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 13 Samsung Electronics America, Inc., and Samsung
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14 UNITED STATES DISTRICT COURT

15 NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION

16 APPLE INC., a California corporation,

17 Plaintiff,

18 vs.

19 SAMSUNG ELECTRONICS CO., LTD., a
 20 Korean business entity; SAMSUNG
 ELECTRONICS AMERICA, INC., a New
 21 York corporation; SAMSUNG
 TELECOMMUNICATIONS AMERICA,
 22 LLC, a Delaware limited liability company,

23 Defendants.

CASE NO. 11-cv-01846-LHK

**SAMSUNG’S OPENING BRIEF
 PURSUANT TO ORDER OF JULY 28,
 2017 REGARDING NECESSITY OF NEW
 TRIAL ON DESIGN-PATENT DAMAGES**

Hearing:

Date: October 12, 2017

Time: 1:30 p.m.

Place: Courtroom 8, 4th Floor

Judge: Hon. Lucy H. Koh

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INTRODUCTION

1
2 Samsung respectfully submits this memorandum of law in response to the Court’s July 28,
3 2017 Order (the “Order,” Dkt. 3509). In the Order, the Court ruled that Samsung preserved its
4 argument that an article of manufacture under Section 289 can be less than an entire product as sold
5 (*id.* at 13-27, 32) and that the juries that awarded Apple \$399 million in design-patent damages were
6 “not provided an instruction that stated the law as provided by the United States Supreme Court
7 decision” (*id.* at 22). The Court, however, deferred consideration of whether Samsung is entitled to
8 a new trial to determine design-patent damages in light of the Supreme Court’s decision. *Id.* at 32.

9 The answer to that question is “Yes”: The Court should vacate the \$399 million design-
10 patent award and grant a new trial. In no event can the Court forego a new trial and allow the
11 existing \$399 million award to stand, because the evidence does not “establish as a matter of law
12 that the entirety of Samsung’s phones are the relevant article of manufacture.” Dkt. 3509 at 29. The
13 only way the Court could forego a new trial is by ruling that Apple is entitled to *no* infringer’s profits
14 because it was Apple’s burden to prove total profit from the relevant articles of manufacture, Apple
15 failed to prove any article of manufacture less than the entire phones, and the entire phones cannot
16 be the article of manufacture on the record here in light of the Supreme Court’s decision.

17 If the Court does not so rule, then there must be a new trial, and the only remaining issue is
18 what it should decide. Samsung believes that the identity of the relevant articles of manufacture
19 here is clear based on the undisputed evidence, including Apple’s own admissions. Samsung thus
20 urges the Court to issue an order identifying the articles of manufacture as a matter of law and grant
21 a new jury trial limited to the quantum of profit from those articles. The proper answers to the seven
22 questions the Court identified clearly support this approach. And this approach would greatly
23 streamline the case. If the Court does not take this approach, then at a minimum it should grant a
24 new jury trial on both the relevant articles of manufacture and the quantum of profit.

25 As the detailed answers below to the Court’s seven questions explain, the relevant article of
26 manufacture under Section 289 is the specific part, portion, or component of a product to which the
27 patented design is applied. That article is determined by comparing the scope of the design patent
28 claim to the accused product. While identifying the article of manufacture to which a patented

1 design is applied is ultimately a question of fact for the jury, that determination must be guided by
2 the scope of the design patent's claim, which is a question of law for the court.

3 Where, as here, design patents clearly delimit the claimed designs' scope, and there are no
4 disputes of material fact as to the components to which the patented designs are applied, the court
5 should identify the relevant article(s) of manufacture itself as a matter of law and limit the jury's
6 determination to the quantum of profit. Here, the scope of Apple's claimed designs is both clear
7 and narrow. Moreover, there is voluminous undisputed evidence, including Apple's own
8 admissions, that makes clear to what components of the phones those designs were applied. The
9 Court therefore should rule as a matter of law pre-trial that the relevant articles of manufacture in
10 this case are:

- 11 • the phone's round-cornered, glass front face (D'677);
- 12 • the phone's round-cornered glass front face plus surrounding rim or bezel (D'087); and
- 13 • the phone's display screen while displaying the single claimed array of GUI icons
14 (D'305).

15 At a minimum, the Court should rule as a matter of law pre-trial that the relevant articles of
16 manufacture are *not* the entire phones as sold. Apple's patented designs cover only discrete portions
17 of a smartphone's exterior. As a matter of law, those designs were not and could not have been
18 applied to Samsung's entire phones, which indisputably include many components, both internal
19 and external, that do not correspond to the claimed attributes of Apple's designs.

20 Identifying the articles of manufacture now (or at least resolving that they are not and cannot
21 be Samsung's entire phones) would yield substantial efficiencies for the remaining proceedings in
22 this case. It would greatly streamline fact and expert discovery, eliminate the need for dispositive
23 motions on the identity of the articles of manufacture, and leave fewer issues to be resolved by the
24 jury at trial.

25 Accordingly, the Court should vacate the \$399 million design-patent award, determine the
26 identity of the relevant articles of manufacture based on the scope of the patents and the undisputed
27 record, and grant a new trial limited to the quantum (if any) of design-patent damages.

28

1 **ARGUMENT**

2 **RESPONSES TO THE SEVEN ISSUES THAT THE COURT IDENTIFIED**

3 Samsung addresses in turn the seven issues that the Court identified in the Order (at 32-33):

4 **1. What is the test for identifying the article of manufacture for purposes of §**
5 **289?**

6 **Answer:** The relevant article of manufacture is the specific part, portion, or component of
7 a product to which the patented design is applied. The article is identified by comparing the claimed
8 attributes of the design patent to the accused product to identify the specific part, portion, or
9 component of the product that corresponds to the patent's claim. The relevant article of manufacture
10 does not include any part, portion, or component of a product that is disclaimed by the patent or that
11 does not correspond to the claimed attributes of the patented design, including any part, portion, or
12 component of a product that is not considered when determining infringement.

13 **Analysis:** To “identify the ‘article of manufacture’ to which the infringed design has been
14 applied,” as the Supreme Court has directed, *Samsung Elecs. Co. v. Apple Inc.*, 137 S. Ct. 429, 434
15 (2016), requires examination of (1) the patent, which defines and limits the scope of the patented
16 design, and (2) the accused product, to determine the part, portion, or component of the product that
17 corresponds to the scope of the patented design.

18 **(1) The Patent:** The scope of a design patent, as depicted in the patent illustration and
19 construed by a court, will principally determine the identity of the article of manufacture. The
20 illustrations of a design patent dictate the scope of its claim and thus establish whether the design
21 extends to an entire product or a product component. A design patent claim may extend only to the
22 “ornamental” appearance of an “article of manufacture,” 35 U.S.C. § 171(a), meaning aspects
23 contributing to “an aesthetically pleasing appearance.” *Bonito Boats, Inc. v. Thunder Craft Boats,*
24 *Inc.*, 489 U.S. 141, 148 (1989); *see also Gorham v. White*, 81 U.S. 511, 524-25 (1871). It may not
25 extend to features “concealed or obscure[d] in normal use.” *In re Stevens*, 173 F.2d 1015, 1016
26 (C.C.P.A. 1949); *see Samsung*, 137 S. Ct. at 435 (noting that Section 289 must be read to be
27 “consistent” with Section 171(a)).
28

1 In modern practice, design patents commonly issue on partial claims to discrete portions of
2 a product's design, and expressly disclaim the remainder of the product, including by the use of
3 broken lines in the patent figure. See, e.g., *Door-Master Corp. v. Yorktowne, Inc.*, 256 F.3d 1308,
4 1313 (Fed. Cir. 2001); *In re Zahn*, 617 F.2d 261, 263 (C.C.P.A. 1980). For example, some design
5 patents claim only the design for the heel of a shoe (D677,041), the waistband on a pair of shorts
6 (D652,199), the bed of an asphalt paver (D652,432), or buttons on a video game controller
7 (D667,892). Such a partial claim is an admission by the patentee that the patented design covers
8 less than the entire product. See, e.g., *Apple Inc. v. Samsung Electronics Co., Ltd.*, 678 F.3d 1314,
9 1317 (Fed. Cir. 2012); *Door-Master*, 256 F.3d at 1313. Indeed, those seeking design patents often
10 engage in the "standard and well-accepted patent gamesmanship" of filing *multiple* partial design-
11 patent claims for discrete portions of the *same product* so as to maximize their possible infringement
12 claims against competitors. Perry J. Saidman, *The Crisis in the Law of Designs*, 89 J. PAT. &
13 TRADEMARK OFF. SOC'Y 301, 319-22 (2007).

14 **(2) The Product.** Once the scope of the patent claim is determined, the relevant article of
15 manufacture is further identified by comparing the patent claim to the part, portion, or component
16 of the accused product that corresponds to the scope of the patented design. If a patented design is
17 applied to "a single-component product, such as a dinner plate," *Samsung*, 137 S. Ct. at 432, then
18 the article of manufacture is necessarily the entire product. But if a product is "a multicomponent
19 product, such as a kitchen oven," *id.*, and the patent claims only a design for a part, portion, or
20 component of such a product, then the relevant article of manufacture to which the design is
21 "applied" is the specific part, portion, or component of the product that corresponds to the claimed
22 attributes of the patented design, and not the entire product. See *id.* at 435 ("While the design must
23 be *embodied* in some articles, the statute is not limited to designs for complete articles, or 'discrete'
24 articles, and certainly not to articles separately sold") (quoting *Zahn*, 617 F.2d at 268).

25 Comparing the scope of the patent claim to the accused product for article-of-manufacture
26 purposes is closely analogous to comparing the scope of the patent claim to the accused product in
27 infringement analysis. "Whether a design patent is infringed is determined by first construing the
28 claim to the design, when appropriate, and then comparing it to the design of the accused device."

1 *OddzOn Prod., Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1404-05 (Fed. Cir. 1997); *see Minnesota Min.*
2 *& Mfg. Co. v. Johnson & Johnson Orthopedics, Inc.*, 976 F.2d 1559, 1570 (Fed. Cir. 1992)
3 (determining infringement “requires a two step analysis—first, the language of the claim at issue
4 must be interpreted to define its proper scope and, second, the evidence before the court must be
5 examined to ascertain whether the claim has been infringed, whether the claim ‘reads on’ the
6 accused product or process.”). The infringement test involves a comparison of the *specific claim* of
7 a patented design to the *corresponding* portion of an accused product, disregarding other product
8 attributes. *Door-Master*, 256 F.3d at 1312-14; *see Samsung Elecs. Co. v. Apple Inc.*, No. 15-777,
9 Br. for Respondent 53 (July 29, 2016) (Apple admitting that, “to prove infringement” of a design
10 patent for a cupholder in a car, “the patentee would ask the jury to compare its cupholder design
11 with the accused cupholder, not with the car in which the cupholder appears”). Just as product
12 components that do not correspond to the claimed attributes of a design patent are not relevant to
13 infringement, they are not relevant to infringer’s profit under Section 289.

14 **Application:** As more fully explained below (*see infra*, at 13-15), the Apple design patents
15 here are narrow, partial design patents. Indeed, Apple engaged in the “standard and well-accepted
16 patent gamesmanship” of obtaining at least thirteen design patents covering the external design
17 features of the original iPhone, one of which is for the entire external case of an iPhone (U.S. Patent
18 No. D580,387 (filed Jan. 5, 2007)) and twelve of which—including the patents-in-suit—are for
19 designs covering only discrete, partial features of the overall iPhone, using broken lines to disclaim
20 the remainder of the product.¹ Similarly, Apple obtained at least twenty-one design patents covering
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24 ¹ U.S. Patent No. D558,756 (filed Jan. 5, 2007); U.S. Patent No. D558,757 (filed Jan. 5, 2007);
25 U.S. Patent No. D558,758 (filed Jan. 5, 2007); U.S. Patent No. D581,922 (filed July 30, 2007); U.S.
26 Patent No. D586,800 (filed July 30, 2007); U.S. Patent No. D593,087 (filed July 30, 2007); U.S.
27 Patent No. D601,558 (filed Feb. 13, 2009); U.S. Patent No. D613,736 (filed May 12, 2009); U.S.
28 Patent No. D618,677 (filed Nov. 18, 2008); U.S. Patent No. D618,678 (filed Feb. 23, 2009); U.S.
Patent No. D627,343 (filed Sept. 15, 2009); U.S. Patent No. D634,319 (filed June 21, 2010).

1 various designs for graphic user elements in the original iPhone,² and then pursued infringement in
2 this case based on a single one of those designs claiming a single, specific grid of icons.

3 The corresponding components of the accused products here accordingly cannot be the entire
4 phones as sold. A patented design for a smartphone's front face or front face and bezel corresponds
5 only to the front face or the front face and bezel in the accused product—and *is not* applied to other
6 exterior components, or to the circuits, microchips, speakers, processors and other internal, non-
7 design features that give a smartphone its functionality. *See Samsung*, No. 15-777, Tr. 40 (Roberts,
8 C.J.) (“Maybe I’m not grasping the difficulties in the case. It seems to me that the design is applied
9 to the exterior case of the phones. It’s not applied to the—all the chips and wires. ... So there
10 should—there shouldn’t be profits awarded based on the entire price of the phone.”). The same is
11 true, *a fortiori*, for a design patent for a single display of icons that appears only fleetingly on a
12 display screen.

13 Apple’s infringement case at trial confirms these conclusions. Apple pointedly limited its
14 infringement case to the narrow, discrete attributes of the claimed designs, insisting that the jury and
15 the Court should disregard all other aspects of the patent drawings and Samsung’s products that
16 might have pointed to material differences. Dkt. 1611 at 1051; Dkt. 1612 at 1421-24; *see also infra*,
17 at 19-20. Components of the accused products that are disregarded for purposes of infringement
18 cannot be part of the relevant article of manufacture for purposes of Section 289 damages.

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21 _____
22 ² U.S. Patent No. D621,845 (filed July 30, 2007); U.S. Patent No. D621,849 (filed July 30,
23 2007); U.S. Patent No. D627,790 (filed Aug. 20, 2007); U.S. Patent No. D624,555 (filed May. 6,
24 2008); U.S. Patent No. D617,334 (filed July 15, 2008); U.S. Patent No. D618,248 (filed Sept. 23,
25 2008); U.S. Patent No. D652,428 (filed Apr. 30, 2010); U.S. Patent No. D642,588 (filed May 19,
26 2010); U.S. Patent No. D644,239 (filed May 19, 2010); U.S. Patent No. D686,218 (filed June 14,
27 2010); U.S. Patent No. D668,666 (filed June 14, 2010); U.S. Patent No. D659,160 (filed June 21,
28 2010); U.S. Patent No. D660,315 (filed June 21, 2010); U.S. Patent No. D665,818 (filed June 21,
2010); U.S. Patent No. D652,054 (filed June 21, 2010); U.S. Patent No. D651,610 (filed June 30,
2010); U.S. Patent No. D668,263 (filed Oct. 18, 2010); U.S. Patent No. D651,215 (filed Oct. 22,
2010); U.S. Patent No. D675,639 (filed Sept. 19, 2011); U.S. Patent No. D726,765 (filed June 9,
2013).

1 **2. Is the identification of an article of manufacture a factual question, a legal**
2 **question, or a mixed question of law and fact? What issues should be decided**
3 **by a jury? What issues should be decided by the Court?**

3 **Answer:** The identity of the relevant article of manufacture is ultimately a question of fact
4 for the jury, but it depends upon the scope of the patented design, which is a question of law for the
5 court. The part, portion, or component of the accused product corresponding to that patent scope is
6 a question of fact for the jury subject to the court’s legal guidance. The court may determine the
7 identity of the relevant article of manufacture as a matter of law where there are no disputed issues
8 of material fact.

9 **Analysis:** Identifying the relevant article of manufacture is a necessary aspect of a damages
10 analysis under Section 289, *see Samsung*, 137 S. Ct. at 434, and damages present questions of fact
11 triable to a jury. *See, e.g., SmithKline Diagnostics, Inc. v. Helena Labs. Corp.*, 926 F.2d 1161, 1164
12 (Fed. Cir. 1991) (“[T]he amount of a prevailing party’s damages is a finding of fact on which the
13 plaintiff bears the burden of proof by a preponderance of the evidence.”); *Pearson v. Duane*, 71 U.S.
14 (4 Wall.) 605, 614 (1866) (“The damages are a matter which are in the nature of a finding by a
15 jury.”).

16 While identifying the relevant article of manufacture is ultimately a question of fact for a
17 jury, the issue is nevertheless subject to legal inputs that must be established by courts. A court
18 must determine the scope of a patent claim, which presents a question of law. *Cf. Egyptian Goddess,*
19 *Inc. v. Swisa, Inc.*, 543 F.3d 665, 679-80 (Fed. Cir. 2008) (en banc). And just as courts instruct
20 juries regarding the meaning and scope of patents in considering infringement, *id.* (design-patent
21 context); *O2 Micro Int’l Ltd. v. Beyond Innovation Tech. Co.*, 521 F.3d 1351, 1359 (Fed. Cir. 2008)
22 (utility-patent context), courts should instruct juries regarding design-patent scope to guide them in
23 identifying the article of manufacture to which a design is applied.

24 As with all questions of fact, the identity of the article of manufacture to which a design is
25 applied may be determined by the court as a matter of law on summary judgment where there are
26 no disputed issues of material fact. *Cf. Invitrogen Corp. v. Clontech Labs., Inc.*, 429 F.3d 1052,
27 1075-81 (Fed. Cir. 2005) (affirming partial summary judgments related to patent validity and
28 infringement). If a court determines the identity of the relevant article of manufacture as a matter

1 of law on summary judgment, it should instruct the jury regarding that determination, leaving it to
2 the jury to calculate only the total profit on that article.

3 **Application:** In light of the undisputed record discussed below, the Court should identify
4 the relevant articles of manufacture in this case as a matter of law in advance of trial, leaving for the
5 jury only the issue of the quantum of damages. Even if the Court does not instruct the jury as to
6 what the relevant articles of manufacture are, it should at least instruct the jury that the relevant
7 articles are *not* the entire phone. If the identity of the articles goes to the jury, then the Court should
8 instruct the jury as to the scope of the patented designs by, for example, stating that the D’677 patent
9 “cover[s] a black rectangular front face with rounded corners,” the D’087 patent “cover[s] a
10 rectangular front face with rounded corners and a raised rim,” and the D’305 patent “cover[s] a grid
11 of 16 colorful icons on a black screen.” *Samsung*, 137 S. Ct. at 433. In this circumstance, the Court
12 should also explain to the jury that Apple’s patented designs disclaim everything outside the broken
13 lines, including the interior componentry. *See, e.g., Door-Master*, 256 F.3d at 1313; *Zahn*, 617 F.2d
14 at 263; *Stevens*, 173 F.2d at 1016. The jury would then identify the relevant articles of manufacture
15 and Samsung’s total profit therefrom.

16 **3. Who bears the burden of proof to identify the relevant article of manufacture**
17 **for purposes of § 289?**

18 **Answer:** The patentee bears the burden to prove the identity of the relevant article of
19 manufacture for purposes of Section 289. That burden never shifts to the defendant.

20 **Analysis:** The “ordinary default rule” is that “plaintiffs bear the burden of persuasion
21 regarding the essential aspects of their claims.” *Schaffer v. Weast*, 546 U.S. 49, 57 (2005). “Absent
22 some reason to believe that Congress intended otherwise ... the burden of persuasion lies where it
23 usually falls, upon the party seeking relief.” *Id.* at 57-58. Patent cases are no exception to this rule:
24 “The burden of proving damages falls on the patentee.” *Lucent Techs., Inc. v. Gateway, Inc.*, 580
25 F.3d 1301, 1324 (Fed. Cir. 2009); *see SmithKline Diagnostics*, 926 F.2d at 1164. Apple has thus
26 conceded that it bears the burden of proof on damages. *See* Dkt. 3486 at 7 (“[T]he issue of damages
27 is one on which Apple carries the burden.”).
28

1 The plaintiff bears the burden of identifying the article of manufacture just as much as it
2 bears the burden of proving a quantum of damages. As the Supreme Court made clear, the
3 identification of the relevant article of manufacture is an essential aspect of a plaintiff’s claim for
4 damages under Section 289. *See Samsung*, 137 S. Ct. at 434 (“Arriving at a damages award under
5 § 289 thus involves two steps. First, identify the ‘article of manufacture’ to which the infringed
6 design has been applied. Second, calculate the infringer’s total profit made on that article of
7 manufacture.”). Nothing in the text or legislative history of Section 289 reveals any legislative
8 intent to put the burden on defendants to prove a plaintiff’s claim for damages by identifying the
9 relevant article of manufacture. To the contrary, the legislative history of Section 289’s predecessor
10 expressly provides that a patentee can “recover[] the profit actually made on the infringing article *if*
11 *he can prove that profit*,” thus confirming that the patentee bears the burden of proving profit from
12 the relevant article of manufacture. H.R. REP. NO. 49-1966, at 3 (1886) (emphasis added).

13 In sharp contrast to infringer’s profit awards under the copyright and trademark laws, Section
14 289 does not on its face shift any burden to the defendant. Under the Copyright Act, Congress
15 imposed on plaintiffs the burden of proving gross revenue but shifted the burden to defendants to
16 prove both deductible expenses *and* the portion of profit attributable to the copyrighted work: “In
17 establishing the infringer’s profits, the copyright owner is required to present proof only of the
18 infringer’s gross revenue, and *the infringer is required to prove his or her deductible expenses and*
19 *the elements of profit attributable to factors other than the copyrighted work.*” 17 U.S.C. § 504
20 (emphasis added); *see Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 711 (9th Cir. 2004)
21 (“§ 504(b) creates a two-step framework for recovery of indirect profits: 1) the copyright claimant
22 must first show a causal nexus between the infringement and the gross revenue; and 2) once the
23 causal nexus is shown, the infringer bears the burden of apportioning the profits that were not the
24 result of infringement.”). Similarly under governing interpretation of the Lanham Act, Congress
25 imposed on plaintiffs the burden to prove the defendant’s sales of the infringing product, but shifted
26 the burden to defendants to prove both deductible expenses *and* the amount of profit attributable to
27 use of the trademark: “In assessing profits the plaintiff shall be required to prove defendant’s sales
28 only; *defendant must prove all elements of cost or deduction claimed.*” 15 U.S.C. § 1117(a)

1 (emphasis added); *see Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1408 (9th Cir. 1993) (Under
2 the Lanham Act, “[o]nce the plaintiff demonstrates gross profits, they are presumed to be the result
3 of the infringing activity. The defendant thereafter bears the burden of showing which, if any, of its
4 total sales are not attributable to the infringing activity, and, additionally, any permissible deductions
5 for overhead.”) (internal citations omitted), *abrogated on other grounds by SunEarth, Inc. v. Sun*
6 *Earth Solar Power Co.*, 839 F.3d 1179 (9th Cir. 2016).

7 Section 289 contains no such burden-shifting language—even though it was enacted *after*
8 these copyright and trademark laws. Section 289 instead merely provides that a design-patent
9 infringer “shall be liable to the owner to the extent of his total profit.” 35 U.S.C. § 289. Congress
10 could well have imposed upon a defendant the burden to prove what the article of manufacture is,
11 but chose not to; its failure to do so in light of its copyright and trademark enactments precludes
12 such an interpretation now. *See, e.g., Astrue v. Ratliff*, 560 U.S. 586, 595 (2010) (where “Congress
13 knows how to” achieve a specific statutory effect, “we are reluctant to interpret” another provision
14 to achieve that effect “absent clear textual evidence supporting such an interpretation”); *cf. Miles v.*
15 *Apex Marine Corp.*, 498 U.S. 19, 32 (1990) (“We assume that Congress is aware of existing law
16 when it passes legislation.”).

17 Placing the burden of identifying the correct article of manufacture on the patent plaintiff
18 also corresponds with the analogous law of utility-patent damages for multicomponent products,
19 where the patent plaintiff similarly must prove the correct component to be used as a royalty base
20 and the quantum of damages relating to that component. *See, e.g., IP Innovation L.L.C. v. Red Hat,*
21 *Inc.*, 705 F. Supp. 2d 687, 689-90 (E.D. Tex. 2010) (Rader, J.) (stating that the plaintiff, not the
22 defendant, “has the burden of proving damages by a preponderance of evidence,” and thus ruling
23 that the plaintiff may not “shift the burden to [defendants]” where the plaintiff’s expert fails to
24 identify the correct product component to use as a royalty base) (citing *Dow Chem. Co. v. Mee*
25 *Indus., Inc.*, 341 F.3d 1370, 1381 (Fed. Cir. 2003)); *Golden Bridge Tech. v. Apple Inc.*, 2014 WL
26 2194501, at *6 (N.D. Cal. May 18, 2014) (excluding at Apple’s urging the patentee’s expert
27 damages opinion for failure to identify the “smallest salable patent-practicing unit” within Apple’s
28 iPhones as the royalty base); *Dynetix Design Sols., Inc. v. Synopsys, Inc.*, 2013 WL 4538210, at *3-

1 4 (N.D. Cal. Aug. 22, 2013) (“[T]he patentee must determine the ‘smallest salable infringing unit
 2 with close relation to the claimed invention’”) (quoting *Cornell Univ. v. Hewlett-Packard Co.*,
 3 609 F. Supp. 2d 279, 288 (N.D.N.Y. 2009) (Rader, J.)).³

4 **Application:** Apple has the burden to identify the relevant article of manufacture in order
 5 to recover infringer’s profit under Section 289. Samsung bears no burden with respect to the identity
 6 of the relevant article of manufacture at any stage of the case.

7 **4. Who bears the burden of proof to demonstrate total profits on an article of
 8 manufacture for purposes of § 289?**

9 **Answer:** The patentee bears the burden to prove the total profit on the relevant article of
 10 manufacture for purposes of Section 289.

11 **Analysis:** Apple has conceded that it bears the burden on quantum of damages. *See supra*,
 12 at 8. Settled law likewise confirms that “the patent owner bears the burden of proving by a
 13 preponderance of the evidence the quantum of damages.” *Transclean Corp. v. Bridgewood Servs.*,
 14 *Inc.*, 290 F.3d 1364, 1370 (Fed. Cir. 2002); *accord Lucent*, 580 F.3d at 1324; *SmithKline*
 15 *Diagnostics*, 926 F.2d at 1164; *see supra*, at 8. Moreover, as discussed above, the legislative history
 16 of Section 289’s predecessor expressly provides that a patentee can recover an infringer’s total profit
 17 “if he can prove that profit,” thus confirming that the patentee bears the burden of proof. H.R. REP.
 18 No. 49-1966, at 3 (1886). Nothing in the text of Section 289 suggests otherwise, meaning that the
 19 burden rests solely on the plaintiff. *See Schaffer*, 546 U.S. at 57, 58 (“Absent some reason to believe
 20 that Congress intended otherwise ... the burden of persuasion lies where it usually falls, upon the
 21 party seeking relief”).
 22
 23

24 ³ The Court should disregard the government’s passing, extra-statutory proposal to shift to
 25 defendants the burden of identifying the relevant article of manufacture based on supposed
 26 asymmetry of information. *See Samsung*, No. 15-777, Br. for the United States As *Amicus Curiae*
 27 Supporting Neither Party 31 (June 8, 2016). No court has adopted that approach. And there is no
 28 reason to believe that defendants in design-patent cases will have “*exclusive knowledge*” of relevant
 information that the plaintiff does not already have or could not obtain in discovery. 2 *MCCORMICK*
ON EVIDENCE § 337 (7th ed. 2016) (emphasis added); *see Alaska Dep’t of Env’tl. Conserv. v. EPA*,
 540 U.S. 461, 494 n.17 (2004).

1 In addition, as shown above, this result is consistent with analogous utility-patent law, which
2 requires the patentee to prove not only the appropriate component to use as the royalty base, but
3 also the amount of damages attributable to that properly-identified component. *See supra*, at 10-11.

4 **Application:** Apple has the burden to prove the quantum of Samsung’s profit on the relevant
5 article of manufacture. Samsung bears no burden with respect to the quantum of infringer’s profits
6 at any stage of the case.

7 **5. Identify the relevant article of manufacture for the D’677 patent, D’087**
8 **patent, and D’305 patent.**

9 **Answer:** Based on the article-of-manufacture test presented above (*see supra*, at 3-6), and
10 the overwhelming record evidence described in detail below (*see infra*, at 13-20), the relevant
11 articles of manufacture are:

- 12 • **D’677** – The phone’s round-cornered, glass front face.
- 13 • **D’087** – The phone’s round-cornered, glass front face plus its surrounding rim or
14 bezel.
- 15 • **D’305** – The display screen while displaying the single, patented array of GUI icons.

16 **6. Identify evidence in the record supporting each party’s asserted article of**
17 **manufacture for the D’677 patent, D’087 patent, and D’305 patent.**

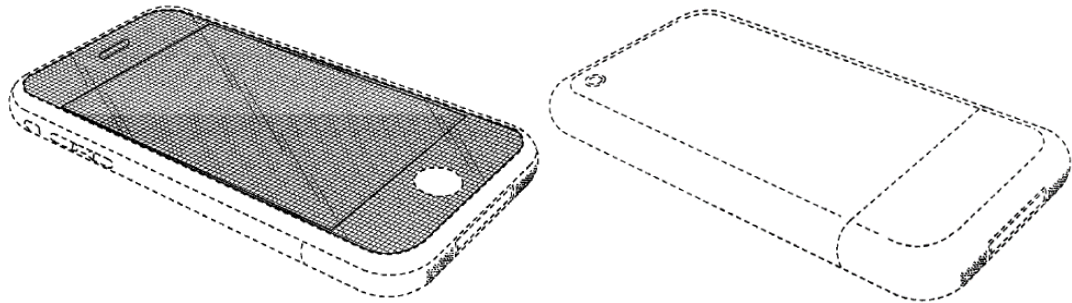
18 **Answer:** Overwhelming evidence demonstrates that the relevant articles of manufacture are
19 those set forth above. This evidence far exceeds the minimal “any evidence” that Samsung needed
20 to support its proposed article-of-manufacture instruction and thus is sufficient to require a new trial
21 on design-patent damages. Indeed, the undisputed evidence is so overwhelming that this Court
22 should rule now, as a matter of law, that these product components are the relevant articles of
23 manufacture. At the very least, the Court should declare based on the undisputed record that the
24 relevant articles of manufacture are *not* Samsung’s entire phones.

25 **Analysis:**

26 **a. The Scope Of The Design Patents**

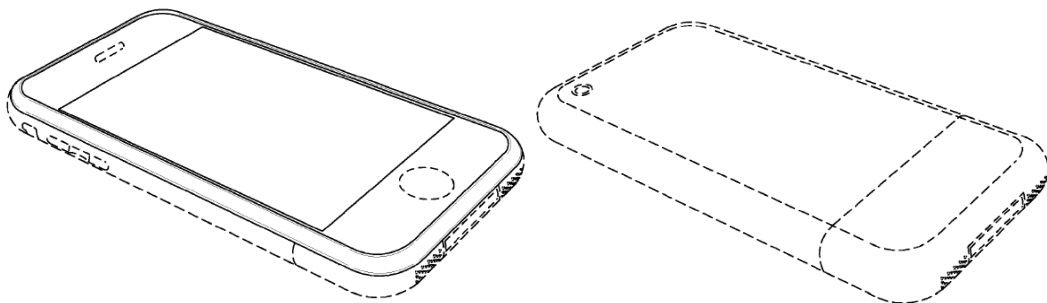
27 Each of Apple’s design patents depicts a design that applies only to discrete, limited portions
28 of a smartphone, and not an entire smartphone.

1 First, the D'677 patent claims a design for a black, rectangular front glass face with rounded
2 corners and specifically disclaims the surrounding rim or "bezel," the circular home button on the
3 front, and the sides, top, bottom and back of the smartphone (*i.e.*, the rest of the phone). The patent
4 does not (and indeed could not) depict or claim any internal componentry of the phone.



10 JX1043.5. The Court instructed the jury that "[t]he broken lines in the D'677 Patent constitute
11 unclaimed subject matter." Dkt. 1903 at 59 (Inst. No. 43). The Supreme Court also recognized that
12 the D'677 patent covers only "a black rectangular front face with rounded corners[.]" *Samsung*,
13 137 S. Ct. at 433.

14 Second, the D'087 patent, like the D'677 patent, claims a design for a rectangular front face
15 with rounded corners, minus the black shading and with the addition of a bezel. The patent
16 specifically disclaims the sides, back, top, and bottom of the smartphone (*i.e.*, the rest of the phone),
17 as well as features on the front, such as the circular home button. The patent does not (and could
18 not) depict or claim any internal componentry of the phone.



25 JX1041.7. The Court instructed the jury that "[t]he broken lines in the D'087 Patent constitute
26 unclaimed subject matter." Dkt. 1903 at 59 (Inst. No. 43). The Court also instructed that "the D'087
27 Patent claims the front face, a bezel encircling the front face of the patented design that extends
28 from the front of the phone to its sides, and a flat contour of the front face, *but does not claim the*

1 *rest of the [phone].*” *Id.* (emphasis added).⁴ The Supreme Court likewise recognized that the D’087
 2 patent covers only “a rectangular front face with rounded corners and a raised rim[.]” *Samsung*, 137
 3 S. Ct. at 433.

4 *Third*, the D’305 patent claims a design for a specific grid of sixteen colorful icons that can
 5 appear, temporarily, on a display screen. The patent specifically disclaims every attribute of a
 6 smartphone except that specific display image, and does not depict or claim any other display screen
 7 images or any internal componentry of the phone.



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 14
 15 JX1042.6. The Court instructed the jury that “[t]he broken line showing of a display screen in both
 16 views forms no part of the claimed design.” Dkt. 1903 at 60 (Inst. No. 43). The Supreme Court
 17 likewise recognized that this patent covers only “a grid of 16 colorful icons on a black screen.”
 18 *Samsung*, 137 S. Ct. at 433.

19 Apple, moreover, specifically disclaimed rights as to other design elements in prosecuting
 20 its patents. For example, as to the D’305 patent, Apple’s original application claimed designs for
 21 194 separate images that could appear on a display screen, but as issued by the PTO, the D’305
 22 patent claims only a design for a *single* array of icons. *See* JX1042; *see also Pac. Coast Marine*
 23 *Windshields Ltd. v. Malibu Boats, LLC*, 739 F.3d 694, 703-04 (Fed Cir. 2014) (holding that
 24

25
 26 ⁴ The Court’s instruction used the term “article of manufacture” rather than “phone,” *see* Dkt.
 27 1903 at 59, but did so based on the erroneous understanding that “article of manufacture” meant an
 28 entire product as sold, *see* Dkt. 3509 at 20. While use of the term “article of manufacture” in the
 claim construction for the D’087 patent was incorrect, the construction correctly recognized that
 Apple’s patented design does not claim most of a phone. *See* Dkt. 1903 at 59.

1 prosecution history estoppel applies to limit claim scope where applicant surrenders subject matter
2 to comply with single-claim requirement for design patent). The prosecution history for the D'677
3 and D'087 patents is similar. *See* JX1064.20-.25, .177-.179, .192-.193, .221-.223, .334-.341, .353-
4 .354; JX1062.86-.97, .164-.165, .169-.173, .307-.308; *see also* Dkt. 943-7 through 943-10 (D'677
5 file wrapper); Dkt. 944 through 944-5 (D'087 file wrapper).

6 At trial, Apple's own experts on design-patent infringement expressly admitted the above
7 narrow constructions. Apple's expert on hardware design, Peter Bressler, admitted at trial that the
8 D'677 patent claimed a design for only "the front face of an electronic device that is black in color,"
9 with the dotted lines excluding what is "not being claimed in this patent" because "the only thing
10 being claimed is the area in the solid lines." Dkt. 1611 at 1014-15; *id.* at 1015 ("all it's claiming is
11 that front face."). Similarly, Bressler admitted that the D'087 patent claimed a design for only the
12 "flat front face and the bezel" of a phone: "As you can see by the broken lines, again, it's not
13 claiming the body. It's claiming the bezel and the front face." Dkt. 1611 at 1018-19. Apple's
14 expert on graphical user interface design, Susan Kare, likewise testified that the D'305 patent was
15 limited to a design for "the rectangular area that's within the dotted line that goes around the
16 outside." Dkt. 1612 at 1367.

17 Accordingly, the scope of Apple's patented designs is unquestionably narrow. Each design
18 patent claims only a portion of the design for a smartphone. None claims a design for an entire
19 phone, and none claims the design for any interior componentry. Therefore, because Apple's patents
20 do not *claim* designs for entire products, the articles of manufacture to which those designs are
21 *applied* are not Samsung's entire products. *See Samsung*, 137 S. Ct. at 435 (explaining that the
22 meaning of "article of manufacture in §289 is consistent with 35 U.S.C. § 171(a)," under which "a
23 design extending to only a component of a multicomponent product" is patentable as a design for
24 an article of manufacture); *see also supra*, at 5-6.

25 **b. The Accused Products And Scope Of Alleged Infringement**

26 The accused products and scope of alleged infringement further confirm that the relevant
27 articles of manufacture here are *not* Samsung's entire phones and, instead, are the components of
28 Samsung's phones that correspond to the attributes of the patented designs. All of the evidence

1 described below is in the trial record, and all of it is undisputed or the admissions of Apple’s
 2 witnesses. Such evidence, once admitted, may be used for *any* purpose to which it is relevant—
 3 including, here, to show the relevant articles of manufacture.⁵ Thus, contrary to Apple’s prior
 4 arguments, the Court need not determine the purpose for which this evidence was admitted at trial.
 5 Accordingly, had the juries been properly instructed, Samsung could have relied on all of this
 6 evidence in its closings to argue that the relevant articles of manufacture were particular components
 7 of Samsung’s phones.

8 (i) Evidence Showing That The Proposed Articles Of Manufacture Are
 9 Separable Components Of Samsung’s Products

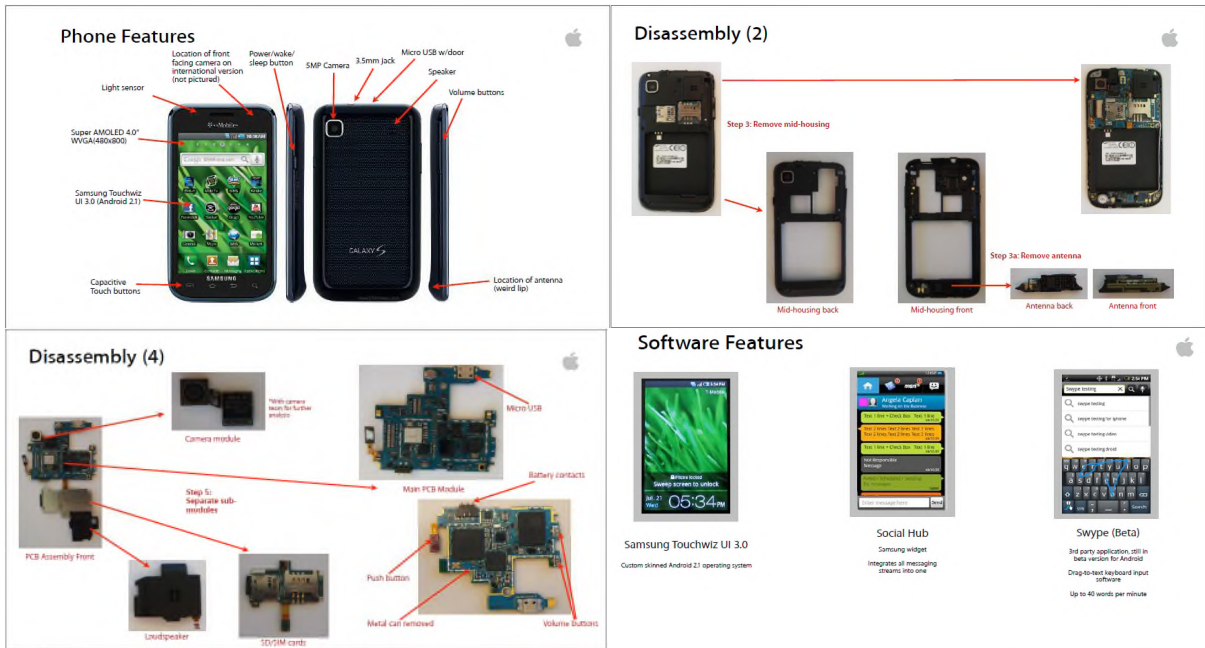
10 *First*, the evidence overwhelmingly showed that Samsung’s accused smartphones are
 11 complex, multi-component devices containing hundreds of different components. The accused
 12 smartphones themselves demonstrate this. These complex, functional, working devices were
 13 provided to the juries to examine through hands-on use. Samsung’s smartphones are obviously far
 14 more complex than a “kitchen oven,” which the Supreme Court identified as an example of a multi-
 15 component product containing several articles of manufacture. *Samsung*, 137 S. Ct. at 432.⁶

16 Similarly, during the testimony of Apple executive Scott Forstall, the jury saw “detailed tear-
 17 down analyses” of the Samsung Vibrant, which included “breaking out each component and looking
 18 both at hardware components and the actual boards that are used.” Dkt. 1610 at 772; *id.* at 769-72.

19
 20 ⁵ *See, e.g., Abbott Labs. v. Syntron Bioresearch Inc.*, 2001 WL 34082555, at *3 (S.D. Cal. Aug.
 21 24, 2001) (agreeing that “prior art reference[s], like any other piece of evidence, once admitted, [are]
 22 admissible for any purpose for which [they are] relevant”); 1 *MCCORMICK ON EVIDENCE* § 54 (7th
 23 ed. 2016) (“[T]estimony ... received without objection ... becomes part of the evidence in the case
 24 and is usable as proof to the extent of its rational persuasive power.”); 88 C.J.S. *Trial* § 188 (2017)
 25 (“Where evidence is admitted generally, it may be considered for any purpose for which it is relevant
 26 and competent.”) (collecting cases; footnotes omitted); *cf. Meyer Intellectual Props. Ltd. v. Bodum,*
 27 *Inc.*, 690 F.3d 1354, 1377 (Fed. Cir. 2012) (reversing order excluding certain prior art references
 28 because, even if they were outside court order limiting scope of admissible prior art at trial, they
 were also relevant to corroborating witness’s testimony about product characteristics).

⁶ The Court previously ruled that Samsung’s “phones themselves provide substantial evidence”
 to support the first jury’s findings regarding infringement, demonstrating that the phones themselves
 can be probative evidence. Dkt. 2219 at 10 (Order on Apple’s JMOL motion); *see* Dkt. 2220 at 3,
 15 (Order on Samsung’s JMOL motion) (similar).

1 This presentation shows the phone being systematically taken apart, with slides for each step of the
 2 dismantlement displaying annotated images of the phone’s loudspeaker, SIM card slot, camera,
 3 motherboard, and other components in isolation, and describing them as separate “sub-modules.”
 4 DX2519.005-.011. Another slide, entitled “Phone Features,” shows separate physical features such
 5 as the light sensor, the power/wake/sleep button, the camera, and capacitive touch buttons.
 6 DX2519.004. Below are sample images from the teardown:



17 DX2519.004, .006, .008, .012.

18
 19 Apple’s witnesses likewise acknowledged the many components that make up a smartphone.
 20 Apple’s Vice President of Procurement, Tony Blevins, who was responsible for “acquiring
 21 necessary components” for Apple’s iPhones, showed the jury a disassembled iPhone 4’s internal
 22 motherboard or “major logic board” and the baseband processor on it. Dkt. 1842 at 3165-68.
 23 Blevins further explained that there are “900 to 1,000 parts total” in the iPhone. Dkt. 1842 at 3168.
 24 Apple’s damages expert, Terry Musika, testified about the Samsung division that manufactured
 25 “components” such as “processor[s],” “memory chips,” “touchscreen[s],” and “flash memory” for
 26 various phone manufacturers, including Samsung and Apple products. Dkt. 1839 at 2148-53.

27 *Second*, the trial record contains extensive evidence that the articles of manufacture here are
 28 specific components of the accused phones. For example, Samsung witnesses confirmed that these

1 components were often manufactured separately. Samsung Chief Strategy Officer Justin Denison
2 gave uncontradicted testimony that the display, speakers, microphones, and input keys were some
3 of the “main components in a phone.” Dkt. 1610 at 868-72. Denison described how the display
4 screen is separate from “the bezel, if there’s a bezel, or the frame if there’s a unibody frame,” and
5 how the front glass face is yet another component separate from those. *Id.* at 871-72; *see id.* at 872
6 (“[T]here’s a piece of glass and then underneath that is a display and you have to glue that on top.”).
7 The teardown likewise shows non-accused graphical user interface screens on Samsung’s phones,
8 including the lock screen, home screen, social hub, and keyboard. DX2519.004; DX2519.012. And
9 Samsung’s expert witness Itay Sherman similarly testified that “there are a lot of components that
10 reside below the surface” of the phone’s glass face and that a black mask is used “to hide them.”
11 Dkt. 1840 at 2610-11.

12 Additionally, Samsung’s damages expert, Michael Wagner, testified to the process of
13 designing around Apple’s asserted patents and the ease with which the accused Samsung application
14 menu, as well as other software features, could be separately “redesign[ed]” and applied to the
15 device through a “software update” without having to “take the phone and take it apart and look at
16 the innards.” Dkt. 2842 at 996, 1030. That is, not only are Samsung’s accused phones made up of
17 separate *physical* components, but images and components within the graphical user interface are
18 also separable from one another at the software-programming level.

19 Finally, Apple industrial designer Chris Stringer, a named inventor on the D’677 and D’087
20 patents, testified about the manufacturing challenges Apple faced in working with separate
21 components for its products, including “producing the glass,” “putting the glass in close proximity
22 to hardened steel,” and separately “machining” a “high grade of steel” for bezels at volumes that
23 were “unprecedented at that time.” Dkt. 1547 at 494-95. Stringer further testified that the iPhone’s
24 exterior was designed independently of any “requirements from the components or the internal
25 elements of the phone.” *Id.* at 496. As for the graphical user interface, Apple witness Paul Dourish,
26 a computer science professor who was offered as an expert in the field of interface technology,
27 testified that the phones could “download and install software programs that can extend the
28 functionality of the device by letting it do things that hadn’t necessarily been designed into it or

1 conceived of when it was designed” (Dkt. 1842 at 3195-96), further showing that accused
2 applications screens were separable from other interface elements of the phones.

3 Thus, the undisputed evidence establishes that Samsung’s smartphones are complex
4 products consisting of many components, including numerous components *other than* those that
5 correspond to the claimed attributes of Apple’s narrow patented designs. Only the specific
6 components that correspond to those narrow designs are the relevant articles of manufacture.

7 (ii) Evidence Showing The Narrow Scope Of Apple’s Infringement
8 Allegations

9 Apple’s narrow infringement allegations further demonstrate the metes and bounds of the
10 relevant articles of manufacture. In asserting infringement, Apple did not claim that all components
11 of Samsung’s phones were infringing. To the contrary, Apple’s infringement experts limited their
12 infringement opinions to particular components of Samsung’s phones, to the exclusion of all other
13 parts.

14 *First*, as to the D’677 patent, Apple’s expert Bressler testified that Samsung’s phones
15 infringed because they “ha[d] a flat, uninterrupted surface that is rectangular in proportions
16 described in the ’677 patent; it runs edge to edge across the front of the phone and is transparent and
17 is black; and it has a display that is centered on the face of the phone and a lozenge shaped speaker
18 slot, *and I find those features to be substantially the same.*” Dkt. 1611 at 1050 (emphasis added).
19 Bressler disregarded all other portions of Samsung’s phones that did not correspond to the attributes
20 of the claimed design. For example, Bressler considered only the “front” of the Galaxy S 4G and
21 “did *not* consider” aspects like the back of the Samsung phone, because they were “not part of the
22 claimed design.” Dkt. 1611 at 1050-51 (emphasis added); *see id.* at 1051 (“I looked at it but did not
23 consider it as part of my analysis ... [b]ecause it is the back of the phone and this patent is
24 specifically for the face of the phone.”) (emphasis added). Bressler also testified that the lack of a
25 physical home button on the accused Samsung phones “doesn’t matter” because the location of the
26 iPhone’s home button is disclaimed through broken lines in the D’677 patent. *Id.* at 1016.

27 *Second*, Bressler’s testimony with respect to the D’087 patent was similar. As to that patent,
28 Bressler examined *only* the front face and bezel of Samsung’s accused phones in considering his

1 infringement analysis. Dkt. 1611 at 1058. As with the D’677 patent, dissimilar portions of the
2 accused phones did not matter to Bressler because, “as you can see by the broken lines,” the D’087
3 patent was “not claiming the body” but only “the bezel and front face.” *Id.* at 1019.

4 *Third*, Apple’s expert Kare similarly testified that she considered only a particular screen
5 within the GUI of the accused Samsung devices when assessing infringement of the D’305 patent,
6 and disregarded all other screens and all other smartphone components. Specifically, Kare’s
7 infringement comparisons were limited to the “Samsung application screen” and *not* the “start-up
8 screen,” “unlock screen,” or “home screen of the Samsung phone[s].” Dkt. 1612 at 1421-24.
9 Further, Apple “asked that body style not be included” in trial exhibits for the D’305 patent, and the
10 Court excluded exhibits depicting the “overall phone” in the context of D’305 patent infringement
11 comparisons, allowing only “screen-to-screen shots.” *Id.* at 1372-73.⁷

12 **Application:** At a minimum, there was an adequate foundation for Samsung’s proposed
13 article-of-manufacture instruction because a properly-instructed jury could have found that
14 smartphone components are the relevant articles of manufacture, as Chief Justice Roberts
15 recognized at oral argument (*see supra*, at 6). *See Don Burton, Inc. v. Aetna Life & Cas. Co.*, 575
16 F.2d 702, 706 (9th Cir. 1978) (“While it is unnecessary to give instructions unsupported by the
17 evidence, a litigant is entitled to have the jury charged concerning his theory of the case if there is
18 any direct or circumstantial evidence to support it.”), *quoted in* Dkt. 3509 at 28; *see also* Dkt. 3509
19 at 29 (“The determination whether there is an adequate foundation necessarily would require
20 finding, for example, that the evidence in the record does not establish as a matter of law that the
21 entirety of Samsung’s phones are the relevant article of manufacture.”).

22
23 ⁷ In addition to the phones themselves, the record also contains extensive evidence regarding
24 the numerous software applications and GUI screens that are displayed on the phones apart from
25 the specific array of icons depicted in the D’305 patent—including the unaccused Samsung home
26 screen and the web browser, contacts program, and picture gallery. For example, Apple’s expert
27 Dr. Ravin Balakrishnan, in testifying about infringement of Apple’s utility patents, referred to the
28 “gallery application,” which was separate from the “browser application” and the “contacts list
application.” Dkt. 1695 at 1741-49. And Apple’s expert Dr. Karan Singh separately testified as to
infringement by the “browser application.” *Id.* at 1904.

1 In fact, the extensive evidentiary record supports determination as a matter of law that the
2 relevant articles of manufacture are *not* Samsung’s entire phones, but rather are the specific
3 components of those phones that correspond to Apple’s narrow patented designs: for the D’677
4 patent, the phone’s round-cornered, glass front face; for the D’087 patent, the phone’s round-
5 cornered, glass front face plus its surrounding rim or bezel; and for the D’305 patent, the display
6 screen while displaying the single, patented array of GUI icons.⁸ *See, e.g., Samsung*, 137 S. Ct. at
7 436 (“the term ‘article of manufacture’ is broad enough to embrace both a product sold to a
8 consumer and a component of that product, whether sold separately or not”).

9 The Court should so rule now (or on summary judgment) and instruct the jury accordingly.
10 Apple obtained patents on narrow designs, deliberately *excluding* most smartphone attributes from
11 the scope of its claims. Apple then accused Samsung of infringing those narrow design patents
12 based solely on elements of Samsung’s phones that correspond to the claimed attributes of Apple’s
13 designs, *disregarding* the many dissimilarities as to subject matter expressly disclaimed by the use
14 of broken lines or otherwise outside the scope of the claims. The articles of manufacture to which
15 Apple’s designs were applied are the components that correspond to the claimed attributes of the
16
17

18 ⁸ For the D’305 patent, the article of manufacture cannot be the *entire* display screen because
19 the entire screen does not correspond to Apple’s design patent and only a *single* GUI image that
20 appears on that screen, fleetingly, was found to infringe. Apple specifically limited its infringement
21 case to that single image, disregarding other images on the display screen that it had not accused of
22 infringement. Dkt. 1612 at 1421-24. The display screen while displaying that image therefore
23 corresponds to the patented design and is the relevant article of manufacture. *See, e.g., In re Hruby*,
24 373 F.2d 997, 999 (C.C.P.A. 1967) (holding under Section 171 that the “portion of a water fountain
which is composed entirely of water in motion is within the statutory term ‘article of manufacture’”
even though “the pattern created is wholly ... fleeting”) (internal quotation marks omitted), *cited*
with approval in Samsung, No. 15-777, Br. for Respondent 36.

25 *Hruby*, moreover, reinforces that the relevant article of manufacture for the D’305 patent cannot
26 be the entire phone as a matter of law because there the article of manufacture was held to be the
27 “water display itself,” not “a catch basin and a fountain producing device” that produced the
28 ornamental appearance but that were excluded by “broken lines.” 373 F.2d at 998, 999. So too
here, the D’305 disclaims large portions of the phones necessary to produce the single array of icons
that it claims.

1 patented design, which Apple accused of infringement. The articles of manufacture are not, and
2 could not be, Samsung's entire phones.

3 The instructions failed to so guide the jury, and Apple may not now avoid a new trial by
4 claiming that this instructional error was "harmless." Apple waived any harmless-error argument by
5 raising it for the first time on remand after losing in the Supreme Court, which is far too late.⁹ The error
6 was also clearly prejudicial: the jury instructions *required* the jury, if it elected Section 289
7 damages, to award Samsung's profit on its entire accused phones, *see* Dkt. 3509 at 22 (finding that
8 given instructions "direct[ed]" the "jury to find that the article of manufacture and product are the
9 same"), even though the evidence did not require such an award, *see supra*, at 13-20. Instructing a
10 jury to award entire-product profit when the facts do not require such an award is the epitome of
11 prejudice. *See, e.g., Gantt v. City of Los Angeles*, 717 F.3d 702, 707 (9th Cir. 2013) ("[P]rejudicial
12 error results when, looking to the instructions as a whole, the substance of the applicable law was
13 [not] fairly and correctly covered."); *Dang v. Cross*, 422 F.3d 800, 811-12 (9th Cir. 2005) (similar;
14 holding that the party defending the verdict has the burden to show that the instructional error was
15 harmless); *see also Voda v. Cordis Corp.*, 536 F.3d 1311, 1328 (Fed. Cir. 2008) (regional circuit
16 law governs harmless-error review).

17 **7. Identify evidence in the record supporting the total profit for each party's**
18 **asserted article of manufacture for the D'677 patent, D'087 patent, and D'305**
19 **patent.**

20 **Answer:** The trial record contains evidence from which a properly-instructed jury could
21 have calculated profits from the relevant articles of manufacture. Even if there were not sufficient
22 evidence, Samsung still would be entitled to a judgment of no infringer's profits or, at a minimum,
23 a new trial on design-patent damages, because Apple bore the burden of proving infringer's profits.

24 ⁹ *See, e.g., Clem v. Lomeli*, 566 F.3d 1177, 1182 (9th Cir. 2009) (harmless-error argument
25 waived if not raised in appellee's brief); *United States v. Dreyer*, 804 F.3d 1266, 1277 (9th Cir.
26 2015) (en banc) ("Generally, an appellee waives any argument it fails to raise in its answering
27 brief"), *quoted in* Dkt. 3509 at 25; *Facebook, Inc. v. Power Ventures, Inc.*, 2017 WL 1650608, at
28 *7 (N.D. Cal. May 2, 2017) ("[A]n issue or factual argument waived at the trial level before a
particular order is appealed, or subsequently waived on appeal, cannot be revived on remand."),
quoted in Dkt. 3509 at 24; *see also* Dkt. 3498 at 12-13 (Samsung's opposition brief arguing same).

1 **Analysis:** Apple’s own damages experts provided the juries information from which they
2 reasonably could have awarded Samsung’s profit from the relevant articles of manufacture, which
3 are less than the entire phone. Apple’s experts offered reasonable-royalty calculations for the
4 D’677, D’087, and D’305 patents, with one methodology (the “income method”) suggesting a value
5 of \$9 per phone for those three patents combined. Dkt. 1839 at 2088-92 (testimony of Apple’s
6 damages expert Musika at 2012 trial); Dkt. 2840 at 704-08 (testimony of Apple’s damages expert
7 Davis at 2013 trial); PX25A1.16 (Apple’s 2012 trial exhibit summarizing its damages contentions);
8 PX25F.16 (same for 2013 trial). These “income method” opinions used Samsung’s “*actual profits*”
9 as the measure of what Samsung would earn *from the components “embodying the patented*
10 *[designs].”* PX25A1.16 (emphasis added); PX25F.16 (same); *see, e.g.,* Dkt. 2840 at 771-72
11 (Apple’s damages expert Davis testifying that Apple’s proposed royalty estimated the *value of each*
12 *phone’s “case,”* not its “guts”) (emphasis added); *id.* at 773 (similar). Samsung’s actual profit from
13 the relevant articles of manufacture here would in fact be far less than Apple’s proposed \$9 per unit
14 because, among other things, that figure purported to estimate the value of all design patents
15 combined—even though none of the accused phones subject to the partial judgment was found to
16 infringe all three patents (*see* PX25A1.16; Dkt. 1931 at 6-7; Dkt. 3290 at 1).

17 The trial record also contains evidence supporting inferences that smartphones derive their
18 value principally from features other than the components to which Apple’s designs were applied.
19 Apple’s own market research and analysis shows, for example, that consumer demand was driven
20 by features and components such as larger display, choice of wireless carrier, trust in the Google
21 brand, access to Android app market, integrated Google services, and turn-by-turn GPS navigation
22 (DX572.082); web capabilities, ease of use, and availability of apps (PX143.5); improved battery
23 life and camera quality (PX143.6); and brand choice and multimedia functions (DX592.010, .023).
24 One trial exhibit shows a presentation in which Apple itself asserted, before filing this lawsuit, that
25 “[s]oftware creates the largest share of product value.” DX586.004.

26 **Application:** The foregoing evidence would have allowed a properly-instructed jury to
27 determine total profit from the relevant articles of manufacture at amounts within a “range [of
28 damages] encompassed by the record as a whole.” *Finjan, Inc. v. Secure Computing Corp.*, 626

1 F.3d 1197, 1212 (Fed. Cir. 2010); *see id.* at 1208-09 (jury did not have to accept either parties’
2 damages calculations and “was entitled to choose its own figures from the evidence”); *State*
3 *Contracting & Eng’g Corp. v. Condotte Am., Inc.*, 346 F.3d 1057, 1072-73 (Fed. Cir. 2003)
4 (affirming “jury’s award, which was ... substantially smaller than the amount calculated by
5 [plaintiff’s] expert,” even though defendants presented no expert damages testimony). And the
6 amounts awarded undoubtedly would have been a small fraction of Samsung’s total profit on the
7 entire phones, which was as much as \$70 per phone. *See* Dkt. 1931 at 16; JX1500.1.

8 But even if the evidentiary record were not sufficient to allow the juries to calculate total
9 article-of-manufacture profit (and it was), the existing design-patent judgment still cannot stand. As
10 shown above (*see supra*, at 11-12), Apple alone bore the burden of proving the quantum of damages
11 from the relevant articles of manufacture. If the evidence demonstrating Samsung’s profits from
12 the correct articles of manufacture was insufficient, the Court should find that *Apple* failed to meet
13 its burden and cannot obtain infringer’s profits under Section 289. *See, e.g., Boyle v. United Techs.*
14 *Corp.*, 487 U.S. 500, 513 (1988) (where “the evidence presented in the first trial would not suffice,
15 as a matter of law, to support a jury verdict” for the plaintiff under correct instructions, judgment
16 may be entered for defendant “without a new trial”).

17 If the Court does not direct judgment for Samsung, then, at a minimum, it should grant a
18 new trial. That trial should be limited to the quantum of Samsung’s profits from the relevant articles
19 of manufacture as determined by the Court. Alternatively, the Court should grant a new trial at
20 which the jury determines both articles and quantum. In no event, however, can the state of the
21 evidentiary record regarding Samsung’s profits be used against Samsung, which as the defendant
22 had no burden to introduce any evidence of profits at all.

23 CONCLUSION

24 The Court should vacate the \$399 million design-patent judgment. Apple cannot “establish
25 as a matter of law that the entirety of Samsung’s phones are the relevant article of manufacture”
26 (Dkt. 3509 at 29), given the Supreme Court’s decision and the overwhelming evidence that Apple’s
27 narrow design patents were applied to discrete components of Samsung’s phones. Upon vacatur,
28 the Court should enter judgment of no infringer’s profits because Apple failed to satisfy its burden

1 to prove total profit from the relevant articles of manufacture, which cannot be the entire phones. If
2 the Court does not so rule, then it should identify pre-trial, as a matter of law, the relevant articles
3 of manufacture, and order a new jury trial limited to the quantum of profit from those articles. If
4 the Court does not so rule, then, at a minimum, the Court should grant a new jury trial on both the
5 relevant articles of manufacture and the quantum of profit.

6 DATED: September 8, 2017 QUINN EMANUEL URQUHART &
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