvantage.” *See id.*
13 (citing *TrafFix*, 532 U.S. at 33). The Supreme Court in *TrafFix* explained that such significant
14 disadvantage arises where there is a “competitive necessity” to infringe or dilute. 532 U.S. at 32-
15 33.

16 Samsung argues that Apple admitted aesthetic functionality when Apple witnesses testified
17 that the beauty of the iPhone is a factor in its success. *See* Mot. at 9 (citing testimony of Apple
18 design executive Mr. Stringer, Tr. 484:1-11; Apple executive Mr. Schiller, Tr. 602:8-19; 625:4-
19 626:4; 635:24-636:5; and 721:3-7). However, Samsung elsewhere identifies evidence that few
20 consumers are primarily motivated by design considerations such as aesthetics. *See, e.g.*, Mot. at
21 19 (citing DX592.023; PX69.43 (surveys showing that only between 1% and 5% of purchasers are
22 motivated by phone design and appearance). Samsung cannot credibly argue that consumers are
23 not motivated by aesthetics in hoping to avoid an injunction or damages award, and simultaneously
24 argue that aesthetics are a significant motivator in hopes of invalidating Apple’s trade dress.
25 Although, as Samsung points out, the evidence in the record shows that some fraction of
26 consumers may be motivated in some part by smartphone design and aesthetics, on balance, the
27 evidence introduced by both Apple and Samsung concerning the limited role of aesthetics in
28 purchasing decisions is sufficient to support the jury’s implicit finding that Samsung did not need

1 to infringe Apple's trade dress in order to compete with the iPhone, as would be required for a
2 finding of aesthetic functionality. *See TrafFix*, 532 U.S. at 32-33.

3 Accordingly, the Court finds that there is substantial evidence in the record to support the
4 jury's findings that: (1) Apple rebutted the presumption that the unregistered iPhone 3G Trade
5 Dress is functional, and (2) Samsung failed to rebut the presumption that the registered iPhone
6 Trade Dress is non-functional. Samsung's motion for a new trial or judgment as a matter of law
7 that Apple's trade dresses are invalid for functionality is DENIED.

8 2. Secondary Meaning and Fame

9 To be protectable, a trade dress must have secondary meaning such that the purchasing
10 public associates the trade dress with a particular source. *See Clamp Mfg. Co., Inc. v. Enco Mfg.*
11 *Co., Inc.*, 870 F.2d 512, 517 (9th Cir. 1989) (citing *Fuddrucker's, Inc. v. Doc's B.R. Others, Inc.*,
12 826 F.2d 837, 843 (9th Cir. 1987)). Further, a trade dress cannot be diluted unless it is famous
13 such that it is "truly prominent and renowned" among the general public. *Avery Dennison Corp. v.*
14 *Sumpton*, 189 F.3d 868, 875 (9th Cir. 1999). Apple bears the burden of showing dilution for both
15 registered and unregistered trade dress. *See* 15 U.S.C. § 1125; Final Jury Instruction No. 65.

16 Although secondary meaning and fame are different issues, here they rise and fall on
17 largely the same evidence. Samsung argues that Apple has failed to show that its registered iPhone
18 Trade Dress and unregistered iPhone 3G Trade Dress have acquired secondary meaning and are
19 famous. Apple has introduced: (1) survey expert testimony (Tr. 1578:24-1585:5 (Dr. Hal Poret's
20 testimony that his surveys showed consumers associated iPhones with Apple); Tr. 1695:17-
21 1695:22 (Apple expert Dr. Kent Van Liere, same); (2) iPhone advertisements from 2007 through
22 2010, including iPhone 3G advertisements from 2008 (PX11, 12, 127); (3) television show clips
23 from 2007 through 2010 (PX14); (4) media reviews of the original iPhone from 2007 (PX 133,
24 135); (5) advertising expenditures (PX16 ("Advertising Expenditures (U.S.)")); Tr. 653:24-654:1
25 (Mr. Schiller testimony estimating \$120-130 in advertising expenses between October 2009 and
26 June 2010)); and (6) fact witness testimony (Tr. 639:8-640:3 (Mr. Schiller's testimony on product
27 as hero advertising)). This significant pool of evidence represents substantial evidence in the
28 record from which the jury could infer both secondary meaning and fame. Accordingly,

1 Samsung's motion for judgment as a matter of law or a new trial on grounds that Apple's trade
2 dress was not protectable or famous is DENIED.

3 3. Other Elements of Dilution

4 Trademark dilution is caused by the use in commerce of a mark that "impairs the
5 distinctiveness" or "harms the reputation" of a famous mark. 15 U.S.C. §1125(c). "Dilution refers
6 to the whittling away of the value of a trademark when it's used to identify different products."
7 *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002) (citation and quotation marks
8 omitted). While many dilution claims refer to trade names, the dilution statute explicitly applies
9 dilution protection to trade dress. *See* 15 U.S.C. §1125(c)(4). To establish a claim of trade dress
10 dilution, in addition to proving fame, a plaintiff must show that (1) the defendant is "making use of
11 the [trade dress] in commerce," (2) the defendant's "use began after the [trade dress] became
12 famous," and (3) the defendant's use of the trade dress is "likely to cause dilution by blurring" or
13 by "tarnishment." *See Jade Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 634 (9th Cir. 2008) (emphasis
14 added).

15 Samsung does not dispute that substantial evidence supported a finding that Samsung used
16 the asserted Apple trade dresses "in commerce." Instead, Samsung argues that Samsung is entitled
17 to judgment as a matter of law or a new trial on dilution because the evidence did not show that the
18 asserted trade dresses had become famous prior to Samsung's first sale of the accused diluting
19 phones in July 2010. *See* Mot. at 10-11. However, Apple's substantial advertising and press
20 coverage prior to release of Samsung's phones (PX11; PX12; PX 16; PX127; PX133; PX135; Tr.
21 639:8-640:3; Tr. 653:24-655:1), taken together with Apple's later-collected survey evidence (Tr.
22 1578:24-1585:5; Tr. 1695:17-22), provides substantial evidentiary support for the jury's finding
23 that Apple's trade dresses were famous before Samsung's first sale of an accused diluting phone in
24 July, 2010.

25 Samsung also argues that Apple has not provided evidence of likely dilution, and that
26 Samsung's evidence of 25 third-party iPhone-like smartphones in the market "undermines any
27 finding of likely dilution" by Samsung's accused devices. *See* Mot. at 11. However, Apple
28 presented significant evidence that dilution by blurring was likely, including: (1) actual accused

1 Samsung products that allegedly have iPhone-like appearances; (2) press reports discussing the
2 similar appearances of the iPhone and the accused products (PX6); (3) testimony by Apple expert
3 Dr. Winer that Samsung's phones dilute Apple's trade dresses by blurring (Tr. 1521:14-24); (4)
4 evidence of copying by Samsung (Tr. 1506:16-1507:2 (Dr. Winer testimony on Samsung
5 copying)); PX36.20 (Samsung believed the iPhone was "a revolution"); PX44 (Samsung's
6 "Relative Evaluation Report on S1, iPhone"); and (5) testimony of Apple's expert Dr. Van Liere
7 that 37-38% of consumers associated Apple and Samsung smartphones. Tr. 1691:13-1696:2. This
8 collection of evidence constitutes substantial evidence in the record to support the jury's finding of
9 dilution by blurring. Accordingly, Samsung's motion for judgment as a matter of law or a new
10 trial on grounds that Apple did not establish a likelihood of dilution is DENIED.

11 Finally, an award of damages for trade dress dilution requires a finding that the dilution was
12 willful, i.e. that Samsung "willfully intended to trade on the recognition" of Apple's trade dresses.
13 15 U.S.C. §1125(c). Here, it is undisputed that Samsung was aware of the iPhone design.
14 Samsung argues that Apple has not submitted evidence that could support the jury's verdict of
15 willful dilution. However, Apple has submitted evidence that Samsung viewed the iPhone as
16 revolutionary (PX36.20), and that Samsung attempted to create similar products (PX44). This
17 constitutes substantial evidence in the record to support the jury's finding that Samsung willfully
18 intended to trade on the recognition of Apple's trade dresses. Accordingly, Samsung's motion for
19 a new trial or judgment as a matter of law on grounds that Apple did not present evidence of willful
20 dilution is DENIED.

21 In sum, Apple has identified substantial evidence in the record of trade dress non-
22 functionality, trade dress secondary meaning, trade dress fame prior to the release of Samsung's
23 accused devices, likelihood of dilution, and willful dilution. Moreover, the jury's findings were not
24 against the clear weight of the evidence. Accordingly, the Court DENIES Samsung's motion for
25 judgment as a matter of law that Apple's registered iPhone Trade Dress and unregistered iPhone3G
26 Trade Dress are not protectable and not diluted, and DENIES Samsung's motion in the alternative
27 for a new trial.

28 C. Utility Patents

1. Infringement

1 Samsung moves for judgment as a matter of law that no accused Samsung device infringes
2 any of Apple's utility patent claims. *See* Mot. at 13-15. In the alternative, Samsung also moves for
3 judgment as a matter of law or a new trial on infringement of claim 8 of Apple's U.S. Patent No.
4 7,844,915 ("the '915 Patent") and claim 19 of U.S. Patent No. 7,469,381 ("the '381 Patent"). In
5 order to find infringement, the jury had to find that each infringing Samsung product met every
6 limitation of each of the infringed patent claims. *See Pennwalt Corp. v. Durand-Wayland Inc.*, 833
7 F.2d 931, 935 (Fed. Cir. 1987) (en banc). Samsung argues that Apple did not offer sufficient
8 evidence of utility patent infringement to support the jury's findings.

9 Samsung's first argument applies to all of the jury's infringement findings for the '915 and
10 '381 Patents. Samsung argues it was insufficient for Apple's experts to perform an element-by-
11 element infringement analysis of one Samsung device and then simply show the jury videos of
12 other Samsung devices performing the same patented user-interface ("UI") operation. The Court
13 cannot agree. Apple's experts Dr. Karan Singh and Dr. Ravin Balakrishnan testified that certain UI
14 operations necessarily infringed all of the required elements. Thus, showing that those same UI
15 operations were performed by different devices is the logical equivalent of showing that all of the
16 required elements were performed on each device performing those UI operations. Furthermore,
17 having had the patented UI operations demonstrated by Dr. Singh and Dr. Balakrishnan, the jurors
18 entered the jury room with both an understanding of how the accused UI features were alleged to
19 work *and* actual working products, which the jurors could test to confirm whether the devices
20 infringed the UI utility patents. Thus, the combination of the testimony and the devices themselves
21 constituted substantial evidence in the record to support a finding of infringement, and the jury's
22 finding of infringement was not against the clear weight of the evidence. Samsung's motion for
23 judgment as a matter of law that Apple did not establish infringement for each accused product and
24 Samsung's motion for a new trial on this basis are accordingly DENIED.

a. Claim 8 of the '915 Patent

1 Samsung also moves for judgment as a matter of law that Samsung did not infringe claim 8
2 of the '915 Patent. Claim 8 of the '915 Patent claims a device performing a method for scrolling
3 and scaling objects on a touch screen using gestures. Specifically, claim 8 recites:

4 A machine readable storage medium storing executable program instructions which
5 when executed cause a data processing system to perform a method
6 comprising:
7 receiving a user input, the user input is one or more input points applied to a touch-
8 sensitive display that is integrated with the data processing system;
9 creating an event object in response to the user input;
10 determining whether the event object invokes a scroll or gesture operation by
11 distinguishing between a single input point applied to the touch-sensitive
12 display that is interpreted as the scroll operation and two or more input
13 points applied to the touch-sensitive display that are interpreted as the
14 gesture operation;
15 issuing at least one scroll or gesture call based on invoking the scroll or gesture
16 operation;
17 responding to at least one scroll call, if issued, by scrolling a window having a view
18 associated with the event object; and
19 responding to at least one gesture call, if issued, by scaling the view associated with
20 the event object based on receiving the two or more input points in the form
21 of the user input.

22 '915 Patent, 23:65-24:21.

23 Samsung makes three arguments to support its motion for judgment as a matter of law or a
24 new trial on '915 Patent infringement. First, Samsung argues that Samsung's software does not
25 satisfy the "invoking" limitation because the MotionEvent object in Samsung's code, which
26 directly stores the user's touch data in the operating system, does not directly cause the scroll or
27 gesture to occur as required by the claim limitation, but that instead the MotionEvent data is used
28 by another program, WebView object, which actually causes the scroll or gesture operation to
occur. *See* Mot. at 14 (citing Tr. 2911:6-2912:1 (noninfringement testimony of Samsung expert
Mr. Gray)). This argument, however, is premised upon a claim construction that the Court has
already rejected, that the claimed "event object" that detects the user touch must directly cause the
scroll or gesture. Instead, the Court ruled that causation with intervening events still meets the
claim limitation of "invoke[ing] a scroll or gesture operation." *See* ECF No. 1158. Accordingly,
this intervening step does not defeat Apple's claim of infringement.

1 Second, Samsung argues that some Samsung devices do not perform the “gesture”
2 operation required by the claim in response to a two finger touch. *See* Mot. at 14. Samsung
3 explains that these devices instead perform a “scroll” operation. *Id.* As a preliminary matter,
4 Samsung’s expert Mr. Gray testified as to only one such specific device, the Samsung Galaxy Tab
5 10.1. *See* Tr. 2912:2-19. Thus, even if this argument were persuasive, it would apply only to the
6 Galaxy Tab 10.1, and not to any of the other accused devices. Samsung’s motion on this basis is
7 DENIED as to all accused devices except the Galaxy Tab 10.1.

8 Regarding the Galaxy Tab 10.1, Apple’s expert Dr. Singh testified that the operation
9 performed by the Samsung Galaxy Tab 10.1 in response to the two finger touch was not, in fact, a
10 “scroll” as Samsung contends, but a simultaneous scroll and scale (“translate” and “scale,” in Dr.
11 Singh’s words). Tr. 1863:1-1864:16. The plain language of the claim requires a finger scroll that
12 is “interpreted as the gesture operation” that leads to “scaling” of the view on the touch screen.
13 This plain language does not exclude the possibility that a gesture operation causes both scaling
14 and some other event, such as simultaneous scrolling. Thus, Dr. Singh’s testimony could have
15 supported a jury’s finding that the Galaxy Tab 10.1 did, in fact, perform scaling in response to a
16 gesture operation, as defined by the claim, and thus did infringe. Accordingly, the Court DENIES
17 Samsung’s motion for judgment as a matter of law that claim 8 of the ’915 Patent is not infringed.

18 Finally, Samsung argues that a new trial is necessary to resolve inconsistencies in the jury
19 verdict. *See* Mot. at 14. Specifically, Samsung argues that the jury found no ’915 Patent
20 infringement by the Galaxy Ace, running Android 2.2.1, and by the Intercept and Replenish,
21 running Android 2.2.2., but that the jury found ’915 Patent infringement by many other accused
22 devices that run the exact same software. *Id.* In opposition, Apple argues: (1) that Samsung
23 waived its objection by failing to raise this argument before the jury was dismissed; (2) that the
24 verdicts are not inconsistent because the jury may have tested the three non-infringing phones in a
25 manner that would give a false non-infringement conclusion; and (3) that any inconsistency does
26 not merit a new trial in this case.

27 As to Apple’s first argument, waiver by Samsung, the Court finds that Samsung did not
28 waive its right to object to inconsistencies in the jury verdict. In fact, it was clear that Samsung

1 was reserving its right to raise any additional inconsistencies. Tr. 4316:18-21. (“Johnson: That’s it
2 *for right now* your honor.” (emphasis added); “The Court: *At this point . . .*, no further
3 inconsistencies; right?” (emphasis added)).

4 Apple also argues that the verdicts are not inconsistent. However, Apple implicitly admits
5 that the verdicts are factually inconsistent. Specifically, Apple suggests that the jury simply made
6 a mistake in analyzing the Ace, Intercept, and Replenish in the jury room, perhaps “test[ing] them
7 on a ‘mobile’ website that did not allow two-finger scaling and therefore concluded that those
8 particular devices did not infringe.” Opp’n at 12. Thus, Apple implicitly agrees that all the devices
9 running a particular Android version either infringe or do not infringe together, and that the jury’s
10 findings are factually inconsistent.

11 Apple argues that these factual inconsistencies do not merit a new trial. Courts are not
12 obligated to set aside a verdict wherever there is any sort of inconsistency. Indeed, the Ninth
13 Circuit allows courts to set aside verdicts on grounds of inconsistency only when absolutely
14 necessary. “The question is whether the verdict can be reconciled on any reasonable theory
15 consistent with the evidence.” *Ward v. City of San Jose*, 967 F.2d 280, 286 (9th Cir. 1991). Thus,
16 “[w]hen faced with a claim that verdicts are inconsistent, the court must search for a reasonable
17 way to read the verdicts as expressing a coherent view of the case, and must exhaust this effort
18 before it is free to disregard the jury’s verdict and remand the case for a new trial.” *Toner for*
19 *Toner*, 828 F.2d at 512.

20 In *Zhang v. Am. Gem Seafoods, Inc.*, 339 F.3d 1020, 1034 (9th Cir. 2003), the Ninth Circuit
21 undertook a comprehensive analysis of the law on inconsistent verdicts. In upholding a jury’s
22 verdict that a corporate defendant was liable where the only individual acting on behalf of the
23 corporation was not, the Ninth Circuit explained that seeming inconsistencies in a jury’s
24 understanding of facts does not warrant a new trial. *Id.* at 1030. Only verdicts that entail two legal
25 conclusions that cannot logically coexist, such as an award of damages and a finding of no liability,
26 rather than a mere inconsistent view of facts, warrant the Court’s intervention. *See id.* at 1034
27 (“Unless one legal conclusion is the prerequisite for another, inconsistencies between them must
28 stand.”); *see also Duhn Oil Tool, Inc. v. Cooper Cameron Corp*, 818 F. Supp. 2d 1193 (E.D. Cal.,

1 2011) (jury's verdicts that independent patent claim is obvious, but dependent claim is not, are
2 inconsistent and require new trial).

3 Here, an infringement finding for one product is not the legal prerequisite for an
4 infringement finding of another product, even if the products are identical in all relevant respects.
5 Rather, this situation is analogous to *Zhang*, where a finding that the corporation was liable
6 logically should also have meant that the individual through which the corporation acted was
7 liable, but the two liability determinations, while depending on the same facts, were legally
8 independent of one another. In *Zhang*, the Ninth Circuit held that the verdicts, though apparently
9 factually inconsistent, must stand. *Id.* at 1030. The same is true here. Accordingly, a new trial to
10 resolve inconsistencies is inappropriate as to '915 Patent infringement. Therefore, the Court
11 DENIES Samsung's motion for a new trial as to infringement of claim 8 of the '915 Patent.

12 b. Claim 19 of the '381 Patent

13 Samsung also moves for judgment as a matter of law that Samsung did not infringe claim
14 19 of the '381 Patent. Claim 19 of the '381 Patent claims a device performing a method of
15 bouncing back when a user scrolls an object such as a web page off the end of a display screen.
16 Specifically, claim 19 recites:

17 A device, comprising:
18 a touch screen display;
19 one or more processors;
20 memory; and
21 one or more programs, wherein the one or more programs are stored in the memory
22 and configured to be executed by the one or more processors, the programs
23 including:
24 instructions for displaying a first portion of an electronic document;
25 instructions for detecting a movement of an object on or near the touch
26 screen display;
27 instructions for translating the electronic document displayed on the touch
28 screen display in a first direction to display a second portion of the
electronic document, wherein the second portion is different from the
first portion, in response to detecting the movement;
instructions for displaying an area beyond an edge of the electronic
document and displaying a third portion of the electronic document,
wherein the third portion is smaller than the first portion, in response
to the edge of the electronic document being reached while
translating the electronic document in the first direction while the
object is still detected on or near the touch screen display; and

1 instructions for translating the electronic document in a second direction
2 until the area beyond the edge of the electronic document is no
3 longer displayed to display a fourth portion of the electronic
4 document, wherein the fourth portion is different from the first
5 portion, in response to detecting that the object is no longer on or
6 near the touch screen display.

7 '381 Patent, 36:59-37:22.

8 Samsung argues that the “hold still” function of its phones is not a bounce-back feature as
9 claimed by the '381 Patent, and that therefore its phones do not infringe. *See* Mot. at 14-15. Apple
10 does not dispute that the “hold still” function is not claimed by the '381 Patent, but cites Apple
11 expert Dr. Balakrishnan’s testimony that in addition to the “hold still” function, the accused
12 Samsung phones also perform the claimed bounce-back function, and that the accused phones
13 contain the software instructions for performing the bounce-back function. *See* Opp’n. at 13 (citing
14 Tr. 1751:21-1757:21).

15 Samsung argues that the Court has already ruled that the '381 Patent requires that the
16 bounce-back function occur every time the user scrolls past the edge of the electronic document,
17 and that therefore even if the accused phones do sometimes display the bounce-back feature or
18 contain software instructions for that feature, they do not infringe. *See* Mot. at 14-15. However,
19 this Court’s prior ruling did not concern claim 19, but rather claim 1 of the '381 Patent, a method
20 claim. *See* ECF No. 452 at 58-60. Thus, that ruling does not control here. The jury found that
21 some Samsung products infringe claim 19 of the '381 Patent, which claims not a method, but an
22 apparatus with instructions for performing the bounce-back function. The plain language of the
23 claim does not require that the instructions operate to perform the function in every instance. Thus,
24 the jury could reasonably have interpreted the claim language to require only that a device contain
25 the instructions for the bounce-back feature, which Dr. Balakrishnan testified that Samsung’s
26 devices did. Accordingly, there is substantial evidence in the record to support the jury’s findings
27 of infringement as to claim 19 of the '381 Patent, and this finding of infringement was not against
28 the clear weight of the evidence. Therefore, the Court DENIES Samsung’s motion for judgment as
a matter of law that Samsung’s accused devices do not infringe claim 19 of the '381 Patent, and
DENIES Samsung’s motion for a new trial on this basis.

1 **2. Validity**

2 Samsung seeks judgment as a matter of law that all three of Apple’s asserted utility patents
3 are invalid on grounds of anticipation, obviousness, or both.⁴ A patent claim is invalid by reason
4 of anticipation under 35 U.S.C. § 102 “if each and every limitation is found either expressly or
5 inherently in a single prior art reference.” *Bristol-Myers Squibb Co. v Ben Venue Labs., Inc.*, 246
6 F.3d 1368, 1374 (Fed. Cir. 2001). Whether a patent is anticipated is a question of fact. *Green*
7 *Edge Enterprises, LLC v. Rubber Mulch Etc., LLC*, 620 F.3d 1287, 1297 (Fed. Cir. 2010).
8 Anticipation must be shown by clear and convincing evidence. *Id.* at 1292.

9 As with design patents, as discussed above, a utility patent is invalid for obviousness “if the
10 differences between the subject matter sought to be patented and the prior art are such that the
11 subject matter as a whole would have been obvious at the time the invention was made to a person
12 having ordinary skill in the art to which said subject matter pertains.” 35 U.S.C. § 103(a).
13 “Obviousness is a question of law based on underlying findings of fact.” *In re Kubin*, 561 F.3d
14 1351, 1355 (Fed. Cir. 2009). The underlying factual inquiries are: (1) the scope and content of the
15 prior art; (2) the differences between the prior art and the claims at issue; (3) the level of ordinary
16 skill in the art; and (4) any relevant secondary considerations, such as commercial success, long
17 felt but unsolved needs, and the failure of others. *KSR Int’l*, 550 U.S. at 406 (2007) (citing
18 *Graham*, 383 U.S. at 17-18); *Aventis*, 675 F.3d at 1332. Though obviousness is ultimately a
19 question of law for the Court to decide de novo, the Court treats with deference the implied
20 findings of fact regarding obviousness made by the jury. *Kinetic Concepts*, 688 F.3d at 1356-57.
21 “A party seeking to invalidate a patent on the basis of obviousness must demonstrate by clear and
22 convincing evidence that a skilled artisan would have been motivated to combine the teachings of
23 the prior art references to achieve the claimed invention, and that the skilled artisan would have
24 had a reasonable expectation of success in doing so.” *Id.* at 1360.

25 a. Claim 8 of the ’915 Patent

26 _____
27 ⁴ Samsung has also moved for a new trial on validity. However, Samsung’s motion for a new trial
28 is based upon Samsung’s allegation that despite correct instruction, the jury applied an incorrect
legal standard to evaluate patent validity. This argument has already been addressed in the Court’s
Order re: Juror Misconduct. *See* ECF No. 2198.

1 Samsung moves for judgment as a matter of law that claim 8 of the '915 Patent is invalid
2 based on two pieces of prior art: (1) the DiamondTouch with FractalZoom; and (2) the Nomura
3 patent application.⁵ *See* Mot. at 12. First, Samsung argues that the DiamondTouch with
4 FractalZoom included all the elements of claim 8 of the '915 Patent, rendering claim 8 invalid for
5 anticipation. Although Samsung's expert Stephen Gray testified that this prior art contained all the
6 elements of claim 8 of the '915 Patent (Tr. 2897:12-2902:5:25), Apple's expert Dr. Singh gave
7 contrary testimony (Tr. 3623:7-3625:5). Specifically, Dr. Singh testified that: (1) the
8 DiamondTouch does not contain an "integrated" "touch-sensitive display;" (2) the DiamondTouch
9 treats a three-finger input the same as a one-finger input, thereby failing to distinguish between a
10 "single input point" and "two or more input points"; and (3) Mr. Gray never identified a "view
11 object" that was associated with an "event object." Though conflicting with Mr. Gray's testimony
12 to some extent, this testimony is sufficient to support the jury's finding that Samsung has not
13 proven anticipation by clear and convincing evidence.

14 Moreover, in finding the patent valid, the jury made implied findings that these gaps
15 between the prior art and claim 8 of the '915 Patent were significant. Samsung has failed to
16 identify evidence suggesting that it would have been obvious to a person of ordinary skill in the art
17 to bridge these gaps, such as testimony or documentary evidence as to how or why the gap would
18 have been bridged. Thus, the Court cannot find that Samsung has met its burden to establish
19 obviousness by clear and convincing evidence. Therefore, the Court DENIES Samsung's motion
20 for judgment as a matter of law that claim 8 of the '915 Patent is invalid over the DiamondTouch
21 with FractalZoom prior art.

22 Samsung also argues that the Nomura patent application includes all elements of claim 8 of
23 the '915 Patent, and thus renders claim 8 invalid for anticipation. *See* Mot. at 12. Claim 8 covers a
24 user interface created by a specific programming technique. However, Dr. Singh testified that
25 Nomura does not include "events, objects, [or] views," as required by claim 8. Thus, Nomura may
26 disclose a similar user interface, but one that is implemented using different programming

27 ⁵ Samsung does not move for judgment as a matter of law that claim 8 of the '915 Patent is invalid
28 based on the Han reference, but Apple's opposition discusses the Han reference.

1 techniques than claim 8 of the '915 Patent. Tr. 3625:10-3626:24. As with the DiamondTouch, Dr.
2 Singh's testimony about the Nomura reference supports the jury's finding of non-anticipation.

3 Furthermore, the jury's finding of validity indicates that the jury made an implied finding of
4 fact affirming Dr. Singh's testimony that the gap between Nomura and the '915 Patent was
5 significant. The Court must give that finding deference. *See Kinetic Concepts*, 688 F.3d 1342,
6 1356. In light of the lack of clear Samsung evidence as to why such a gap would be obvious to
7 bridge, the Court finds claim 8 of the '915 Patent non-obvious as a matter of law. Accordingly, the
8 Court DENIES Samsung's motion for judgment as a matter of law that claim 8 of the '915 Patent is
9 invalid based on the Nomura prior art.

10 b. Claim 19 of the '381 Patent

11 Samsung also moves for judgment as a matter of law that claim 19 of the '381 Patent is
12 invalid because of the TableCloth and LaunchTile prior art references, based upon testimony to
13 that effect from Samsung's expert Dr. van Dam. *See Mot.* at 12.

14 Apple argues that the jury's finding of non-anticipation was supported by the testimony of
15 Dr. Balakrishnan. Dr. Balakrishnan testified that TableCloth does not respond to the edge of an
16 electronic document as required by claim 19. *See* 3631:14-3634:19. Instead, he testified that
17 TableCloth simply snaps back to the original position when the user's finger is lifted off the touch-
18 screen, regardless of whether a document edge has been crossed. *Id.* This testimony alone is
19 sufficient to support the jury's finding that TableCloth does not anticipate claim 19. Similarly, Dr.
20 Balakrishnan testified that TableCloth snaps back not only until space beyond the edge of an
21 electronic document is no longer displayed, but rather all the way to the document's original
22 position, before it was moved at all. *Id.* Yet claim 19 explicitly excludes this type of snapping
23 back to the original position ("wherein the fourth portion is different from the first portion").
24 Again, this testimony is sufficient to support the jury's finding of validity.

25 Dr. Balakrishnan also provided testimony sufficient to support the jury's finding that
26 LaunchTile does not anticipate claim 19. He testified that LaunchTile fails to meet the limitations
27 of claim 19 of the '381 Patent because LaunchTile does not respond "to the edge of the electronic
28 document being reached," as required by the claim. Tr. 3634:20-3635:18. Instead, Dr.

1 Balakrishnan testified that LaunchTile tracks the center of the document. *Id.* Dr. Balakrishnan
2 also testified that LaunchTile will simply move to center a displayed document, but that such
3 centering will not necessarily be “in a second direction” as required by claim 19. *See id.* (“If it’s
4 more than a sixth of the way, it goes to the next set of tiles.”). Furthermore, Dr. Balakrishnan
5 testified that LaunchTile sometimes also demonstrated situations in which LaunchTile will not
6 move past an edge (the so-called “frozen screen problem”), and situations in which LaunchTile
7 allows dragging far past an edge (the so-called “desert fog problem”). Tr. 3635:19-3636:8. The
8 emergence of these two problems supports Dr. Balakrishnan’s testimony that although LaunchTile
9 may sometimes appear to be responding to an edge as required by claim 19, in fact it is not. In
10 sum, Dr. Balakrishnan’s testimony constituted substantial evidence in the record to support the
11 jury’s finding of non-anticipation. Accordingly, Samsung’s motion for judgment as a matter of law
12 that claim 19 of the ’381 Patent is invalid for anticipation is DENIED.

13 The Court also finds that claim 19 is not obvious in light of Tablecloth and LaunchTile. In
14 finding validity, the jury implicitly found that the gaps identified by Dr. Balakrishnan were
15 significant. Samsung’s expert Dr. van Dam testified only that Tablecloth rendered claim 19
16 obvious because a person of ordinary skill in the art would “understand the advantage of this
17 snapping back behavior.” Tr. 2872:23-25. Dr. van Dam also testified that LaunchTile rendered the
18 ’381 Patent “obvious because, again, you can see every element there.” Tr. 2873:6-7. These bare
19 assertions by Dr. van Dam are insufficient to prove by clear and convincing evidence that it would
20 have been obvious to bridge the gaps between Tablecloth or LaunchTile and claim 19.
21 Accordingly, in light of the jury’s implied findings of fact and Samsung’s minimal evidence as to
22 obviousness, the Court finds claim 19 of the ’381 Patent non-obvious as a matter of law.
23 Therefore, the Court DENIES Samsung’s motion for judgment as a matter of law that claim 19 of
24 the ’381 Patent is invalid.

25 c. Claim 50 of the ’163 Patent

26 Claim 50 of U.S. Patent No. 7,864,163 (“the ’163 Patent”) claims a touch screen device
27 with tap-to-zoom functionality. Specifically, claim 50 recites:

28 A portable electronic device, comprising:

1 a touch screen display;
2 one or more processors;
3 memory; and
4 one or more programs, wherein the one or more programs are stored in the memory
5 and configured to be executed by the one or more processors, the one or
6 more programs including:
7 instructions for displaying at least a portion of a structured electronic
8 document on the touch screen display, wherein the structured
9 electronic document comprises a plurality of boxes of content;
10 instructions for detecting a first gesture at a location on the displayed portion
11 of the structured electronic document;
12 instructions for determining a first box in the plurality of boxes at the
13 location of the first gesture;
14 instructions for enlarging and translating the structured electronic document
15 so that the first box is substantially centered on the touch screen
16 display;
17 instruction for, while the first box is enlarged, a second gesture is detected
18 on a second box other than the first box; and
19 instructions for, in response to detecting the second gesture, the structured
20 electronic document is translated so that the second box is
21 substantially centered on the touch screen display.

22 '163 Patent, 29:14-40.

23 Samsung argues that claim 50 of the '163 Patent is invalid based on LaunchTile, and two
24 additional references, Agnetta and Robbins. In support of this argument, Samsung cites the
25 testimony of Mr. Gray. *See* Mot. at 12-13. Apple's expert Dr. Singh gave rebuttal testimony as to
26 LaunchTile and Agnetta, explaining that neither LaunchTile nor Agnetta "enlarge[s] a structured
27 electronic document" as required by claim 50. Tr. 3615:19-3616:4. Instead, Dr. Singh testified
28 that to the extent any structured electronic document exists, LaunchTile and Agnetta *replace* that
structured electronic document with new content. *Id.* This testimony is sufficient to support the
jury's finding that Samsung did not prove anticipation by LaunchTile or Agnetta by clear and
convincing evidence. As to the Robbins reference, Mr. Gray did not address all the limitations of
claim 50 on direct examination. *See* Tr. 3619:4-3620:10 (Dr. Singh testimony that Mr. Gray had
neglected to explain how all claim elements were present in Robbins). The incomplete nature of
Mr. Gray's testimony supports the jury's finding that Samsung did not prove anticipation over
Robbins by clear and convincing evidence. Tr. 2919:17-2922:6. Accordingly, Samsung's motion
for judgment as a matter of law that claim 50 is invalid for anticipation is DENIED.

1 Furthermore, Mr. Gray admitted that he gave no testimony as to obviousness of claim 50 of
 2 the '163 Patent. Tr. 2924:12-17 (admitting that “anticipation is all [Mr. Gray] spoke to”). Indeed,
 3 because the jury implicitly found, as Dr. Singh testified, that there are differences between the prior
 4 art and Apple’s utility patents, Samsung had the burden of showing that these gaps would have
 5 been obvious to bridge. Samsung failed to offer such evidence. Accordingly, the Court DENIES
 6 Samsung’s motion for judgment as a matter of law that claim 50 of the '163 Patent is invalid for
 7 obviousness over the LaunchTile, Agnetta, and Robbins references.

8 **D. Willfulness**

9 To establish willful patent infringement,⁶ “a patentee must show by clear and convincing
 10 evidence that the infringer acted despite an objectively high likelihood that its actions constituted
 11 infringement of a valid patent. The state of mind of the accused infringer is not relevant to this
 12 objective inquiry. If this threshold objective standard is satisfied, the patentee must also
 13 demonstrate that this objectively-defined risk. . . was either known or so obvious that it should
 14 have been known to the accused infringer.” *In re Seagate Technology, LLC*, 497 F.3d 1360 (Fed.
 15 Cir. 2007) (internal citation omitted). Thus, the willfulness inquiry is a two-prong analysis,
 16 requiring an objective inquiry and a subjective inquiry. The objective inquiry is a question for the
 17 Court, and the subjective inquiry is a question for the jury. *Bard Peripheral Vascular, Inc. v. W.L.*
 18 *Gore & Associates, Inc.*, 682 F.3d 1003, 1007 (Fed. Cir. 2012).

19 Because both prongs must be established for the Court to make an ultimate finding of
 20 willfulness, failure on either prong defeats a claim of willfulness. Thus, where the jury found
 21 willfulness, the Court must also find willfulness. If the Court finds no objective willfulness, the
 22 inquiry is at an end, and the Court need not consider whether the jury’s finding of subjective
 23 willfulness was supported by substantial evidence. Conversely, if the jury found no subjective
 24

25 ⁶ This standard applies only to patents. To the extent that the parties suggest that the Court should
 26 consider willfulness regarding trade dress dilution, the Court declines to do so. Willfulness is part
 27 of dilution inquiry, and a finding of willfulness is required to award remedies for trade dress
 28 dilution. Accordingly, the jury’s findings on willfulness as to trade dress dilution are addressed in
 the section on trade dress, and are not independently considered here, in the discussion of willful
 patent infringement.

1 willfulness, the Court need not consider objective willfulness, as the willfulness claim must fail
2 either way.⁷

3 Here, the Court sent the subjective prong of willfulness to the jury, and the jury found that
4 Samsung's infringement was subjectively willful for five of the seven patents (three utility patents
5 and two design patents). See Final Jury instruction No. 59; Amended Jury Verdict, ECF No. 1890,
6 at 9. Thus, for these five patents, the Court must find the objective prong also satisfied in order to
7 make an ultimate finding of willfulness.⁸

8 To establish objective willfulness, Apple must prove by clear and convincing evidence that
9 there was an "objectively high likelihood that its actions constituted infringement of a valid
10 patent." *Bard*, 682 F.3d at 1005 (citing *Spine Solutions, Inc. v. Medtronic Sofamor Danek USA,*
11 *Inc.*, 1319 (Fed. Cir. 2010)). If Samsung had an objectively reasonable defense to infringement, its
12 infringement cannot be said to be objectively willful. See *Spine Solutions*, 620 F.3d at 1319 ("The
13 'objective' prong of *Seagate* tends not to be met where an accused infringer relies on a reasonable
14 defense to a charge of infringement."); *Bard*, 682 F.3d at 1006 (objective willfulness determination
15 "entails an objective assessment of potential defenses based on the risk presented by the patent.
16 Those defenses may include questions of infringement but also can be expected in almost every
17 case to entail questions of validity that are not necessarily dependent on the factual circumstances
18 of the particular party accused of infringement"). The Court will consider each patent in turn.

19 1. '381 Patent

20 First, the Court finds that Samsung had an objectively reasonable defense to infringement
21 of claim 19 of the '381 Patent. Specifically, Samsung had a reasonable defense that this claim was
22 invalid for anticipation by Tablecloth. At summary judgment, Samsung presented evidence that
23 Tablecloth was invented and may have been in public use more than one year prior to the filing of
24

25 ⁷ Of course, a jury's finding of no subjective willfulness must also be supported by substantial
26 evidence in the record. This question was briefed in Apple's motion for judgment as a matter of
27 law, and is addressed in this Court's separate Order on that motion.

28 ⁸ Apple argues that Samsung inappropriately argued non-willfulness in Samsung's motion on non-
jury claims. Although the Court addresses willfulness in this Order, in light of *Bard*, it was
appropriate for Samsung to raise the objective prong of willfulness in Samsung's motion on non-
jury claims.

1 the '381 Patent's parent provisional application, thus qualifying as prior art under § 102(b). *See*
 2 Decl. of Adam Bogue in support of Samsung's motion for summary judgment, ECF No. 933, at ¶¶
 3 8-12. Samsung also presented a date stamp on the files for the Tablecloth software showing its
 4 invention before the '381 Patent application was filed. *See* Decl. of Bill Trac in support of
 5 Samsung's summary judgment reply, ECF No. 1068, at ¶ 28 & Exh. 25; Order Denying
 6 Samsung's Motion for Summary Judgment, ECF No. 1158, at 13-16 (citing Samsung's evidence).

7 Further, Samsung presented an expert's declaration opining that Tablecloth disclosed all of
 8 the limitations of claim 19. *See* Decl. of Andries Van Dam in support of Samsung's motion for
 9 summary judgment, ECF No. 937, at §§51-82. Similar evidence was presented at trial. *See* Tr.
 10 2276:17-2299:16 (Adam Bogue testifying about DiamondTouch and Tablecloth); *id.* at 2846:10-
 11 2847:2; 2855:1-2858:22 (Dr. van Dam testifying about Tablecloth's disclosure of claim elements).
 12 Though the evidence was not sufficient to establish anticipation as a matter of law, nor to persuade
 13 the jury of anticipation by clear and convincing evidence, there was certainly an objectively
 14 reasonable argument for anticipation.⁹ Accordingly, the Court finds that, objectively, Samsung's
 15 infringement of the '381 Patent was not willful, due to its reasonable reliance on an invalidity
 16 defense. Because the objective willfulness prong is not satisfied, the Court need not examine the
 17 jury's finding on subjective willfulness. Samsung's motion for judgment as a matter of law that its
 18 infringement of claim 19 of the '381 Patent was not willful is GRANTED.

19 2. '163 Patent

20 Regarding the '163 Patent, Samsung again had an objectively reasonable defense.
 21 Specifically, Samsung had a reasonable defense that claim 50 of the '163 Patent was invalid for
 22 indefiniteness. Indeed, although the Court has ultimately found the term "substantially centered"

23 _____
 24 ⁹ Samsung has also directed the Court to the PTO's recent non-final action rejecting claims 1-20
 25 for anticipation in an ex parte reexamination. *See* ECF No. 2079. However, the Federal Circuit
 26 "has stressed that initial rejections by the PTO of original claims that were later confirmed on
 27 reexamination is so commonplace that they hardly justify a good faith belief in the invalidity of the
 28 claims." *Hoescht Celanese Corp. v. BP Chems. Ltd.*, 78 F.3d 1575, 1584 (Fed. Cir. 1996); *id.* at
 1584 (stating that a grant of a request for reexamination does not establish a likelihood of patent
 invalidity); *see also Q.G. Prods. v. Shorty, Inc.*, 992 F.2d 1211, 1213 (Fed. Cir. 1993) (noting that
 initial patent "rejections often occur as a part of the normal application process"). Accordingly, the
 Court does not rely on the PTO's non-final action in ruling on Samsung's motion.

1 definite, see Order re:Indefiniteness, ECF No. 2218, Samsung's position, as argued in Samsung's
2 motion on non-jury claims, was objectively reasonable, and raised close questions of law
3 concerning the definiteness requirement in the context of terms of degree. Because the objective
4 willfulness prong is not satisfied, the Court need not examine the jury's finding on subjective
5 willfulness. Samsung's motion for judgment as a matter of law that its infringement of claim 50 of
6 the '163 Patent was not willful is GRANTED.

7 3. '915 Patent

8 As to the '915 Patent, Samsung had an objectively reasonable defense that claim 8 was
9 invalid for obviousness. As explained above in resolving Samsung's motion for judgment as a
10 matter of law on obviousness, the '915 Patent distinguishes between one-finger scrolling and two-
11 finger gestures. There is no dispute that DiamondTouch does both one-finger scrolling and two-
12 finger gestures. The DiamondTouch, however, treats a two-finger touch as unique, and a single
13 finger or a three-or-four-finger touch as the same. The '915 Patent, in contrast, treats one-finger
14 touches as unique, and two, three, or four-finger touches as the same. Though this jury did not, a
15 jury could reasonably have found that the gap between DiamondTouch's function and the '915
16 Patent (i.e., whether the one-finger or the two-finger touch is unique) was not significant. Thus, it
17 was objectively reasonable for Samsung to contend that treating all multiple-finger touches the
18 same, instead of treating a two-finger touch as unique, would have been obvious to a person having
19 ordinary skill in the art.

20 Samsung had an additional objectively reasonable (though ultimately unsuccessful)
21 obviousness defense to infringement of the '915 Patent. Apple distinguished another prior art
22 reference, the Nomura patent application, on the grounds that the Nomura reference and the '915
23 Patent used different programming methods. Apple explains that the Nomura reference did not
24 disclose the use of object-oriented programming, and that the '915 Patent added this feature. Tr.
25 3625:10-3626:24 (Apple expert Dr. Singh testifying that the Nomura reference does not disclose
26 "events, objects, [or] views," and explaining "you can easily replace events with, with polling in a
27 device. . . procedural programming and languages can replace objects, . . . and you can have a
28 single block of display logic instead of views.") Samsung argues that any such gap in

1 programming technique would have been obvious to a person of ordinary skill in the art. Samsung
 2 had an objectively reasonable argument that the unique aspect of the '915 patent was not the
 3 programming techniques used to implement it, but rather the user interface aspect, and accordingly,
 4 it would be obvious to implement the same user interface with different underlying programming.¹⁰
 5 Because the objective willfulness prong is not satisfied, the Court need not examine the jury's
 6 finding on subjective willfulness. Samsung's motion for judgment as a matter of law that its
 7 infringement of claim 8 of the '915 Patent was not willful is GRANTED.

8 4. D'677 and D'305 Patents

9 Turning to the two design patents that the jury found that Samsung had willfully infringed,
 10 the D'677 and D'305 Patents, the Court finds that Apple has not met its burden to show by clear
 11 and convincing evidence that there was an objectively high likelihood that Samsung's actions
 12 would infringe valid design patents. Leaving aside the question of whether Samsung actually knew
 13 about the patents (as this question was part of the jury's subjective analysis), the Court finds that
 14 Samsung would have been reasonable to rely on its noninfringement defenses.

15 Apple argues that Samsung had no reasonable noninfringement defense for either the D'677
 16 or the D'305 Patent. *See* Apple's Brief on Nonjury Claims, ECF No. 1981, at 13. For the D'677
 17 Patent, Apple relies on this Court's finding, at the preliminary injunction stage, that the Samsung
 18 Galaxy S 4G and Samsung Infuse likely infringed the D'677 Patent. However, for both products,
 19 the Court noted that it was "a close question," ECF No. 452 at 26, 27. The Court pointed out
 20 differences such as the "four small functional buttons at the bottom, and a camera lens at the top of
 21 the front face" of the Galaxy S 4G, which could "take on greater significance" in light of the prior
 22 art. *Id.* at 25. And with regard to the Infuse, the Court noted "the addition of buttons and writing,"
 23 and the fact that the "Infuse 4 appears broader and longer, with a larger screen face relative to the
 24 rest of the front face, and sharper corners" than the D'677 Patent. *Id.* at 27. Thus, the Court's
 25 ultimate conclusion, after careful consideration, that infringement was likely does not render
 26

27 ¹⁰ Here, Samsung has directed the Court to another non-final PTO action rejecting claim 8 of the
 28 '915 Patent. *See* ECF No. 2202. For the reasons explained above, the Court does not consider this
 PTO non-final action in ruling on Samsung's present motion.

1 Samsung's reliance on an infringement defense unreasonable. Indeed, the closeness of the
2 question suggests that noninfringement was indeed a reasonable defense. Accordingly, the Court
3 finds that Apple has not met its burden to establish that there was an objectively high likelihood
4 that Samsung's actions would constitute infringement of the D'677 Patent, and Samsung's motion
5 for judgment as a matter of law that its infringement was not willful is GRANTED.

6 Regarding the D'305 Patent, Apple does not present any specific evidence as to the
7 unreasonableness of Samsung's infringement defense. Instead, Apple relies on general evidence
8 that "some of the accused products" were very similar to the D'305 Patent. Apple's Mot. for
9 Damages Enhancements at 13. Apple points to one internal Samsung document (PX44.131) noting
10 a "[s]trong impression that iPhone's icon concept was copied." The document includes a side-by-
11 side comparison of an iPhone and a phone labeled "GTi9000." The document does not mention
12 the D'305 patent. Further, the document actually points out some differences between the
13 Samsung phone and the iPhone in the form of suggestions for how the Samsung product could be
14 made to look more iPhone-like: "Insert effects of light for a softer, more luxurious icon
15 implementation. Make the edge curve more smooth to erase the hard feel. Remove a feeling that
16 iPhone's menu icons are copied by differentiating design." PX44.131. Thus, even where aware of
17 the similarities, Samsung had also identified several differences. As noted above, individual
18 differences such as those Samsung has identified can take on a greater significance in the
19 infringement analysis when compared with the prior art, thus providing further reason to believe
20 that a design with such differences does not infringe. *See Crocs, Inc. v. Int'l Trade Comm'n*, 598
21 F.3d 1294, 1303 (Fed. Cir. 2010). PX44 therefore does not provide convincing evidence that
22 Samsung's infringement defense for the D'305 Patent was unreasonable.

23 Apple's other piece of evidence regarding Samsung's noninfringement defense is a single
24 quotation from *Wired* magazine noting that "[t]he Vibrant's industrial design is shockingly similar
25 to the iPhone 3G." PX6.1. The discussion in the passage cited by Apple is largely focused on the
26 exterior of the phone, not the user interface or icons covered by the D'305 Patent, though it does
27 mention that "the square icons are, again, very similar in their looks to the iPhone 3G's." *Id.* The
28 Vibrant is one of the phones accused of infringing the D'305 patent. However, all Apple has

1 presented here is one industry reporter's assessment that the icons are "very similar" in their looks.
2 This article provides some limited evidence that one phone, the Vibrant, had the potential to
3 infringe the D'305 Patent. It does not, however, make clear whether the similarity is in individual
4 icons themselves, the layout of the icons, or, as would be more relevant to the question of design
5 patent infringement, the overall visual impression of the home screen. The fact that the Vibrant's
6 square icons are similar to the iPhone's would not necessarily mean that the Vibrant would infringe
7 the D'305 Patent.

8 As this is the sum total of Apple's arguments and evidence that Samsung's infringement
9 was willful, the Court cannot conclude that Apple has met its burden to show willfulness by clear
10 and convincing evidence. In light of Samsung's reasonable, if ultimately unsuccessful,
11 noninfringement defense, Apple simply has not established that there was an objectively high
12 likelihood that Samsung's actions would constitute infringement of the D'305 Patent. This finding
13 makes it unnecessary for the Court to review Samsung's invalidity defenses, as Samsung needed
14 only one reasonable defense on which to rely, in order to defeat the objective willfulness inquiry.
15 Accordingly, Samsung's motion for judgment as matter of law that Samsung did not willfully
16 infringe the D'305 Patent is GRANTED.

17 **E. SEC's Liability**

18 The Defendants in this case are three Samsung entities: the Samsung Korean parent
19 company, Samsung Electronics Corporation ("SEC"); and two United States subsidiaries, Samsung
20 Telecommunications America ("STA") and Samsung Electronics America ("SEA"). The jury
21 found SEC liable for both direct infringement and inducing infringement by STA and SEA.
22 Samsung moves for judgment as a matter of law that SEC did not directly infringe or induce
23 infringement, and in the alternative for a new trial. Samsung also moves for a new trial on
24 damages on the grounds that damages were improperly calculated as a global figure for SEC and
25 its United States subsidiaries based upon the finding that SEC was liable for patent infringement.

26 As to direct infringement, Samsung argues that the Korean parent company, SEC, does not
27 commit patent infringement in the United States because when SEC sells the accused devices to the
28 subsidiaries, title to the accused devices is transferred to STA and SEA before the SEC ships the

1 devices. “Mere knowledge that a product will ultimately be imported into the United States is
2 insufficient to establish liability [for direct patent infringement] under section 271(a).” *MEMC*
3 *Elec. Materials v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369, 1377. However, Samsung’s
4 30(b)(6) witness Justin Denison testified that STA and SEA collect orders in the United States, that
5 SEC manufactures the accused devices, and that SEC then ships the accused devices to Chicago
6 and Dallas. Tr. 793:25-795:12. Furthermore, Apple’s financial expert Terry Musika testified that
7 STA and SEA buy phones from SEC, which STA and SEA resell in the United States. Tr.
8 2068:14-2069:16. The jury could reasonably infer that this exchange involves more than “mere
9 knowledge.” Indeed, STA and SEA are based in the United States, and SEC ships the phones
10 directly into the United States, albeit having first transferred title to STA and SEA. *See* Tr. 790:17-
11 795:12 (Denison testimony). This is the same arrangement found sufficient to constitute direct
12 infringement in *Litecubes, LLC v. N. Light Prods.*, 523 F.3d 1353, 1371 (Fed. Cir. 2008) (“Since
13 the American customers were in the United States when they contracted for the accused cubes, and
14 the products were delivered directly to the United States, under *North American Philips [Corp. v.*
15 *American Vending Sales, Inc.*, 35 F.3d 1576 (Fed. Cir. 1994)] and *MEMC* there is substantial
16 evidence to support the jury’s conclusion that GlowProducts sold the accused cubes within the
17 United States.”)

18 Furthermore, substantial evidence suggests that SEC exerted a high degree of control over
19 SEA and STA activities in the United States, including setting wholesale prices and analyzing
20 product returns. *See, e.g.*, Tr. 796:14-18 (Denison testimony that “there’s a lot of conversations
21 back and forth [that] could be construed as directions [from SEC to STA]”); PX204 at 188:9-17
22 (“SEC [and not STA] sets the wholes price”); PX59.2 (“Headquarters” personnel lead STA
23 employees investigating Tab returns at Best Buy); Tr. 793:17-24 (Denison testimony that SEC is
24 referred to as “HQ or headquarters”). This control is further evidence that the sale of infringing
25 phones in the United States by SEA or STA can be considered infringement in the United States by
26 SEC. Accordingly, substantial evidence in the record supports the jury’s finding that SEC directly
27 infringed Apple’s patents. Therefore, the Court DENIES Samsung’s motion for judgment as a
28 matter of law that SEC did not commit direct infringement, and DENIES Samsung’s motion for a

1 new trial on damages on the grounds that the damages figure was based upon the incorrect finding
2 of SEC liability.

3 Having found that SEC is directly liable for infringement, the Court need not reach the
4 question of whether the jury's findings of inducement for these same products and patents was also
5 supported by substantial evidence. Inducement can only occur where there is direct infringement
6 by another. *See Dynacore Holdings Corp. v. U.S. Philips Corp.*, 363 F.3d 1263, 1274 (Fed. Cir.
7 2004). Here, for every patent and product for which the jury found direct infringement by STA or
8 SEA (and thus for which inducement is possible), the jury also found, and the Court affirmed,
9 direct infringement by SEC. Thus, SEC's liability has been conclusively established; an additional
10 finding on an alternative theory of liability will not change the outcome. Accordingly, the Court
11 need not reach the question of whether substantial evidence supported the jury's finding that SEC
12 induced infringement by STA or SEA.

13 **F. Samsung's Affirmative Case**

14 **1. Claims 10 and 15 of the '941 Patent**

15 Samsung moves for judgment as a matter of law that Apple's accused devices infringe
16 claims 10 and 15 of the U.S. Patent No. 7,675,941 ("the '941 Patent"). Samsung also moves for
17 judgment as a matter of law that the asserted claims are not exhausted as to Apple's accused
18 devices. The Court has granted Apple's motion for judgment as a matter of law that claims 10 and
19 15 of the '941 Patent are invalid for anticipation. *See* Order granting in part and denying in part
20 Apple's motion for judgment as a matter of law, ECF No. 2219. Accordingly, the Court does not
21 reach Samsung's motions as to the '941 Patent.

22 **2. Claims 15 and 16 of the '516 Patent**

23 Samsung moves for judgment as a matter of law that Apple's accused devices infringe
24 claims 15 and 16 of the '516 Patent, and that these claims are not exhausted as to Apple's accused
25 devices. Samsung alleges that claims 15 and 16 of the '516 Patent are embodied by Intel chipsets
26 which were sold to Apple, and used in Apple's accused devices. The jury found that Samsung's
27 chip patents were exhausted, but not infringed. Pursuant to the jury instructions, the jury, in
28 finding exhaustion, made implicit findings of fact: (1) that Intel's sales to Apple were authorized

1 by Samsung; (2) that those sales occurred in the United States; and (3) that if the accused products
2 infringe, it is because the baseband chips substantially embody the '516 and/or '941 Patents. *See*
3 Final Jury Instruction No. 34. The Court will consider exhaustion first, and will then turn to the
4 question of infringement.

5 Regarding the first requirement for exhaustion, authorization, there is substantial evidence
6 in the record to support the jury's conclusion that Intel was licensed to sell its chips directly or
7 indirectly to Apple (*see* PX81.11, PX81.23 (Samsung licenses to Intel allowing indirect sales by
8 Intel); Tr. 3543:12-24 (Apple expert Richard Donaldson testifying that license language allowing
9 Intel to sell "indirectly" allowed sales through Intel subsidiaries). Apple's expert Tony Blevins
10 testified that Intel indeed sold the chips indirectly to Apple, through an Intel subsidiary based in the
11 United States, Intel Americas. *See* PX78 (Intel Americas invoices); Tr. 3170:1-4 (Blevins
12 testimony on Intel Americas). This is exactly the type of sale that Mr. Donaldson testified was
13 authorized by the Samsung/Intel license agreement. Thus, Mr. Donaldson's testimony, combined
14 with Mr. Blevins's testimony, constitutes substantial evidence in the record that Intel's sales to
15 Apple were authorized.

16 Samsung argues that Apple failed to present evidence that Intel took any affirmative action
17 to sublicense Intel Americas, and thus that Samsung's authorizations to Intel did not extend to Intel
18 America. Samsung cites *Intel Corp. v. Broadcom Corp.*, 173 F. Supp. 2d 201, 222 (D. Del., 2001),
19 in support of the argument that an affirmative act of sublicensing to Intel Americas would be
20 necessary. However, the terms of the Samsung/Intel license agreement do not require any
21 particular action on the part of Intel in order to license a subsidiary. In *Broadcom*, a sublicensed
22 subsidiary was required to undertake obligations to the licensor, including cross-licensing any
23 patents held by the subsidiary. In contrast, here there is no term in the sublicensing provision of
24 the Samsung/Intel agreement that requires an Intel subsidiary to undertake any obligations to
25 Samsung. *See* PX81.11-12, PX81.23. Instead, extension of sublicenses to subsidiaries is a right
26 granted to Intel, with the only limitations being the duration of Intel's own license and the
27 requirement to inform Samsung of any licenses upon Samsung's request. *See id.* Indeed, Apple
28 argues that Intel was not required to take any affirmative action when sublicensing under the terms

1 of Intel's contract with Samsung, citing language allowing "indirect" sales by Intel, and testimony
2 that Intel Americas "send[s] invoices and collect[s] payments for Intel products." See Opp'n at 27.
3 Thus, the lack of affirmative sublicensing activity does not undermine the jury's finding that Intel's
4 sales to Apple through Intel Americas were authorized by Samsung.

5 Regarding the second exhaustion requirement, there is substantial evidence in the record
6 that the authorized sales to Apple occurred in the United States. Location of sale is determined
7 based upon where the essential activities of the sale occurred. *MEMC*, 420 F.3d at 1375-77. Apple
8 offered evidence that both parties to the sales were based in the United States, and that payment
9 occurred in the United States. See PX78 (Intel Americas invoices). Furthermore, the jury could
10 reasonably infer that the negotiations between the two United States corporations occurred in the
11 United States. This is sufficient evidence to conclude that the sale occurred in the United States.

12 Regarding the third requirement, Samsung argues that Apple did not present sufficient
13 evidence to satisfy the embodiment requirement for exhaustion, given that the jury found that
14 Apple's products did not infringe Samsung's chip patents. Infringement is not necessarily required
15 for patent exhaustion. However, for a patent to be exhausted by sale of a non-infringing product,
16 the "only and intended use" of that non-infringing product must be infringing. See *Quanta*
17 *Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617, 628 (2008). Here, the jury found that
18 Apple's accused devices do not infringe claims 15 and 16 of the '516 Patent. Without
19 infringement or evidence of infringing use, there can be no exhaustion. Accordingly, the Court
20 GRANTS Samsung's motion for judgment as a matter of law that claims 15 and 16 of the '516
21 Patent are not exhausted. This ruling does not change the outcome in this case because of the
22 jury's non-infringement finding.

23 The Court need not reach the question of whether Apple's accused devices infringe the '516
24 Patent as a matter of law, because a finding of infringement would satisfy the final requirement for
25 exhaustion – embodiment -- and thus render the patent exhausted. Thus, there would be no
26 liability. Because a ruling on Samsung's motion as to infringement of the '516 Patent cannot
27 change the outcome of this case, the Court does not reach the issues raised in that motion.

28 **3. Samsung's User Interface Patents: Claim 1 of the '460 Patent; Claim 10**

of the '893 Patent; and Claim 9 the '711 Patent

1 Samsung moves for judgment as a matter of law that Apple's accused devices infringe
 2 claim 1 of U.S. Patent No. 7,577,460 ("the '460 Patent"); claim 10 of U.S. Patent No. 7,456,893
 3 ("the '893 Patent"); and claim 9 of U.S. Patent No. 7,698,711 ("the '711 Patent"). All three of
 4 these asserted claims include a limitation involving the use of "modes." See '460 Patent, claim 1
 5 ("E-mail transmission sub-mode"); '893 Patent claim 10 ("photographing mode;" "stored-image
 6 display mode"); '711 Patent claim 9 ("MP3 mode"). Apple witnesses testified that Apple's
 7 products generally use "apps" rather than "modes." See Tr. 3196:15-3197:5 (Dr. Dourish); Tr.
 8 3181:2-8 (Dr. Kim); Tr. 3297:4-7; 3304:12-3306:4 (Dr. Srivastava); Tr. 3232:9-3233:8 (Dr.
 9 Givargis). Cf. Tr. 2482:15-2483:2 (Samsung expert Dr. Yang testifying that "application programs
 10 and modes are different"). Samsung argues that, in spite of this testimony, the record lacked
 11 substantial evidence to support the jury's findings that the accused Apple devices use "apps"
 12 instead of "modes." Samsung cites contrary testimony, including a statement by an Apple expert
 13 that could be interpreted as using "app" and "mode" interchangeably. See Mot. at 29 (citing Tr.
 14 3244:8-15). The existence of competing testimony on the distinction between "apps" and "modes"
 15 does not entitle Samsung to judgment as a matter of law; it is for the jury to weigh this competing
 16 testimony and decide whether the evidence showed that the two were different.
 17

18 Moreover, there is substantial expert testimony in the record to support the jury's
 19 conclusion that even if Apple's products do use modes for some purposes, Apple's products do not
 20 include any of the *claimed* modes. See Tr. 3305:5-9 (Dr. Srivastava explaining that "Apple
 21 products do not have the portable phone mode; they do not have a camera mode; they do not have
 22 the first E-mail transmission sub-mode; they do not have the second E-mail transmission sub-
 23 mode; they do not have the display sub-mode."); Tr. 3180:19-3181:8 (Dr. Kim explaining that the
 24 iPhone's "modes," such as airplane mode, are different from the iPhone's "apps"); Tr. 3232:25-
 25 3233:1 (Dr. Givargis explaining the difference between "MP3 mode" on a Samsung device and a
 26 music-playing app on an Apple device). Thus, the record contains substantial evidence to support
 27 the jury's finding that Apple's devices do not use the "modes" defined in Samsung's patents. As
 28 infringement requires the accused device to satisfy every limitation of the asserted claim, this

1 substantial evidence that the “mode” limitation was not satisfied for any of the patents is sufficient
 2 to sustain the jury’s finding of non-infringement. Accordingly, the Court DENIES Samsung’s
 3 motion for judgment as a matter of law that the asserted claims of the ’460, ’893, and ’711 Patents
 4 are infringed because there is sufficient evidence in the record that Apple’s accused devices do not
 5 implement their relevant user interfaces using the claimed “modes.”

6 **G. The Trial was not manifestly unfair.**

7 Samsung argues that: (1) the trial time limitation prejudiced Samsung; (2) allowing Apple
 8 to point out to the jury which Samsung witness were not called prejudiced Samsung; (3)
 9 Samsung’s witnesses were barred from making some arguments, where Apple’s witnesses were
 10 allowed to make other arguments; (4) Samsung was required to lay foundation for documents while
 11 Apple was not; (5) Samsung was forbidden to play advertisements while Apple was not; and (6)
 12 Samsung could not use depositions to cross-examine Apple’s witnesses while Apple was allowed
 13 to used deposition testimony during cross examination. *See* Mot. at 30.

14 None of these arguments merits a new trial. First, Samsung was offered the option of
 15 bifurcating its affirmative case, but chose not to do so. *See* ECF No. 1329 at 2 (minute order and
 16 case management order following July 24, 2012 hearing). Furthermore, Samsung and Apple had
 17 equal trial time and chose how to best allocate their allotted time. *Id.* Samsung cannot now argue
 18 that its own litigation strategy created a manifest injustice that requires a new trial. As the Court
 19 observed, “Samsung made a strategic decision to spend more time to cross-examine Apple
 20 witnesses during Apple’s affirmative case than Apple used to present its affirmative case.”

21 3250:22-3251:1.

22 Second, Ninth Circuit and other precedent allows parties to point out each other’s absent
 23 witnesses, as discussed in this Court’s Order denying Samsung’s Motion to Exclude Examination
 24 and Comment on Absent Witnesses , ECF No. 1721. The Court did not simply grant the parties
 25 carte blanche to discuss absent witnesses, but warned the parties that it would not tolerate “abuse”
 26 of missing witness arguments and continued to rule on missing witness argument objections on a
 27 case-by-case basis. *See id.* Moreover, Samsung pointed out in cross-examining one of Apple’s
 28 experts that the expert could have, but did not, consult with Apple’s inventors. Tr. 1878:9-15 (“By

1 the way, are you aware that many of the inventors are working for Apple and they're readily
2 accessible to you if you wanted to speak to them and ask them about their invention and what led
3 to it and their insights and that sort of thing? Were you aware of that that, that's available to you as
4 an expert for Apple?"). Accordingly, Samsung has not established that it was unfairly prejudiced
5 by Apple's absent witness arguments.

6 Regarding Samsung's third argument, that Samsung witnesses were unfairly prevented
7 from making their arguments where Apple witnesses were not, the Court excluded untimely
8 disclosed arguments regardless of which side had failed in its duty to disclose. The Court applied
9 uniform standards in excluding testimony. *See, e.g.*, exclusion of the entire testimony of Apple's
10 proposed witness Edward Sittler for untimely disclosure by Apple, ECF No. 1662 at 1; exclusion
11 of testimony about the '915 Patent, the '381 Patent, and the D'308 Patent by Apple's witness Scott
12 Forstall because of Apple's untimely disclosure, ECF No 1563 at 6.

13 Similarly, regarding Samsung's fourth argument, both parties were required to lay
14 foundation for admitted documents. *See, e.g.*, Tr. 2484:21-2485:3 (sustaining Samsung's objection
15 for lack of foundation); Tr. 1958:2-5 (requiring Apple to lay foundation before proceeding).

16 Regarding Samsung's fifth argument, that Samsung's advertisements were unfairly
17 excluded where Apple's were admitted, Apple's advertisements were relevant evidence for
18 secondary meaning and fame, elements of Apple's trade dress claims. *See* Final Jury Instructions
19 Nos. 63 (Secondary Meaning); 66 (Fame). Samsung has not established that its advertisements
20 were similarly relevant.

21 Finally, both parties were allowed to use deposition testimony, and the exclusions and
22 admissions cited by Samsung were admitted or excluded based upon whether the theories being
23 introduced by the parties had been disclosed timely or untimely during discovery. Samsung was
24 allowed to play deposition testimony on cross-examination of witnesses where appropriate. *See,*
25 *e.g.*, Tr 1103:2-6 (deposition testimony played in open court during Samsung's cross-examination
26 of Apple witness Peter Bressler).

27 Accordingly, the trial was fairly conducted, with uniform time limits and rules of evidence
28 applied to both sides. A new trial would be contrary to the interests of justice.

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IV. CONCLUSION

For aforementioned reasons, the Court GRANTS Samsung’s motion for judgment as a matter of law that claims 15 and 16 of the ’516 Patent are not exhausted. The Court also grants judgment as a matter of law that Samsung’s acts of patent infringement were not willful. However, for the reasons discussed below, the Court DENIES Samsung’s motion for judgment as a matter of law in all other respects, and DENIES Samsung’s motion for a new trial.

IT IS SO ORDERED.

Dated: January 29, 2013


LUCY H. KOH
United States District Judge

United States District Court
For the Northern District of California