

No. 18-____

IN THE

Supreme Court of the United States

IMPERIUM IP HOLDINGS (CAYMAN), LTD.,

Petitioner,

v.

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG
ELECTRONICS AMERICA, INC., SAMSUNG
SEMICONDUCTOR, INC.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

PATRICK STRAWBRIDGE
CONSOVOY MCCARTHY PLLC
Ten Post Office Square
8th Floor South PMB #706
Boston, MA 02109
(617) 227-0548

JEFFREY M. HARRIS
Counsel of Record
CONSOVOY MCCARTHY PLLC
1600 Wilson Blvd., Ste. 700
Arlington, VA 22209
(202) 321-4120
jeff@consovoymccarthy.com

Counsel for Petitioner

(Additional Counsel Listed on Inside Cover)

ALAN M. FISCH
R. WILLIAM SIGLER
FISCH SIGLER LLP
5301 Wisconsin Avenue NW, 4th Floor
Washington, DC 20015
(202) 362-3500

Counsel for Petitioner

QUESTION PRESENTED

This case implicates fundamental questions about the proper roles of the jury and the court. After a six-day trial, a jury found that Respondent Samsung willfully infringed Petitioner Imperium's patent rights. In reaching that verdict, the jury found that Samsung had failed to carry its burden of proving by clear and convincing evidence that the relevant patent claims were invalid. Following post-trial proceedings, including an award of treble damages plus attorney's fees in light of Samsung's willful infringement and litigation misconduct, the district court entered judgment for over \$22 million on the patent claims at issue.

The Federal Circuit reversed, however, holding that Samsung was entitled to judgment as a matter of law on invalidity because the jury was *required* to accept the purportedly credible, "unrebutted," and "uncontradicted" testimony of Samsung's paid expert. The court of appeals reached that holding only after performing its own assessment of Samsung's expert's credibility and ignoring numerous other facts that could have led a reasonable jury to discount the value of this witness's testimony.

The question presented is whether an appellate court may reverse a jury verdict based on its own view that expert testimony was credible, "unrebutted," and "uncontradicted," or instead whether the Seventh Amendment requires the jury to make determinations about credibility and the weight of the evidence in determining whether a party has properly carried its burden of proof.

**PARTIES TO THE PROCEEDING,
RULE 29.6 STATEMENT, AND
STATEMENT OF RELATED CASES**

Petitioner Imperium IP Holdings (Cayman), Ltd. was the plaintiff in the district court and appellee/cross-appellant in the Federal Circuit. Petitioner has no parent company, and no publicly held company owns 10% or more of its stock.

Respondents are Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Semiconductor, Inc. Respondents were defendants in the district court and appellants/cross-appellees in the Federal Circuit.

Pursuant to Rule 14.1(b)(iii), Imperium provides the following statement of related cases:

There is ongoing litigation between Imperium and Samsung over whether Samsung's use of the patented technologies at issue here was authorized by a separate license agreement between Sony and Imperium. *See Samsung Electronics Co., Ltd. v. Imperium IP Holdings (Cayman), Ltd.*, No. 1:15-cv-1059-CFC (D. Del.). Similar issues were litigated in this case but are not directly at issue in this petition.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED.....	i
PARTIES TO THE PROCEEDING, RULE 29.6 STATEMENT, AND STATEMENT OF RELATED CASES	ii
TABLE OF APPENDICES	v
TABLE OF AUTHORITIES.....	vii
INTRODUCTION.....	1
OPINIONS BELOW	5
JURISDICTION	5
CONSTITUTIONAL PROVISION INVOLVED	5
STATEMENT OF THE CASE	6
A. History of the '884 Patent.....	6
B. District Court Proceedings	7
C. The Federal Circuit's Decision	10
REASONS FOR GRANTING THE PETITION.....	12
I. The Federal Circuit's Decision Conflicts With This Court's Precedents And The Decisions Of Several Other Circuit Courts	12

A.	The Federal Circuit’s decision disregards this Court’s jurisprudence about the proper roles of the jury and the court	12
B.	The Federal Circuit’s decision conflicts with the decisions of several other circuits	18
C.	There were abundant grounds on which the jury could have found Samsung’s testimony to be unreliable or not credible.....	21
II.	The Federal Circuit’s Decision Has Significant Implications For Patent Rights Nationwide	25
III.	If The Court Reverses The Judgment Below, It Should Reinstate The Award Of Attorney’s Fees.....	31
	CONCLUSION	32

TABLE OF APPENDICES

	Page
APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED JANUARY 31, 2019	1a
APPENDIX B — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED JANUARY 31, 2019	16a
APPENDIX C — MEMORANDUM OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, SHERMAN DIVISION, FILED APRIL 3, 2018	18a
APPENDIX D — MEMORANDUM OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, SHERMAN DIVISION, FILED SEPTEMBER 13, 2017	39a
APPENDIX E — MEMORANDUM OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, SHERMAN DIVISION, FILED APRIL 27, 2017	52a

APPENDIX F — DENIAL OF REHEARING OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED APRIL 18, 2019.....	100a
APPENDIX G — DENIAL OF REHEARING OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED APRIL 18, 2019.....	102a

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Aetna Life Ins. Co. v. Ward</i> , 140 U.S. 76 (1891).....	2, 14
<i>Anderson v. Liberty Lobby, Inc.</i> , 477 U.S. 242 (1986).....	13, 18
<i>Apple v. Samsung</i> , 839 F.3d 1034 (Fed. Cir. 2016)	22
<i>Congress & Empire Spring Co. v. Edgar</i> , 99 U.S. 645 (1878).....	13
<i>Davoll v. Brown</i> , 7 F. Cas. 197 (D. Mass. 1845).....	27
<i>Dayton Power & Light Co. v.</i> <i>Pub. Utils. Comm'n of Ohio</i> , 292 U.S. 290 (1934).....	13, 17
<i>Elzig v. Gudwangen</i> , 91 F.2d 434 (8th Cir. 1937).....	19
<i>Festo Corp. v.</i> <i>Shoketsu Kinzoku Kogyo Kabushiki Co.</i> , 535 U.S. 722 (2002).....	27, 28
<i>Forsyth v. Doolittle</i> , 120 U.S. 73 (1887).....	13
<i>Guy v. City of San Diego</i> , 608 F.3d 582 (9th Cir. 2010).....	20

<i>Hassan v. Stafford</i> , 472 F.2d 88 (3d Cir. 1973)	20
<i>Hunter v. Bryant</i> , 502 U.S. 224 (1991).....	31
<i>James v. Campbell</i> , 104 U.S. 356 (1882).....	27
<i>Joseph v. Donover Co.</i> , 261 F.2d 812 (9th Cir. 1958).....	21, 23
<i>Kewanee Oil Co. v. Bicron Corp.</i> , 416 U.S. 470 (1974).....	27-28
<i>Mazer v. Stein</i> , 347 U.S. 201 (1954).....	26
<i>Microsoft Corp. v. i4i Ltd. Partnership</i> , 564 U.S. 91 (2011).....	15, 16, 28
<i>Mihalchak v. Am. Dredging Co.</i> , 266 F.2d 875 (3d Cir. 1959)	20
<i>NLRB v. Howell Chevrolet Co.</i> , 204 F.2d 79 (9th Cir. 1953).....	4, 21
<i>Powers v. Bayliner Marine Corp.</i> , 83 F.3d 789 (6th Cir. 1996).....	3, 19
<i>Quock Ting v. United States</i> , 140 U.S. 417 (1891).....	2, 13, 14
<i>Radio Corp. of Am. v. Radio Eng'g Labs.</i> , 293 U.S. 1 (1934).....	15
<i>Reeves v. Sanderson Plumbing Prods., Inc.</i> , 530 U.S. 133 (2000).....	17, 18

<i>Sartor v. Arkansas Nat. Gas Corp.</i> , 321 U.S. 620 (1944).....	13
<i>The Conqueror</i> , 166 U.S. 110 (1897).....	13, 17
<i>United States v.</i> <i>0.161 Acres of Land in Birmingham, Ala.</i> , 837 F.2d 1036 (11th Cir. 1988).....	19
<i>Warner-Jenkinson Co. v. Hilton Davis Chem. Co.</i> , 520 U.S. 17 (1997).....	28
<i>Webster v. Offshore Food Serv.</i> , 434 F.2d 1191 (5th Cir. 1970).....	17, 22
<i>Willis v. State Farm Fire and Cas. Co.</i> , 219 F.3d 715 (8th Cir. 2000).....	19

Statutes and other Authorities

U.S. Const., art. I, § 8, cl. 8	26
Seventh Amendment to the U.S. Constitution	5, 12, 18
28 U.S.C. § 1254(1).....	5
35 U.S.C. § 282(a).....	15
35 U.S.C. § 285	5, 10, 31
S. Ct. R. 10(a)	12, 21, 22
Abraham Lincoln, <i>Second Lecture on Discoveries and Inventions</i> (Feb. 11, 1859).....	26

Adam Mossoff, <i>Patents as Constitutional Private Property: The Historical Protection of Patents Under The Takings Clause</i> , 87 B.U. L. Rev. 689 (2007).....	27
Alan C. Marco & Saurabh Vishnubhakat, <i>Certain Patents</i> , 16 Yale J.L. & Tech. (2013).....	29
<i>Collected Works of Abraham Lincoln</i> (Roy B. Basler ed. 1953).....	26
<i>Ex Parte</i> Reexamination Certificate (11197th) for U.S. Patent No. 6,271,884 (Oct. 13, 2017)	30
Gary Locke, <i>Remarks at World Intellectual Property Day Event</i> , 174 Intellectual Property Counselor (2011).....	29-30
Henry Grabowski, <i>Patents, Innovation and Access to New Pharmaceuticals</i> , 5 J. Int'l Econ. L. 849 (2002)	29
Shapiro <i>et al.</i> , <i>Supreme Court Practice</i> (10th ed. 2013).....	31
The Federalist No. 43 (James Madison).....	26

INTRODUCTION

This case implicates fundamental questions about the proper roles of the jury and the court. After a six-day trial, the jury found that Respondent Samsung not only infringed Petitioner Imperium's patent rights but did so willfully. The jury expressly rejected Samsung's invalidity defenses, finding that Samsung had failed to meet its heavy burden of showing by clear and convincing evidence that the relevant patent claims were invalid. The district court then denied Samsung's post-trial motion for judgment as a matter of law and awarded Imperium treble damages plus attorney's fees in light of Samsung's willful infringement, litigation misconduct, and material misrepresentations under oath. The total judgment on the patent claims at issue here exceeded \$22 million.

The Federal Circuit nonetheless vacated the judgment for Imperium and held that Samsung was entitled to judgment as a matter of law on its invalidity defense. That holding was profoundly wrong, disregarded more than a century of this Court's precedents, failed to hold Samsung to its burden of proof, conflicts with the decisions of several other circuits, and diminishes the value and security of patent rights nationwide.

The core error in the Federal Circuit's reasoning was its holding that the jury was *required* to accept what the panel described as the "unrebutted" or "uncontradicted" testimony of Samsung's paid expert. To reach that holding, the court necessarily

made its own determinations about the credibility of Samsung's expert, finding based on a post hoc assessment of the record that there was no "inconsistency or equivocation" in this witness's testimony.

The Federal Circuit's decision is flatly contrary to this Court's precedents. It is the jury—not the court—that is "the judge[] of the credibility of the witnesses ... and in weighing their testimony ha[s] the right to determine how much dependence was to be placed upon it." *Aetna Life Ins. Co. v. Ward*, 140 U.S. 76, 88 (1891). Indeed, this Court has explained at length why a jury may choose not to credit even "uncontradicted" testimony. *Quock Ting v. United States*, 140 U.S. 417, 420-21 (1891). For example, that testimony could have "an inherent improbability," there could be errors or omissions in the witness's testimony that lead the jury to "discredit his whole story," or the witness's "manner ... of testifying may give rise to doubts of his sincerity, and create the impression that he is giving a wrong coloring to material facts." *Id.* All of those possibilities "may properly be considered in determining the weight which should be given to [a witness's] statements, although there be no adverse verbal testimony adduced." *Id.*

Under a proper application of those bedrock principles, this should have been an easy case. It was Samsung's burden to prove invalidity by clear and convincing evidence, and a reasonable jury could have readily concluded that Samsung's testimony did not satisfy that demanding burden of proof. In particular,

the jury could have found that Samsung's witnesses were not credible in light of Samsung's repeated misrepresentations to the court (which were so serious as to warrant an award of treble damages and attorney's fees) and the fact that Samsung's testimony was repeatedly impeached or discredited. This Court's precedents are clear that any determinations about credibility or the strength of the evidence should have been made by the jury that actually saw the testimony and evidence firsthand, and that the jury was free to conclude that Samsung simply had not carried its burden of proof. And that is doubly true here given that Samsung's burden of proof was clear-and-convincing evidence, not just a mere preponderance.

The Federal Circuit's decision also directly conflicts with the decisions of at least four other circuits that have faithfully applied this Court's jurisprudence. For example, the Sixth Circuit has rejected the precise rationale that the Federal Circuit embraced in this case. In *Powers v. Bayliner Marine Corp.*, 83 F.3d 789 (6th Cir. 1996), the plaintiffs in a product liability case argued that they were entitled to judgment as a matter of law because the defendant "did not offer any evidence to rebut plaintiffs' evidence that the [sailboat] was defectively designed." *Id.* at 795. The Sixth Circuit flatly rejected that theory, holding that the jury "is completely free to accept or reject an expert's testimony, and to evaluate the weight given such testimony in light of the reasons the expert supplies for his opinion." *Id.* at 797. There is no question *Imperium* would have prevailed under the reasoning of *Bayliner* and similar decisions in several other circuits. Indeed, the Ninth Circuit has described

the notion that a trier of fact must accept uncontradicted testimony as an “ancient fallacy which somehow persists despite the courts’ numerous rulings to the contrary.” *NLRB v. Howell Chevrolet Co.*, 204 F.2d 79, 86 (9th Cir. 1953). Yet the Federal Circuit relied upon that precise “ancient fallacy” in the decision below.

If allowed to stand, the Federal Circuit’s decision will nullify years of hard-fought litigation, a weeklong trial, and separate determinations by the trial judge and jury that Samsung not only infringed Imperium’s patent rights but did so willfully (and withheld critical evidence of its infringement). The jury’s verdict was also entirely consistent with the actions of the Patent and Trademark Office, which has *twice* rejected Samsung’s attempts to invalidate the relevant patent claims through an inter partes review and ex parte reexamination.

On a more fundamental level, this ruling significantly diminishes the value of patent rights throughout the United States, as the Federal Circuit has exclusive jurisdiction over patent appeals. The Federal Circuit’s approach effectively substitutes its own judgment for that of both experienced juries and the Patent and Trademark Office. The effect will be to cast doubt on the enforceability of all patents, thereby diminishing the protections for innovation and the value of patent rights across the country. Certiorari is warranted to correct the Federal Circuit’s marked departure from this Court’s precedent, restore uniformity and predictability to this critical area of

the law, and ensure the protection of patent rights throughout the United States.

OPINIONS BELOW

The Federal Circuit's opinion in the principal appeal is published at 757 Fed. Appx. 974 and is reproduced at App. 1a. The memorandum opinion and order of the U.S. District Court for the Eastern District of Texas denying Samsung's post-trial motion for judgment as a matter of law is published at 259 F. Supp. 3d 530 and is reproduced at App. 52a.

The district court's orders awarding Imperium attorney's fees under 35 U.S.C. §285 are unpublished and reproduced at App. 18a, 39a. The Federal Circuit's opinion vacating the fee award in light of its holding in the principal appeal is unpublished and is reproduced at App. 16a.

JURISDICTION

The Federal Circuit issued its opinions on January 31, 2019. Petitioner filed timely petitions for panel rehearing or rehearing en banc of both the principal opinion and the attorney's fees opinion, which the court denied on April 18, 2019. This Court has jurisdiction under 28 U.S.C. §1254(1).

CONSTITUTIONAL PROVISION INVOLVED

The Seventh Amendment to the U.S. Constitution provides: "In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved,

and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.”

STATEMENT OF THE CASE

A. History of the '884 Patent

This case involves a multinational conglomerate that stole innovative technology from the United States. In the late 1980s, Rockwell International was working for the United States Department of Defense on satellite imaging technology. Among Rockwell's innovations was a method for enabling proper video imaging under fluorescent lighting. Fluorescent lights flicker on and off 120 times a second. This “flicker” is undetectable to the human eye, but is captured by video recordings, which causes gray lines to appear and distort the images. U.S. Patent No. 6,271,884 (the '884 Patent)—which came to be known as the “anti-flicker” patent—disclosed Rockwell's systems and methods for eliminating these gray lines in videos.

In the early 2000s, the digital imaging division of a California corporation called ESS Technology, Inc., was a leader in developing and manufacturing digital cameras for cellphones. ESS sold its products across the globe to companies such as Motorola, Ericsson, LG, Nokia, and Samsung (its largest customer). In addition to patenting a number of its own digital-camera innovations, ESS acquired the portfolio of another California corporation called

Pictos Technologies, Inc., which in turn had acquired the '884 Patent from Rockwell.

Sales to Samsung eventually dried up, and ESS's digital imaging division had to close its doors and lay off its employees. In 2008, ESS continued to operate as an audio semiconductor company, but spun off its imaging intellectual property to a separate holding company (Imperium IP Holdings (Cayman), Ltd.). Beginning in 2010, Imperium sought to enforce its patent rights against a number of multinational corporations that had used its technology in video recording devices, single-lens reflex cameras, automobiles, and cellphones.

By April 2013, after years of discussions, negotiations, and eventually the filing of a lawsuit, seven of the eight largest cellphone manufacturers (Apple, Kyocera, Nokia, Sony, LG, Motorola and Research in Motion) agreed to enter into licensing arrangements for the use of Imperium's imaging technology, including the fundamental anti-flicker technology of the '884 Patent. Reflecting the value and importance of Imperium's patent rights, the total value of these licenses exceeded \$22 million. Only Samsung—one of the world's largest cellphone manufacturers, which had sold over 121 million mobile devices in the United States at that time—refused to enter into a licensing arrangement.

B. District Court Proceedings

On June 9, 2014, Imperium sued Samsung in the Eastern District of Texas, alleging that Samsung willfully infringed three patents related to digital-

camera technology, including the '884 Patent. In its responsive pleadings and interrogatories, Samsung repeatedly asserted that it was unaware of Imperium's patents until this suit was filed. *See* C.A. App. 315-24, 13937-39.¹ Those representations were later shown to be false. Materials produced in discovery showed that Samsung knew of Imperium's patents as early as spring of 2011, and that Samsung had hired an outside broker to try to purchase those patents surreptitiously. *See* C.A. App. 55-57, 83-84.

During a six-day jury trial in February 2016, Imperium offered extensive evidence showing that Samsung had copied its camera technology. One witness who had worked at ESS (the predecessor-in-interest to Imperium) testified that Samsung—unique among ESS's customers—demanded access to source code and other sensitive information. *See* C.A. App. 10985-93, 11055-11056. He further testified that Samsung had “duplicated” ESS's camera laboratory at its facilities in Korea. C.A. App. 82-83, 10993-93. Imperium also introduced expert testimony explaining how Samsung's accused products met each element of the asserted claims.

At trial, Samsung initially denied knowledge of Imperium's patents, and told the jury that any efforts to buy those patents had ended by 2011. C.A. App. 14, 83, 11254, 11286. But at 2:19 a.m. on the fourth day of trial, after Imperium had finished its case-in-chief, Samsung produced, for the first time, additional documents that flatly contradicted its earlier

¹ “C.A. App.” refers to the Appendix in the Federal Circuit.

representations. Those documents showed that Samsung had been specifically tracking litigation over Imperium’s patents; that discussions about obtaining the patents continued into 2012, 2013, and 2014; and that Samsung continued to be interested in acquiring Imperium’s patents after 2011. C.A. App. 8817-22. These belatedly-produced documents reflected Samsung’s knowledge and interest in Imperium’s patented technology, and were thus highly relevant to willfulness and infringement—and to Samsung’s credibility more generally.

The jury returned a verdict finding that Samsung had infringed the ’884 Patent, that the five asserted claims of this patent were not invalid as anticipated or obvious, and that clear and convincing evidence showed Samsung’s infringement was willful. C.A. App. 86-94. The jury found Samsung liable for \$4.84 million for its infringement of the ’884 Patent.²

After further briefing and argument, the district court awarded treble damages in light of Samsung’s knowing and willful infringement, its discovery misconduct, and its repeated false statements and misrepresentations. *See* C.A. App. 59-60, 82-84. For example, the court found that Samsung’s witnesses provided testimony that was “demonstrably false and not worth of belief.” C.A. App. 83. The court further emphasized that Samsung’s

² The jury also returned verdicts on the other two patents-in-suit—finding the three asserted claims of the ’029 Patent valid and infringed, but finding the sole asserted claim of the ’290 Patent obvious. *See* C.A. App. 90-94. Those patents are no longer at issue here.

witnesses “made multiple material misrepresentations under oath” and “gave false testimony” at trial, including “testimony that [Samsung] proffered to the jury.” C.A. App. 83-84. The court later awarded Imperium more than \$7 million in attorney’s fees under 35 U.S.C. §285 due to Samsung’s willful infringement and litigation misconduct. App. 18a, 39a.

After trial, Samsung moved for judgment as a matter of law, arguing (as relevant here) that the ’884 Patent was invalid because it was anticipated by two prior art references (“Johnson” and “Hashimoto”). The district court denied this motion, explaining that Samsung had offered evidence on anticipation at trial, but that Imperium had presented competing testimony showing that the cited prior art had “very little to do with the ’884 Patent.” App. 81a. The district court thus concluded that “substantial evidence supports the jury’s findings” and “[i]t was reasonable for the jury to find that [Samsung] did not present clear and convincing evidence of anticipation.” *Id.* In short, “[a] reasonable jury was free to credit [Imperium’s] testimony over [Samsung’s], and *it is not the Court’s role to second guess the credibility determinations of the jury.*” *Id.* (emphasis added).

C. The Federal Circuit’s Decision

The Federal Circuit reversed. Notwithstanding the jury’s verdict rejecting Samsung’s invalidity defense—and notwithstanding the fact that it was Samsung’s burden to prove invalidity through clear and convincing evidence—the panel held that

Samsung was entitled to judgment as a matter of law on the ground that the '884 Patent was invalid for anticipation.

The Federal Circuit “agree[d] with Samsung that a reasonable jury was *required* on the record of this case to find the claims of the '884 Patent at issue to be anticipated by the prior art.” App. 8a (emphasis added). The court noted that Samsung’s expert “provided detailed testimony” about why the claims of the '884 Patent were anticipated by the Johnson reference. The court then asserted that Imperium had failed to “contradict that testimony on cross examination or otherwise,” and that Imperium’s expert “did not dispute the substance of [Samsung’s] testimony.” App. 9a-10a. While noting in passing that “[j]uries have wide leeway to assess evidence and credibility,” the court suggested that such “leeway” applies only in “cases involving conflicting expert testimony.” App. 11a. The court also performed its own assessment of the credibility of Samsung’s expert, finding that there was no “inconsistency or equivocation” in this witness’s testimony. App. 13a. At no point in its opinion did the court contemplate the possibility that: (1) the jury simply concluded that Samsung had not met its heavy burden of proof on invalidity; or (2) the jury did not find Samsung’s experts to be credible.

Thus, even though Samsung bore the burden of proving invalidity under the extremely demanding clear-and-convincing standard, the Federal Circuit concluded that “the jury *could not properly find* that the claims of the '884 Patent at issue here are not

anticipated.” App. 14a (emphasis added). In light of that holding on invalidity, the Federal Circuit also separately vacated the \$7 million award of attorney’s fees because “Imperium is no longer the prevailing party.” App. 17a.

REASONS FOR GRANTING THE PETITION

Certiorari is warranted because the Federal Circuit “has entered a decision in conflict with the decision of another United States court of appeals on the same important matter,” and “has so far departed from the accepted and usual course of judicial proceedings ... as to call for an exercise of this Court’s supervisory power.” S. Ct. R. 10(a).

I. The Federal Circuit’s Decision Conflicts With This Court’s Precedents And The Decisions Of Several Other Circuit Courts.

A. The Federal Circuit’s decision disregards this Court’s jurisprudence about the proper roles of the jury and the court.

1. The Seventh Amendment protects “the right of trial by jury” and provides that “no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.” U.S. Const. amend. VII. Consistent with that foundational guarantee, this Court has held that “[c]redibility determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge,

whether he is ruling on a motion for summary judgment or for a directed verdict.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986).

As the Court recognized nearly a century ago in an opinion by Justice Cardozo, expert testimony merely involves “expressions of opinion by [witnesses] familiar with” the relevant subject matter. *Dayton Power & Light Co. v. Pub. Utils. Comm’n of Ohio*, 292 U.S. 290, 299 (1934). “But plainly opinions thus offered, even if entitled to some weight, *have no such conclusive force that there is error of law in refusing to follow them.*” *Id.* (emphasis added). This principle “is true of opinion evidence generally, whether addressed to a jury ... or to a judge ... or to a statutory board.” *Id.*; *see also Sartor v. Arkansas Nat. Gas Corp.*, 321 U.S. 620, 627-28 (1944) (same).

Once expert testimony has been admitted, “then it is for the jury to decide whether any, and if any what, weight is to be given to the testimony.” *Congress & Empire Spring Co. v. Edgar*, 99 U.S. 645, 658 (1878). Critically, “the jury, *even if such testimony be uncontradicted*, may exercise their independent judgment” not to credit it. *The Conqueror*, 166 U.S. 110, 131 (1897) (emphasis added); *see also Forsyth v. Doolittle*, 120 U.S. 73, 77 (1887) (approving instruction stating that jury was “not bound by the estimate” of damages provided by expert witnesses and had the “duty” to “settle and determine this question of value from all the testimony in the case”).

There are countless circumstances in which a jury may choose not to believe even “uncontradicted” testimony. *Quock Ting v. United States*, 140 U.S. 417, 420-21 (1891). There may be “such an inherent

improbability in the statements of a witness as to induce the court or jury to disregard his evidence, even in the absence of any directly conflicting testimony.” *Id.* Or there may be significant errors or omissions in the witness’s testimony that “discredit his whole story.” *Id.* Or the witness’s “manner ... of testifying may give rise to doubts of his sincerity, and create the impression that he is giving a wrong coloring to material facts.” *Id.* All of these possibilities “may properly be considered in determining the weight which should be given to his statements, although there be no adverse verbal testimony adduced.” *Id.*

In short, this Court’s precedents are crystal clear that it is the jury—not the court—that is “the judge[] of the credibility of witnesses ... and in weighing their testimony ha[s] the right to determine how much dependence was to be placed upon it.” *Aetna Life Ins. Co. v. Ward*, 140 U.S. 76, 88 (1891). “There are many things sometimes in the conduct of a witness upon the stand, and sometimes in the mode in which his answers are drawn from him through the questioning of counsel, by which a jury are to be guided in determining the weight and credibility of his testimony.” *Id.* But “[t]hat part of every case ... belongs to the jury, who are presumed to be fitted for it by their natural intelligence and their practical knowledge of men and the ways of men; and, so long as we have jury trials, they should not be disturbed in their possession of it, except in a case of manifest and extreme abuse of their function.” *Id.*

2. The Federal Circuit’s decision flouts these bedrock principles regarding the role of the jury in

weighing the evidence and making credibility determinations. It was not Imperium's burden to show that its patents were valid; instead, invalidity is an affirmative defense that Samsung had the burden of proving. And a finding of invalidity requires not just a preponderance of the evidence, but *clear and convincing* proof. Congress declared in the Patent Act that "[a] patent shall be presumed valid." 35 U.S.C. § 282(a). As a result, a "defendant raising an invalidity defense" bears "a heavy burden of persuasion," requiring proof of the defense by clear and convincing evidence." *Microsoft Corp. v. i4i Ltd. Partnership*, 564 U.S. 91, 102 (2011) (quoting *Radio Corp. of Am. v. Radio Eng'g Labs.*, 293 U.S. 1, 8 (1934)).

The question of invalidity in this case was emphatically one that belonged to the jury. After seeing all the testimony and evidence presented at a six-day trial—including Samsung's misrepresentations that cast serious doubt on the credibility of the company and its witnesses—the jury concluded that Samsung had not carried its heavy burden of showing by clear and convincing evidence that the relevant claims of the '884 Patent were invalid. C.A. App. 88-90. The district court then denied Samsung's post-trial motion for judgment as a matter of law on invalidity. As the district court correctly explained, a "reasonable jury was free to credit [Imperium's] testimony over [Samsung's], and it is not the Court's role to second guess the credibility determinations of the jury." *Id.* And, as noted, the Patent and Trademark Office has *twice* rejected

efforts to invalidate the relevant claims of the '884 Patent.

The Federal Circuit nonetheless reversed that holding and vacated the \$22 million judgment on the theory that the jury was “required” to accept the testimony of Samsung’s paid expert (Neikirk) on the question of whether the '884 Patent was invalid for anticipation. App. 8a. The court noted that Neikirk had testified that the relevant claims of the '884 Patent were anticipated by the “Johnson patent.” *Id.* The court then asserted that Imperium’s expert testimony and cross-examination did not “dispute,” “contradict,” or “impeach” that portion of Neikirk’s testimony. App. 9a-13a. And the court found based on its own credibility determination that there was no “inconsistency or equivocation” in Neikirk’s testimony. App. 13a. Even if the Federal Circuit were correct that Neikirk’s testimony on anticipation was unrebutted and credible—which it was not, *see infra* Section I.C—its holding that the jury was required to accept Samsung’s paid expert testimony flouts this Court’s precedents regarding the proper roles of the court and the jury.

A critical error in the Federal Circuit’s reasoning was its suggestion that Imperium had some affirmative obligation to rebut or contradict Samsung’s expert testimony on invalidity to avoid judgment as a matter of law. It did not. As noted, invalidity must be proven by clear and convincing evidence, and that burden was borne by Samsung, not Imperium. *See Microsoft*, 564 U.S. at 102. Thus, even if Imperium had offered no evidence whatsoever on invalidity, it was well within the jury’s discretion to

conclude that *Samsung simply had not carried its burden of proof*. Expert testimony merely involves “expressions of opinion by [witnesses] familiar with a subject,” and those opinions “have no such conclusive force that there is error of law in refusing to follow them.” *Dayton Power & Light Co.*, 292 U.S. at 299. The jury, “even if such testimony be uncontradicted,” may “exercise [its] independent judgment” not to credit it. *The Conqueror*, 166 U.S. at 131. The Federal Circuit thus committed a basic but fundamental error of law by holding that the jury was “required” to find invalidity by anticipation based on Neikirk’s purportedly un rebutted and credible testimony. App. 8a. That holding disregards Samsung’s heavy burden of proof and ignores the basic reality that the jury clearly recognized Samsung had not carried its burden of proof.

The Federal Circuit relied on inapposite precedent to support its holding. The court cited *Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 149-50 (2000), and *Webster v. Offshore Food Serv.*, 434 F.2d 1191, 1193 (5th Cir. 1970), for the proposition that juries may not disregard “uncontradicted and unimpeached” expert testimony. App. 12a. But neither *Reeves* nor *Webster* involved a situation—like this case—where a party was seeking judgment as a matter of law on an issue *where it bore the ultimate burden of proof*, much less where that burden was clear-and-convincing evidence. *Webster* granted summary judgment against a plaintiff who submitted no evidence on causation, which was an element of his claim that he had the burden to prove. 434 F.2d at 1193-95. And *Reeves* denied a defendant’s

motion for judgment as a matter of law on employment-discrimination claims that the plaintiff had the burden of proving at trial. 530 U.S. at 153-54.

In sum, the Federal Circuit's decision in this case rests on a basic error of law about the proper role of the jury. The court's reasoning embraces a proposition that this Court has repeatedly rejected for more than a century—that the jury can be required to accept expert testimony merely because it is “uncontradicted” or “unrebutted.” Contrary to the Federal Circuit's holding in the decision below, a proper interpretation of the Seventh Amendment requires that “[c]redibility determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge.” *Anderson*, 477 U.S. at 255.

B. The Federal Circuit's decision conflicts with the decisions of several other circuits.

The Federal Circuit's decision conflicts not only with this Court's precedents but also with the decisions of a number of other circuits. For example, the Eighth Circuit has emphasized that:

It is elementary that in the trial of an action at law, the jurors are the sole and exclusive judges of the facts, of the credibility of witnesses, and of the weight of the evidence. Evidence which is uncontradicted is not necessarily to be accepted as true. Its weight and the

credibility of the witnesses who gave it are usually for the jury to determine.

Elzig v. Gudwangen, 91 F. 2d 434, 440 (8th Cir. 1937). As that court explained more recently, “a jury is free to disbelieve any witness, even if the testimony is uncontradicted or unimpeached.” *Willis v. State Farm Fire and Cas. Co.*, 219 F.3d 715, 720 (8th Cir. 2000). A party has no obligation to “produce any evidence refuting” a witness’s testimony where the jury could have concluded that the witness was lying or not credible. *Id.*

The Sixth Circuit’s decision in *Powers v. Bayliner Marine Corp.*, 83 F.3d 789 (6th Cir. 1996), is also highly instructive. There, following a jury verdict for the defendant, the plaintiffs argued on appeal that they were entitled to judgment as a matter of law. Just like Samsung’s arguments here, the *Bayliner* plaintiffs’ JMOL motion “centered on the argument that Bayliner did not offer any evidence to rebut plaintiffs’ evidence that the Buccaneer 180 [sailboat] was defectively designed.” *Id.* at 795. The Federal Circuit accepted such a theory in this case, but the Sixth Circuit squarely rejected it in *Bayliner*. The court emphasized that the jury “is completely free to accept or reject an expert’s testimony, and to evaluate the weight given such testimony in light of the reasons the expert supplies for his opinion.” *Id.* at 797-98 (quoting *United States v. 0.161 Acres of Land in Birmingham, Ala.*, 837 F.2d 1036, 1040-41 (11th Cir. 1988)). There is no question this case would have come out the other way under the reasoning of *Bayliner* had it arisen in the Sixth Circuit.

The Third Circuit has also reached a contrary conclusion on facts similar to this case. In *Hassan v. Stafford*, 472 F.2d 88, 95 (3d Cir. 1973), the estate of the plaintiff (who died in a fire) argued that it was “error for the trial court to deny his motion for a directed verdict on the issue of liability” in light of “the unrefuted testimony of his expert . . . that the motel did not conform to current standards for fire safety devices.” The Third Circuit flatly rejected that argument, holding that the expert’s “credibility on the question of what constituted current [fire safety] standards was a matter for the jury to consider,” and “a trier of fact is not bound to accept an expert’s opinion merely because it is uncontradicted.” *Id.* at 96; *see also Mihalchak v. Am. Dredging Co.*, 266 F.2d 875, 878 (3d Cir. 1959) (“Always when the motion [for directed verdict] is made by the proponent there is a problem of the credibility to be attached to his evidence, for if it is disbelieved in important degree his motion must fail.”).

So too in the Ninth Circuit. In *Guy v. City of San Diego*, 608 F.3d 582, 588 (9th Cir. 2010), the plaintiff argued that the jury’s verdict for the defendant was not supported by substantial evidence because the plaintiff’s “testimony concerning the nature and cause of his injuries was undisputed at trial.” But the court rejected that argument, emphasizing that “it has long been held that a jury may properly refuse to credit even uncontradicted testimony.” *Id.* Indeed, the Ninth Circuit has described the notion that a trier of fact must blindly accept uncontradicted testimony as an “ancient fallacy which somehow persists despite the courts’

numerous rulings to the contrary.” *NLRB v. Howell Chevrolet Co.*, 204 F.2d 79, 86 (9th Cir. 1953); *see also id.* (noting that jury may reject even uncontradicted testimony in light of a witness’s “carriage,” “bearing,” “manner,” or “demeanor”); *Joseph v. Donover Co.*, 261 F.2d 812, 824 (9th Cir. 1958) (noting that trier of fact may reject even uncontradicted testimony in light of “the demeanor of the witness” or “the whole nexus of sense impressions’ which one gets from a witness”).

In sum, at least four other circuit courts have correctly applied the critical principle that the Federal Circuit failed to heed: that the jury always has the power to determine that a party failed to meet its burden of proof, even if that party’s evidence (including expert testimony) was “uncontradicted” or “unrebutted.” The Federal Circuit has both erred and “entered a decision in conflict with the decision of another United States court of appeals on the same important matter.” S. Ct. R. 10(a).

C. There were abundant grounds on which the jury could have found Samsung’s testimony to be unreliable or not credible.

For all the reasons set forth above, the Federal Circuit’s reasoning fails even under that court’s (erroneous) assumption that Samsung’s testimony on invalidity was credible, “undisputed,” and “unimpeached.” Certiorari is thus warranted to reverse the court’s fundamentally flawed holding that the jury was “required” to believe this testimony. But the Federal Circuit’s assumption is also wrong, as

Imperium offered an abundance of evidence that cast doubt on the validity and credibility of Samsung's testimony. The Federal Circuit's vacatur of a \$22 million judgment based on these serious errors is such a stark "depart[ure] from the accepted and usual course of judicial proceedings ... as to call for an exercise of this Court's supervisory power." S. Ct. R. 10(a).

At trial, Samsung's paid expert Dr. Neikirk presented obviousness and anticipation theories based primarily on the "Johnson" reference. C.A. App. 11863-64. Imperium's Dr. Wright then provided rebuttal testimony, arguing that the '884 Patent remained "as valid as the day it was issued." E.D. Tex. Docket 4:14-cv-371, Item 274 ("2-5-16PM Tr.") at 127. The jury rejected all of Neikirk's invalidity theories, and Samsung did not even raise most of those theories on appeal. C.A. App. 45-51.

The record as a whole makes abundantly clear that a reasonable jury could have concluded that Samsung failed to prove invalidity by clear and convincing evidence. Imperium thoroughly cross-examined Neikirk over 43 transcript pages, testing his credibility and his opinions on infringement, anticipation, and obviousness. E.D. Tex. Docket 4:14-cv-371, Item 272 ("2-5-16AM Tr.") at 22-65. It is well-established that "inconsistencies" or lack of credibility in a witness's testimony on one issue can also "negatively impact[] the persuasiveness" of his testimony on other issues. *Apple v. Samsung*, 839 F.3d 1034, 1045 n.10 (Fed. Cir. 2016) (en banc); see also *Webster*, 434 F.2d at 1193 (jury may reject expert

testimony, even if uncontradicted, and may apply its own common-sense judgment in light of all the evidence); *Joseph*, 261 F.2d at 824 (jury may assess credibility of testimony in light of “the whole nexus of sense impressions’ which one gets from a witness”).

Here, Neikirk’s testimony was repeatedly undermined and contradicted by other evidence, which could have led a reasonable jury to doubt his credibility and veracity more generally. For example, Neikirk testified that Samsung’s lawyers helped draft his report and fed him materials. E.D. Tex. Docket 4:14-cv-371, Item 271 (“2-4-16PM Tr.”) at 87-88. On cross-examination, he could not remember which validity materials (including the critical Johnson reference) he had found on his own and which had been provided by Samsung. C.A. App. 11992, 11995. Neikirk also initially denied any knowledge of the prior-art references and invalidity theories raised in Imperium’s previous litigation, but he confessed otherwise when impeached with his expert report. C.A. App. 11993-11994. And Neikirk admitted on cross-examination that he had made a “mistake” when preparing a slide that was central to his presentation on non-infringement. 2-5-16AM Tr. at 43-44. The jury also could have found Neikirk’s testimony insufficiently credible based on his demeanor, which was evasive and combative. C.A. App. 11993-11994; 2-5-16AM Tr. at 40-43. Simply put, notwithstanding the Federal Circuit’s post hoc credibility assessment finding that there was no “inconsistency or equivocation” in Neikirk’s testimony, App. 13a, there were abundant grounds on which a reasonable jury could have questioned

Neikirk's credibility and veracity.³ Determinations about witness credibility are for the jury to make after full deliberations, not for a judge to make based on reading a cold record.

Moreover, despite the Federal Circuit's suggestion that Neikirk's testimony was "not contradicted," App. 13a, Imperium's expert Dr. Wright—whose testimony must be credited and given all reasonable inferences—undermined and contradicted Neikirk's testimony on numerous issues. Dr. Wright highlighted the errors in Neikirk's statements that Samsung did not sell devices practicing the patented methods in the U.S. *E.g.*, 2-5-16PM Tr. at 129-30. He also testified that Neikirk's analysis of the '884 Patent's limitations did not "make any sense," since it would result in a "non-functional camera." *Id.* at 132-33. Moreover, Dr. Wright directly rebutted Neikirk on the four prior-art references and invalidity theories that Samsung did not raise on appeal. *Id.* at 123-27. And Dr. Wright directly responded to Neikirk's premise that Johnson's limited disclosure was "similar" in nearly all respects to Imperium's '884 Patent claims. C.A. App. 12217-12218.

In sum, the record included testimony that the '884 Patent remained "as valid as the day it was issued," 2-5-16PM Tr. at 127, and there were

³ Neikirk also acknowledged being paid \$500 per hour by Samsung for his testimony, *see* 2-4-16PM Tr. at 85-86, and testified that he had a professional relationship with one of the named inventors of the Johnson patent, *see* App. 13a.

numerous grounds on which the jury could have found that both Neikirk and Samsung more generally lacked credibility in light of the many inconsistencies and contradictions in their testimony. Thus, although the Federal Circuit's erroneous holding that the jury was required to accept Samsung's "unrebutted" or "uncontradicted" expert testimony is, by itself, a sufficient basis for reversal, it is by no means the only ground on which the court erred. There were pages of testimony at trial rebutting the testimony of Samsung's well-paid expert witness, as well as affirmative testimony on the validity of the '884 Patent. Simply put, there was abundant evidence in the record from which a reasonable jury could have concluded that Samsung's witnesses were not credible and that Samsung's evidence failed to meet its heavy burden of proving invalidity by clear and convincing evidence.

II. The Federal Circuit's Decision Has Significant Implications For Patent Rights Nationwide.

The decision below would be problematic in any jurisdiction, but it is especially troubling that the case arose in the Federal Circuit, which has exclusive jurisdiction over patent appeals. If allowed to stand, the court's reasoning would effectively impose new and heavy evidentiary burdens on patent holders to avoid a finding of invalidity, and would empower the Federal Circuit to override a jury's determination that a patent is not invalid. The overall effect would be to diminish the strength and predictability of patent rights, disregard the role of the Patent and

Trademark Office in assessing patent validity, create new uncertainties for patent holders nationwide, and chill innovation and technological advancement.

A. Patent rights are so central to our economy and system of government that the Founders expressly addressed them in the Constitution: Congress shall have the power “[t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.” U.S. Const., art. I, §8, cl. 8. As James Madison emphasized in *The Federalist*, “[t]he public good fully coincides” with protection of inventors’ exclusive rights in their “useful inventions.” *The Federalist* No. 43 (James Madison); *see also* Abraham Lincoln, *Second Lecture on Discoveries and Inventions* (Feb. 11, 1859), in 3 *Collected Works of Abraham Lincoln* 363 (Roy B. Basler ed. 1953) (noting that the patent system “added the fuel of interest to the fire of genius, in the discovery and production of new and useful things”).

This Court has similarly explained that “[t]he economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in ‘Science and the useful Arts,’” and that “[s]acrificial days devoted to such creative activities deserve rewards commensurate with the services rendered.” *Mazer v. Stein*, 347 U.S. 201, 219 (1954). Another early decision emphasized that only through patent

protection “can we protect intellectual property, the labors of the mind, productions and interests as much a man’s own, and as much the fruit of his honest industry, as the wheat he cultivates or the flocks he rears.” *Davoll v. Brown*, 7 F. Cas. 197, 199 (D. Mass. 1845).

Consistent with those bedrock principles, this Court has held for more than a century that patents have the same status under the Constitution as other forms of property rights. A patent “confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser.” *James v. Campbell*, 104 U.S. 356, 358 (1882); *see also Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 739 (2002) (noting that patent rights constitute “the legitimate expectations of inventors in their property”); Adam Mossoff, *Patents as Constitutional Private Property: The Historical Protection of Patents Under The Takings Clause*, 87 B.U. L. Rev. 689, 690-91 (2007) (arguing that “[p]atents are property,” and that the early history of the Constitution shows that “patents were protected under the Takings Clause”).

In sum, to “promote the progress of science and the useful arts,” the patent laws confer property rights in one’s inventions “for a limited period as an incentive to inventors to risk the often enormous costs in terms of time, research, and development.” *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480

(1974). “The productive effort thereby fostered will have a positive effect on society through the introduction of new products and processes of manufacture into the economy, and the emanations by way of increased employment and better lives for our citizens.” *Id.*

B. The Federal Circuit’s decision severely undermines the value, stability, and certainty of patent rights. As noted, this Court has ensured robust protection for patent rights by holding that a “defendant raising an invalidity defense” bears “a heavy burden of persuasion,” requiring proof of the defense by clear and convincing evidence.” *Microsoft*, 564 U.S. at 102. This “heavy burden” of proof ensures that patent rights—*e.g.*, inventors’ property rights in the fruits of their labor—are not cast aside haphazardly.

The Federal Circuit’s decision makes it far too easy for an appellate court to second-guess and override a jury’s finding of validity, and to disregard the role of the Patent and Trademark Office in protecting property rights for patent holders. The decision below is antithetical to the clear, rules-based system that is needed for innovation to flourish. As this Court has recognized, “courts must be cautious before adopting changes that disrupt the settled expectations of the inventing community.” *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 724 (2002) (citing *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 28 (1997)).

Scholars have similarly emphasized that “[w]here uncertainty is prevalent, its effects on the behavior of firms, and on their ability to appropriate value from their patents, can be dramatic. And because a principal purpose of the patent system is to provide incentives for research, innovation, and knowledge diffusion by creating rewards, an inability to appropriate those rewards unduly diminishes the very incentives for which the system was designed.” Alan C. Marco & Saurabh Vishnubhakat, *Certain Patents*, 16 Yale J.L. & Tech. 103, 106-07 (2013). As “uncertainty over the scope and validity of patents” “increase[s] or decrease[s],” “the literature has shown that such uncertainty affects the incentives of firms to license or conduct research and development, to enter markets, and to litigate their patents.” *Id.* at 114 (footnotes omitted); *see also* Henry Grabowski, *Patents, Innovation and Access to New Pharmaceuticals*, 5 J. Int’l Econ. L. 849, 853 (2002) (“Without a well structured system of patent protection, neither the research pharmaceutical industry nor the generic industry would be able to grow and prosper, as the rate of new product introductions and patent expirations would decline significantly.”).

As Commerce Secretary Gary Locke similarly explained in a 2011 speech, “[s]trong and clear patent rights are especially vital to small and new businesses, which create two out of every three American jobs. Successful inventors need to secure patent rights to access capital, hire employees, and lift their companies off the ground.” Gary Locke, *Remarks at World Intellectual Property Day Event*, 174

Intellectual Property Counselor 2 (2011). Under the Federal Circuit’s reasoning, however, patent rights will be anything but “strong and clear,” even after they have been upheld by a jury after a multi-day trial.

C. In addition to the broader implications for the patent system and judicial review of jury verdicts, the Federal Circuit’s decision also results in an extreme injustice in this case.

The Patent and Trademark Office (“PTO”) has *twice* rejected Samsung’s attempts to invalidate the ’884 claims, first through an inter partes review request (which was supported by the same expert, and arguments similar to those Samsung advanced at trial), and then in a post-verdict request for ex parte reexamination. *See* Ex Parte Reexamination Certificate (11197th) for U.S. Patent No. 6,271,884 (Oct. 13, 2017); Patent Trial and Appeal Board, Docket No. IPR2015-01231, Paper No. 15 at 2. The Federal Circuit’s decision thus not only disregards the determinations of the jury and trial judge who saw the evidence first-hand, but also calls into question the reasoned decisions of the PTO.

Worse still, the Federal Circuit’s decision leaves Imperium with no remedy for Samsung’s intentional infringement and repeated litigation misconduct. The jury expressly found—*by clear and convincing evidence*—that Samsung’s infringement was willful. C.A. App. 86-94. The district court then awarded enhanced damages and attorney’s fees in light of Samsung’s willful infringement, provision of

“false testimony,” “multiple material misrepresentations under oath,” and “fail[ure] to produce relevant documents timely.” App. 45a-46a. Allowing the Federal Circuit’s decision to stand will allow Samsung to evade any liability or penalty for its intentional theft of intellectual property and repeated litigation misconduct. If the Court does not grant plenary review, it should summarily reverse the decision below. *See, e.g., Hunter v. Bryant*, 502 U.S. 224, 227-28 (1991) (summarily reversing court of appeals decision that “ignores the import of” Supreme Court decisions and reflects “confusion” about the relevant legal principles); Shapiro et al., *Supreme Court Practice* 352 (10th ed. 2013) (“there appears to be agreement that summary disposition is appropriate to correct clearly erroneous decisions of lower courts”).

III. If The Court Reverses The Judgment Below, It Should Reinstate The Award Of Attorney’s Fees.

As noted above, the district court awarded Imperium more than \$7 million in attorney’s fees under 35 U.S.C. §285 in light of Samsung’s willful infringement, “multiple material misrepresentations under oath,” and “fail[ure] to produce relevant documents timely.” App. 45a-46a. The Federal Circuit vacated that award based solely on its finding that Imperium’s patents were invalid and that Imperium was thus “no longer the prevailing party.” App. 17a. Because the reversal of the fee award was entirely derivative of the court’s holding on invalidity, this Court should reverse that decision and reinstate the

fee award if the Court reverses the Federal Circuit's decision on invalidity.

CONCLUSION

The Court should grant the petition for a writ of certiorari, reverse the Federal Circuit's decision, and reinstate the district court's award of attorney's fees.

Respectfully submitted.

JEFFREY M. HARRIS
Counsel of Record
CONSOVOY MCCARTHY PLLC
1600 Wilson Blvd., Ste. 700
Arlington, VA 22209
(202) 321-4120
jeff@consovoymccarthy.com

PATRICK STRAWBRIDGE
CONSOVOY MCCARTHY PLLC
Ten Post Office Square
8th Floor South PMB #706
Boston, MA 02109
(617) 227-0548

ALAN M. FISCH
R. WILLIAM SIGLER
FISCH SIGLER LLP
5301 Wisconsin Avenue NW, 4th Floor
Washington, DC 20015
(202) 362-3500

APPENDIX

1a

**APPENDIX A — OPINION OF THE UNITED
STATES COURT OF APPEALS FOR THE
FEDERAL CIRCUIT, FILED JANUARY 31, 2019**

Note: This Disposition is Nonprecedential

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2017-2107, 2017-2133

IMPERIUM IP HOLDINGS (CAYMAN), LTD.,

Plaintiff-Cross-Appellant,

v.

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG
ELECTRONICS AMERICA, INC., SAMSUNG
SEMICONDUCTOR, INC.,

Defendants-Appellants.

Appeals from the United States District Court for
the Eastern District of Texas in No. 4:14-cv-00371-ALM,
Judge Amos L. Mazzant, III.

January 31, 2019, Decided

Before DYK, O'MALLEY, and TARANTO, Circuit
Judges.

TARANTO, *Circuit Judge.*

Appendix A

Imperium IP Holdings (Cayman), Ltd. brought this action in 2014 against Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Semiconductor, Inc. (plus another Samsung entity that has since merged into one of those just named), which we refer to collectively as “Samsung.” Imperium alleged that Samsung had infringed and was infringing three Imperium-owned patents: U.S. Patent Nos. 6,271,884; 7,092,029; and 6,836,290. When the case went to trial, the jury found infringement of claims 1, 5, 14, and 17 of the ‘884 patent and of claims 1, 6, and 7 of the ‘029 patent, rejected Samsung’s invalidity challenges to the claims at issue from those patents, found claim 10 of the ‘290 patent infringed but invalid, and awarded damages for infringing the ‘884 and ‘029 patents.

In post-trial rulings, the district court let the jury’s determinations on infringement and invalidity stand. *Imperium IP Holdings (Cayman), Ltd. v. Samsung Electronics Co.*, 259 F. Supp. 3d 530, 537-49 (E.D. Tex. 2017) (*Imperium*). The court also enhanced damages, *Imperium IP Holdings (Cayman), Ltd. v. Samsung Electronics Co.*, 203 F. Supp. 3d 755, 761-64 (E.D. Tex. 2016) (*Enhancement Op.*), *amended in part*, No. 4:14-CV-371, 2017 U.S. Dist. LEXIS 63975, 2017 WL 1716589 (E.D. Tex. Apr. 27, 2017); granted Imperium an ongoing royalty, *Imperium IP Holdings (Cayman), Ltd. v. Samsung Electronics Co.*, No. 4:14-CV-371, 2017 U.S. Dist. LEXIS 148485, 2017 WL 4038884, at *1 (E.D. Tex. Sept. 13, 2017); and awarded Imperium attorney’s fees, *Imperium IP Holdings (Cayman), Ltd. v. Samsung Electronics Co.*, No. 4:14-CV-371, 2018 U.S. Dist. LEXIS 56478, 2018 WL

Appendix A

1602460, at *1 (E.D. Tex. Apr. 3, 2018); *Imperium IP Holdings (Cayman), Ltd. v. Samsung Electronics Co.*, No. 4:14-CV-371, 2017 U.S. Dist. LEXIS 148486, 2017 WL 4038883, at *1 (E.D. Tex. Sept. 13, 2017). Samsung appeals on numerous grounds, principally concerning the jury’s finding of no anticipation of the claims of the ‘884 patent found infringed. Imperium cross-appeals to seek, among other things, judgment as a matter of law of non-anticipation of claim 10 of the ‘290 patent.

We agree with Samsung that the only reasonable finding on this record is that the ‘884 patent claims at issue here are invalid for anticipation. As for the at-issue claims of the ‘029 and ‘290 patents, liability is barred by our separate affirmance of the unpatentability rulings of the Patent and Trademark Office’s Patent Trial and Appeal Board regarding those claims. We therefore reverse the judgment of liability against Samsung on the ‘884 and ‘029 patents and affirm the judgment against Imperium on the ‘290 patent.

I**A**

The three patents at issue relate to components in digital cameras. The ‘884 patent is entitled “Image Flicker Reduction with Fluorescent Lighting.” The patent claims a method of lighting photographs to reduce the impact of flickering fluorescent lights. ‘884 patent, col. 6, line 63, through col. 7, line 6. Claim 1 claims:

Appendix A

1. A method of reducing flicker caused by lighting having a periodic intensity using an imager having a pixel integration time, the method comprising the steps of:

setting the integration time to an integral multiple of the period of the periodic intensity of the lighting;

determining an amount to vary an overall system gain; and

adjusting the overall system gain by adjusting the integration time while maintaining the integration time at an integral multiple of the period of the periodic intensity.

Id. Dependent claim 5 claims “[t]he method of claim 1, wherein the lighting is 60 Hz lighting, and wherein the period of the periodic intensity of the lighting is 8 1/3 ms.” *Id.*, col. 7, lines 16-18.

Asserted independent claim 14 is an apparatus claim related to the claim 1 method claim. Claim 14 claims:

14. An imager for a digital camera with reduced flicker caused by lighting having a periodic intensity, the imager providing data for a plurality of pixels, the imager comprising:

Appendix A

programmable integration time circuitry that controls an integration time of the plurality of pixels;

an integration time adjustment block coupled to the programmable integration time circuitry, the integration time adjustment block setting the integration time to an integral multiple of the period of the periodic intensity of the lighting; and

an overall gain control block that adjusts an overall system gain by adjusting the integration time while maintaining the integration time at an integral multiple of the period of the periodic intensity.

Id., col. 7, line 47, through col. 8, line 4. Dependent claim 17 claims

[t]he imager of claim 14, further comprising: an analog, variable gain stage receiving the data for the plurality of pixels and providing amplified analog pixel data; an analog to digital converter receiving the amplified analog pixel data and providing digitized pixel data; and a gamma correction stage receiving the data, and providing scaled pixel data.

Id., col. 8, lines 11-20.

Appendix A

The '029 patent describes and claims methods of adjusting the intensity and duration of the flash used in taking a photograph based on information gathered in a preparatory or preflash stage. '029 patent, col. 11, lines 40-57. The '290 patent describes and claims a data interface circuit that contains, and allows selection between, a single-ended and a differential interface. '290 patent, col. 5, lines 6-18. We need not set out details of those patents here.

B

We have already described the jury verdict and the district court's post-trial rulings.¹ After the jury rendered its verdict, but before the district court's rulings on the last of Samsung's post-trial motions, the Board determined that the claims of the '290 and the '029 patents asserted in this case by Imperium are unpatentable for obviousness over prior art. *Samsung Elecs. Co. v. Imperium (IP) Holdings*, No. 2015-01232 (PTAB Dec. 1, 2016) (finding the '029 patent obvious over the prior art); *Samsung Elecs. Co. v. Imperium (IP) Holdings*, No. 2015-01233 (PTAB Nov. 30, 2016) (finding the '290 patent obvious over the prior

1. The jury found non-infringement of claim 6 of the '884 patent, but Imperium does not appeal that verdict. Although the jury rejected Samsung's anticipation challenge to claim 6, the district court treated Samsung's post-trial motion seeking judgment as a matter of law on invalidity as not including that claim. *See Imperium*, 259 F. Supp. 3d at 548. Neither Samsung nor Imperium has argued that we should treat this appeal differently. We treat the judgment regarding the '884 patent, insofar as it is before us on appeal, as covering only claims 1, 5, 14, and 17.

Appendix A

art). We have affirmed both Board decisions. *Imperium (IP) Holdings v. Samsung Elecs. Co.*, No. 2017-1570, 747 Fed. Appx. 859, 2019 U.S. App. LEXIS 608, 2019 WL 140857 (Fed. Cir. Jan. 9, 2019); *Imperium (IP) Holdings v. Samsung Elecs. Co.*, No. 2017-1571, 747 Fed. Appx. 862, 2019 U.S. App. LEXIS 607, 2019 WL 140950 (Fed. Cir. Jan. 9, 2019).

Samsung appeals on a number of grounds, among them that the record establishes as a matter of law (contrary to the jury verdict) that the infringed claims of the ‘884 patent are anticipated. Imperium cross-appeals, seeking additional monetary relief and arguing that the record establishes as a matter of law (contrary to the jury verdict) that claim 10 of the ‘290 patent is not anticipated. We have jurisdiction under 28 U.S.C. § 1295(a)(1).

II**A**

We review the denial of judgment as a matter of law de novo and the underlying jury findings for substantial evidence. *Bear Ranch, L.L.C. v. Heartbrand Beef, Inc.*, 885 F.3d 794, 801 (5th Cir. 2018); *i4i Ltd. P’ship v. Microsoft Corp.*, 598 F.3d 831, 841 (Fed. Cir. 2010) (following Fifth Circuit law), *aff’d on other issues*, 564 U.S. 91, 131 S. Ct. 2238, 180 L. Ed. 2d 131 (2011); *Minn. Mining & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1300 (Fed. Cir. 2002). Judgment as a matter of law rejecting the jury’s verdict on a specific issue is justified if the evidence is such that a reasonable jury could not decide that issue as it did.

Appendix A

See Fed. R. Civ. P. 50(a); *Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 149-50, 120 S. Ct. 2097, 147 L. Ed. 2d 105 (2000); *Raytheon Co. v. Indigo Sys. Corp.*, 895 F.3d 1333, 1338 (Fed. Cir. 2018) (explaining that, under Fifth Circuit law, judgment is appropriate “where the facts and inferences point so strongly and overwhelmingly in favor of one party that the court concludes that reasonable jurors could not arrive at a contrary verdict”) (internal quotation marks omitted).

Here, the dispositive issue is whether, on this record, claims 1, 5, 14, and 17 of the ‘884 patent must be held invalid for anticipation as a matter of law. We agree with Samsung that a reasonable jury was required on the record of this case to find the claims of the ‘884 patent at issue to be anticipated by prior art.

The prior-art Johnson patent, U.S. Patent No. 7,289,145, teaches a circuit for processing image data in a digital camera. Johnson, col. 2, lines 3-10. In the specification, Johnson discloses “flickerless modes . . . to enable indoor operation with fluorescent lights.” *Id.*, col. 16, lines 44-46. It also provides a technical description of how the flickerless setting adjusts to operate under flickering fluorescent lighting. *Id.*, col. 16, lines 42-61. That description, together with Johnson’s figures, especially Figure 13, teaches altering exposure time by an integral multiple of the cycle of the fluorescent light, changing the time from one cycle to two cycles.

At trial, as Imperium does not dispute, Samsung’s expert, Dr. Neikirk provided detailed testimony about

Appendix A

how Johnson discloses each of the limitations of claims 1, 5, 14, and 17 of the '884 patent. In particular, he explained that Johnson, including its Figure 13, teaches the “setting the integration time” and “maintaining the integral multiples” claim limitations—which are the only limitations Imperium now argues are missing from Johnson.

On cross-examination, Imperium provided no basis for questioning those conclusions. To the extent that Imperium even mentioned the '884 patent on cross-examination, it did so by asking, “Johnson doesn’t say the words ‘integration time,’ does it . . . ?” J.A. 11994-95. Dr. Neikirk noted that “Johnson uses the term ‘shutter,’ . . . or ‘shutter gain,” *id.*, and he had already explained that the terms mean the same thing. J.A. 11836 (“Integration time is the length of time that light is allowed to be gathered by the sensor to form the electrical signal. There’s a lot of other terms that get used for that: shutter speed, exposure time, simply shutter — in some cases, shutter gain. All of those terms are used to refer to integration time.”). Imperium did not contradict that testimony on cross-examination or otherwise. *See In re Gleave*, 560 F.3d 1331, 1334 (Fed. Cir. 2009) (“[An anticipatory] reference need not satisfy an *ipsissimis verbis* test.”).

Imperium suggests that its expert, Dr. Wright, offered contrary evidence that the jury could have credited to uphold the '884 patent (the so-called “anti-flicker patent”). But Dr. Wright did not dispute the substance of Dr. Neikirk’s testimony. Dr. Wright testified as follows:

Appendix A

Now, likewise with Johnson, Johnson has very little to do with the anti-flicker patent. If you read the Johnson patent, what it has to do with is it's trying to convert signals from a very atypical CCD [charge coupled device] sensor that has four colors and they're trying to reformat that information into a standard video signal that would have three colors. It's just a reformatter. That's all it's meant for.

Out of over 40 columns of text in that patent, there's one paragraph that even mentions flicker. And in that paragraph—and there's a little figure that goes along with it. Dr. Neikirk showed you that little figure. But that one paragraph of seven sentences, it just talks about, well, you can average the light over one cycle or two cycles of the light variation, and that's really all it says.

And it talks of this flickerless mode in this paragraph. Never says how you're supposed to achieve this flicker mode, how you're supposed to—what kind of equipment it takes to do this. It's very—just kind of in passing. Obviously, wasn't very important to the inventors if they only spent this tiny little paragraph on this big, long patent.

So I don't find that these two prior patents are really close to the anti-flicker patent at all.

Appendix A

None of this testimony undermines Dr. Neikirk's testimony. The assertion that "Johnson has very, very little to do with the ['884] patent" because it is mostly directed toward another purpose, with only "one paragraph that mentions flicker," is irrelevant. It says nothing whatsoever about the substance of what is in that paragraph in Johnson, or in the associated figures, including Figure 13, discussed in that paragraph, or about how that substance relates to the claim limitations at issue. *See MobileMedia Ideas LLC v. Apple Inc.*, 780 F.3d 1159, 1172-73 (Fed. Cir. 2015) (reversing the denial of judgment as a matter of law where plaintiff's expert offered "only testimony unrelated to the actual limitation" of the relevant claim). In the only sentence in which Dr. Wright refers to the substance of Johnson, he states that Johnson "just talks about, well, you can average the light over one cycle or two cycles of the light variation, and that's really all it says." *Id.* But that testimony is unaccompanied by even an assertion, let alone an explanation, that a '884 claim limitation is missing from Johnson. In fact, Dr. Wright's reference to "one cycle or two cycles" on its face points toward, not away from, teaching the "integral multiple" claim limitation. In short, Dr. Wright's testimony does not contradict any of Dr. Neikirk's testimony.

Juries have wide leeway to assess evidence and credibility. That leeway is reflected, for example, in our rulings in cases involving conflicting expert testimony. *See, e.g., Intellectual Ventures I LLC v. Motorola Mobility LLC*, 870 F.3d 1320, 1327 (Fed. Cir. 2017); *Edwards Lifesciences AG v. CoreValve, Inc.*, 699 F.3d 1305, 1313 (Fed. Cir. 2012); *see also i4i*, 598 F.3d at 850; *Ramirez v. Landry's Seafood Inn & Oyster Bar*, 280 F.3d 576, 578 n.3

Appendix A

(5th Cir. 2002). And, of course, it is the party attacking the validity of a patent that has the burden of proving invalidity; “that burden of persuasion does not shift at any time to the patent owner.” *TP Labs., Inc. v. Prof'l Positioners, Inc.*, 724 F.2d 965, 971 (Fed. Cir. 1984). But under the requirement of substantial evidence, a jury’s rejection of expert testimony must have some reasonable basis.

That is why the Supreme Court has held that, in ruling on a motion for judgment as a matter of law, “the court should give credence to the evidence favoring the nonmovant as well as that evidence supporting the moving party that is uncontradicted and unimpeached, at least to the extent that that evidence comes from disinterested witnesses.” *Reeves*, 530 U.S. at 151 (internal quotation marks omitted); *see also Chesapeake & Ohio Ry. Co. v. Martin*, 283 U.S. 209, 216, 51 S. Ct. 453, 75 L. Ed. 983 (1931). Similarly, under Fifth Circuit precedent, the jurors as “the trier of fact [are] not . . . at liberty to disregard arbitrarily the unequivocal, uncontradicted and unimpeached testimony of an expert witness where . . . the testimony bears on technical questions of medical causation beyond the competence of lay determination.” *Webster v. Offshore Food Serv., Inc.*, 434 F.2d 1191, 1193 (5th Cir. 1970) (internal citation omitted); *see also NewCSI, Inc. v. Staffing 360 Solutions, Inc.*, 865 F.3d 251, 257 (5th Cir. 2017); *Quinn v. Sw. Wood Prods., Inc.*, 597 F.2d 1018, 1024 (5th Cir. 1979) (applying principle where defendant’s expert presented the only testimony on a crucial technical point, explaining that “it has been held that such testimony, even by an employee of a party, must

Appendix A

be taken as true where it was candid, the witness was not impeached, his credibility was not questioned, and his testimony was not controverted although, if inaccurate, it could readily have been shown to be so”).

In this case, the jury’s finding lacks any reasonable basis. As we have recounted, Dr. Neikirk gave straightforward, detailed testimony that Johnson taught all the limitations of the claims at issue, and the cited portions of Johnson provide support for that testimony that is on its face strong. This testimony was not contradicted.

Nor was Dr. Neikirk impeached. Imperium has not identified any inconsistency or equivocation in Dr. Neikirk’s testimony; nor has it pointed to any other reason the jury could reasonably have rejected his testimony. At oral argument in this court, Imperium noted that Dr. Neikirk worked with one of the Johnson patent’s ten co-inventors when that co-inventor was a graduate student. But in its main brief responding to Samsung’s argument about the ‘884 patent, Imperium did not identify that fact as a basis for the jury to disbelieve Dr. Neikirk. *See* Principal and Response Brief of Imperium at 29-33. On this record, the prior work together, standing alone, is not enough for a reasonable jury to disbelieve Dr. Neikirk. *Cf. Chesapeake & Ohio Ry. Co.*, 283 U.S. at 216 (“The witness was not impeached; and there is nothing in the record which reflects unfavorably upon his credibility. The only possible ground for submitting the question to the jury as one of fact was that the witness was an employee of the petitioner. In the circumstances above detailed, we are of opinion that this was not enough to take the question to

Appendix A

the jury, and that the court should have so held.”); *Quinn*, 597 F.2d at 1024 (similar conclusion even though expert was an employee of the defendant).

On the evidence in this record, we hold, the jury could not properly find that the claims of the ‘884 patent at issue here are not anticipated. The liability judgment against Samsung based on the ‘884 patent therefore must be reversed.

B

The liability judgment against Samsung in this case also rested on certain claims of the ‘029 patent, and Imperium seeks, in its cross-appeal, to establish liability as a matter of law based on claim 10 of the ‘290 patent (which the jury determined to be invalid). But we have affirmed the Board’s determinations that those claims are unpatentable. Liability based on those claims, therefore, is now precluded. *See Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330, 1339 (Fed. Cir. 2013). We must reverse the judgment of liability based on the ‘029 patent and reject Imperium’s argument for liability based on the ‘290 patent.

We need not reach any of the remaining issues presented on the appeal and cross-appeal, all of which are mooted by the reversal of liability.

15a

Appendix A

III

The judgment against Samsung on the '884 patent and the '029 patent is reversed. The judgment against Imperium on the '290 patent is affirmed.

Costs to Samsung.

REVERSED IN PART, AFFIRMED IN PART

**APPENDIX B — OPINION OF THE UNITED
STATES COURT OF APPEALS FOR THE
FEDERAL CIRCUIT, FILED JANUARY 31, 2019**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2018-1923

IMPERIUM IP HOLDINGS (CAYMAN), LTD.,

Plaintiff-Appellee,

v.

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG
ELECTRONICS AMERICA, INC., SAMSUNG
SEMICONDUCTOR, INC.,

Defendants-Appellants.

Appeal from the United States District Court for
the Eastern District of Texas in No. 4:14-cv-00371-ALM,
Judge Amos L. Mazzant, III.

January 31, 2019, Decided

Before DYK, O'MALLEY, and TARANTO, *Circuit Judges.*

TARANTO, *Circuit Judge.*

Imperium IP Holdings (Cayman), Ltd. brought
this action in 2014 against Samsung Electronics Co.,

Appendix B

Ltd, Samsung Electronics America, Inc., and Samsung Semiconductor, Inc. (plus another Samsung entity that has since merged into one of those just named), which we refer to collectively as “Samsung.” Imperium alleged infringement of three Imperium-owned patents: U.S. Patent Nos. 6,271,884; 7,092,029; and 6,836,290. The district court eventually entered a judgment of liability against Samsung based on a jury verdict. The court also concluded that Imperium was entitled to attorney’s fees as a prevailing party under 35 U.S.C. § 285, *Imperium IP Holdings (Cayman), Ltd. v. Samsung Elecs. Co.*, No. 4:14-CV-371, 2017 U.S. Dist. LEXIS 148486, 2017 WL 4038883, at *1 (E.D. Tex. Sept. 13, 2017), and later calculated the amount of fees and awarded them, *Imperium IP Holdings (Cayman), Ltd. v. Samsung Elecs. Co.*, No. 4:14-CV-00371, 2018 U.S. Dist. LEXIS 56478, 2018 WL 1602460 (E.D. Tex. Apr. 3, 2018). The present appeal is Samsung’s appeal from the award of fees.

We reverse that award. Under § 285, a party may not be awarded fees unless it is “the prevailing party.” 35 U.S.C. § 285. The district court found the “prevailing party” requirement met because “Imperium was successful in proving [Samsung] infringed asserted claims in the ’884 and ’029 Patents.” *Imperium IP Holdings (Cayman), Ltd.*, No. 4:14-CV-371, 2017 U.S. Dist. LEXIS 148486, 2017 WL 4038883, at *2. Today, in a separate opinion, we reverse the judgment of liability against Samsung and affirm the judgment of no liability on the ’290 patent. *Imperium IP Holdings (Cayman), Ltd. v. Samsung Elecs. Co.*, Nos. 2017-2107, 2017-2133, 2019 U.S. App. LEXIS 3136 (Fed. Cir. Jan. 31, 2019). Accordingly, Imperium is no longer the prevailing party, and we must reverse the award of attorney’s fees at issue in this case.

REVERSED

**APPENDIX C — MEMORANDUM OPINION AND
ORDER OF THE UNITED STATES DISTRICT
COURT FOR THE EASTERN DISTRICT OF
TEXAS, SHERMAN DIVISION, FILED
APRIL 3, 2018**

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

Civil Action No. 4:14-CV-00371

IMPERIUM IP HOLDINGS (CAYMAN), LTD.

v.

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG
ELECTRONICS AMERICA, INC., SAMSUNG
TELECOMMUNICATIONS AMERICA, LLC, AND
SAMSUNG SEMICONDUCTOR, INC.

Judge: AMOS L. MAZZANT, UNITED STATES
DISTRICT JUDGE.

April 3, 2018, Decided
April 3, 2018, Filed

MEMORANDUM OPINION AND ORDER

Pending before the Court is Imperium IP Holdings (Cayman), Ltd.'s ("Imperium") Motion for § 285 Attorneys' Fees (Dkt. #363). After reviewing the relevant pleadings, the Court finds that the motion should be granted.

*Appendix C***BACKGROUND**

On June 9, 2014, Imperium filed the instant action against Defendants, alleging infringement of United States Patent Nos. 6,271,884 (the “884 Patent), 7,092,029 (the “029 Patent”), and 6,836,290 (the “290 Patent”). On February 8, 2016, the jury returned a verdict finding the following: (1) Defendants infringed Claims 1, 5, 14, and 17 of the ’884 Patent; (2) Defendants infringed Claims 1, 6, and 7 of the ’029 Patent; (3) Defendants willfully infringed the patents-in-suit; and (4) Claim 10 of the ’290 Patent was invalid for obviousness (Dkt. #253).

The jury awarded \$4,840,772 in damages for infringement of the ’884 Patent and \$2,129,608.50 in damages for infringement of the ’029 Patent (Dkt. #253). The jury’s award represents an implied royalty rate of four cents per product for the ’884 Patent and two cents per product for the ’029 Patent. On August 24, 2016, the Court awarded enhanced damages for willful infringement and entered final judgment (Dkt. #329; Dkt. #330).

On September 13, 2017, the Court granted in part and denied in part Imperium’s Motion for § 285 Attorneys’ Fees and Non-Taxable Costs (Dkt. #401). The Court awarded Imperium \$581,681.44 in non-taxable costs or expenses. However, Imperium did not provide the Court with enough information to determine the reasonableness of Imperium’s fair estimate of attorneys’ fees. Particularly, Imperium did not provide the Court with the number of hours Imperium’s attorneys spent on this case, necessary to calculate the lodestar. Therefore, the Court ordered

Appendix C

Imperium to submit documentation indicating the hours and billing rates for all legal assistants, associates, and partners who worked on this case.

In response to the Court's Order, on September 20, 2017, Imperium filed the Declaration of Alan M. Fisch and submitted to the Court hard copies of the detailed billing records for *in camera* review (Dkt. #406). On October 10, 2017, the parties filed a Joint Motion to Withdraw and Resubmit Fees Submission and For Extension of Time to Respond (Dkt. #409), which the Court granted the following day (Dkt. #410).

On October 20, 2017, Imperium filed a Notice of Submission of its Redacted Billing Records in Support of its Motion for Attorneys' Fees (Dkt. #414). On October 27, 2017, Defendants filed their response (Dkt. #416). On November 3, 2017, Imperium filed its reply (Dkt. #417).

LEGAL STANDARD

The district court has discretion in determining a reasonable amount for attorneys' fees and litigation expenses, "and, because of its superior understanding of the litigation, frequent appellate review is to be avoided." *Lubrizol Corp. v. Exxon Corp.*, 957 F.2d 1302, 1308 n.14 (5th Cir.1992) (citing *Hensley v. Eckerhart*, 461 U.S. 424, 437, 103 S.Ct. 1933, 1941, 76 L.Ed.2d 40 (1983)). "[T]he awarding of attorney fees pursuant to 35 U.S.C. § 285 is unique to patent law and therefore subject to Federal Circuit law." *Special Devices, Inc. v. OEA, Inc.*, 269 F.3d 1340, 1343 (Fed. Cir. 2001). The Federal Circuit has

Appendix C

approved of use of the lodestar method in calculating an award of § 285 attorneys' fees. *Mathis v. Spears*, 857 F.2d 749, 755 (Fed. Cir. 1988) (citing *Hensley*, 461 U.S. at 437). Therefore, the Court will apply the two-step lodestar method.

The Court first calculates the "lodestar" by multiplying the number of hours an attorney reasonably spent on the case by an appropriate hourly rate, which is the market rate in the community for this work. See *Smith & Fuller, P.A. v. Cooper Tire & Rubber Co.*, 685 F.3d 486, 490 (5th Cir. 2012). "A reasonable hourly rate is the prevailing market rate in the relevant legal community for similar services by lawyers of reasonably comparable skills, experience, and reputation." *Norman v. Hous. Auth. of City of Montgomery*, 836 F.2d 1292, 1299 (11th Cir. 1988) (citing *Blum v. Stenson*, 465 U.S. 886, 895-96 n.11, 104 S. Ct. 1541, 79 L. Ed. 2d 891 (1984)). The relevant legal community is the community where the district court sits. See *Tollett v. City of Kemah*, 285 F.3d 357, 368 (5th Cir. 2002).

The party seeking reimbursement of attorneys' fees bears the burden of establishing the number of hours expended through the presentation of adequately recorded time records as evidence. See *Riley v. City of Jackson, Miss.*, 99 F.3d 757, 760 (5th Cir. 1996); *La. Power & Light Co. v. KellStrom*, 50 F.3d 319, 324 (5th Cir. 1995); *Watkins v. Fordice*, 7 F.3d 453, 457 (5th Cir. 1993). The Court should use this time as a benchmark and then exclude any time that is excessive, duplicative, unnecessary, or inadequately documented. *Id.* The hours

Appendix C

remaining are those reasonably expended. *Id.* There is a strong presumption of the reasonableness of the lodestar amount. *See Perdue v. Kenny A.*, 559 U.S. 542, 552, 130 S. Ct. 1662, 176 L. Ed. 2d 494 (2010); *Saizan v. Delta Concrete Prods. Co.*, 448 F.3d 795, 800 (5th Cir. 2006).

After calculating the lodestar, the Court then considers whether the circumstances of the particular case warrant an upward or downward lodestar adjustment. *Migis v. Pearle Vision, Inc.*, 135 F.3d 1041, 1047 (5th Cir. 1998). In making any lodestar adjustment, the Court looks to twelve *Johnson* factors. *Id.* (citing *Johnson v. Ga. Highway Express, Inc.*, 488 F.2d 714, 717-19 (5th Cir. 1974)). The *Johnson* factors are:

(1) time and labor required; (2) novelty and difficulty of issues; (3) skill required; (4) loss of other employment in taking the case; (5) customary fee; (6) whether the fee is fixed or contingent; (7) time limitations imposed by client or circumstances; (8) amount involved and results obtained; (9) counsel's experience, reputation, and ability; (10) case undesirability; (11) nature and length of relationship with the client; and (12) awards in similar cases.

Id. (citing *Johnson*, 488 F.2d at 717-19).

After considering the twelve *Johnson* factors, the court may adjust the lodestar upward or downward. *Shipes v. Trinity Indus.*, 987 F.2d 311, 320 (5th Cir. 1993). "If the plaintiff obtained limited success, the hours reasonably

Appendix C

spent on the case times the reasonable hourly rate may be excessive.” *Virginia McC v. Corrigan-Camden Indep. Sch. Dist.*, 909 F. Supp. 1023, 1032 (E.D. Tex. 1995). “[T]he most critical factor’ in determining the reasonableness of an attorney’s fee award ‘is the degree of success obtained.” *Giles v. Gen. Elec. Co.*, 245 F.3d 474, 491 n.31 (5th Cir. 2001) (quoting *Farrar v. Hobby*, 506 U.S. 103, 113, 113 S. Ct. 566, 121 L. Ed. 2d 494 (1992)); *see also* *Migis v. Pearle Vision, Inc.*, 135 F.3d 1041, 1047 (5th Cir. 1998). “The district court may attempt to identify specific hours that should be eliminated, or it may simply reduce the award to account for the limited success.” *Virginia McC*, 909 F. Supp. at 1032 (quoting *Hensley*, 461 U.S. at 436).

“Many of these factors usually are subsumed within the initial calculation of hours reasonably expended at a reasonable hourly rate and should not be double-counted.” *Jason D.W. v. Houston Indep. Sch. Dist.*, 158 F.3d 205, 209 (5th Cir. 1998) (internal citations omitted).

The United States Supreme Court has barred any use of the sixth factor as a basis for enhancement of attorneys’ fees. *See Walker v. U.S. Dep’t of Hous. & Urban Dev.*, 99 F.3d 761, 772 (5th Cir. 1996) (citing *City of Burlington v. Dague*, 505 U.S. 557, 567, 112 S. Ct. 2638, 120 L. Ed. 2d 449 (1992)). In addition, three of the *Johnson* factors — complexity of the issues, results obtained, and preclusion of other employment — are fully reflected and subsumed in the lodestar amount. *Heidtman v. Cty. of El Paso*, 171 F.3d 1038, 1043 (5th Cir. 1999). “[T]he court should give special heed to the time and labor involved, the customary

Appendix C

fee, the amount involved and the result obtained, and the experience, reputation and ability of counsel.” *Migis*, 135 F.3d at 1047 (citation omitted).

The lodestar is presumptively reasonable and should be modified only in exceptional cases. *Watkins v. Fordice*, 7 F.3d 453, 457 (5th Cir. 1993). The fee-seeker must submit adequate documentation of the hours reasonably expended and of the attorney’s qualifications and skill, while the party seeking reduction of the lodestar must show that a reduction is warranted. *Hensley*, 461 U.S. at 433; *La. Power & Light Co.*, 50 F.3d at 329.

ANALYSIS**A. Lodestar****1. Hours Expended**

Imperium seeks \$7,110,290.77¹ in attorneys’ fees for 13,178.6 hours expended. The hours expended are divided as follows:

<u>Total Hours</u>	<u>Billed</u>	<u>Cut</u>	<u>Total</u>
Alan Fisch	591.4	40.1	551.3
R. William Sigler	936.9	69.9	867.0

1. Imperium originally requested \$7,123,115.77 (Dkt. #406). However, in its reply (Dkt. #417), Imperium asserts that it corrected an entry that resulted in a reduction in the fees by \$12,825.00.

Appendix C

<u>Total Hours</u>	<u>Billed</u>	<u>Cut</u>	<u>Total</u>
John T. Battaglia	515.1	94.1	421.0
Jeffrey Saltman	1,582.4	39.3	1,543.1
Silvia Jordan	2,218.3	46.5	2,171.8
Desmond Jui	3,166.4	652.6	2,513.8
Sruli Yellin	817.9	75.2	742.7
Richard Zhang	651.6	61.6	590.0
David Saunders	2,264.4	167.7	2,096.7
			(2,096.7 - 27.0) ²
Peter Scoolidge	257.7	1.5	256.2
Jennifer Robinson	102.7	102.7	0.0
Patrick Lee	643.7	10.7	633.0
Michelle Chatelain	157.0	0.0	157.0
Matthew Hesser	547.7	78.0	469.7
Maggie Dombrowsky	263.0	97.4	165.6
Alex DeGiulio	26.9	0.2	26.7
	14,743.1	1,537.5	13,178.6
			(13,205.6 - 27.0)

Defendants request that the Court limit the fees to no more than \$3,799,784.81. Defendants assert that the evidence does not support the amount of hours Imperium presented because: (1) Imperium failed to exclude unsuccessful claims and unrelated defendants;

2. The corrected entry was for David Saunders who listed 30.0 instead of 3.0 hours, which resulted in a reduction in the fees by \$12,825.00 (\$475 x 27.0 hours).

Appendix C

(2) Imperium did not provide evidence of billing judgment, including failing to exclude clerical work, and (4) Imperium statements include block billing. The Court will address each argument in turn.

i. Apportionment

Imperium has “the burden of proving the reasonableness of the number of hours expended on [its] prevailing claim.” *Von Clark v. Butler*, 916 F.2d 255, 259 (5th Cir. 1990) (citing *Leroy v. City of Houston*, 831 F.2d 576, 585 (5th Cir. 1987)). “[W]here the plaintiff has failed to prevail on a claim that is distinct in all respects from his successful claims, the hours spent on the unsuccessful claim should be excluded.” *Hensley*, 461 U.S. at 440. The Court will address each of Defendants’ apportionment arguments separately.

Defendants argue that a 33% fee reduction is warranted because Imperium only succeeded on the ’029 and ’884 Patents, which was a small fraction of their claims. (Dkt. #416 at pp. 2-3). Defendants assert that “[n]ot only did Imperium not write off any time for work related to the ’290 patent, it included entries directed *solely* to the ’290 patent.” (Dkt. #416 at p. 2). Thus, because the ’290 Patent was one of the three, “a fee reduction of 33% is warranted on the basis of the failure to bill in such a way that time attributable to ’290 patent could be removed from its fee request.” (Dkt. #416 at p. 2).

Defendants also assert that “[a]bout a year after serving its initial infringement contentions, Imperium

Appendix C

dropped five of the seventeen patent claims initially asserted against [Defendants], and then dropped three more on the eve of trial.” (Dkt. #416 at p. 3). Further, Imperium settled with separate defendants, Samsung Techwin Co. and Samsung-Opto. Defendants claim, however, that “Imperium only removed entries where Samsung Techwin and Samsung-Opto Electronics were *expressly* identified, and did *not* remove any of the thousand-plus pre-suit investigation hours not attributable to any specific entity.” (Dkt. #416 at p. 3). Thus, Defendants claim Imperium failed to adequately document how it divided this time between Defendants.

Imperium claims that it “raised wholly related claims, all stemming from [Defendants’] copying of ESS’s technology and infringement of its intellectual property, and won substantial relief.” (Dkt. #417 at p. 2). Imperium asserts that its requested amount follows the Supreme Court’s *Hensley* decision, which set forth the general rule that a plaintiff “who has won substantial relief” should recover reasonable attorney’s fees for “related” but unsuccessful claims that “involve a common core of facts or [are] based on related legal theories.” *Hensley*, 461 U.S. at 435.

Work done by attorneys on unsuccessful claims cannot be considered to have been expended for the result achieved. *Hensley*, 461 U.S. at 435. As the Supreme Court explained: “The congressional intent to limit awards to prevailing parties requires that these unrelated claims be treated as if they had been raised in separate lawsuits, and therefore no fee may be awarded for services on the

Appendix C

unsuccessful claim.” *Id.* In determining which hours to include and exclude from the lodestar, “[t]he district court may attempt to identify specific hours that should be eliminated, or it may simply reduce the award to account for the limited success.” *Id.* at 436-37. A party “cannot have prevailed on issues they did not pursue.” *Walker*, 99 F. 3d at 769.

In the present case, Imperium’s counsels’ work on “unsuccessful claims was intimately related to the work done on successful claims.” *Microtune (Texas), L.P. v. Broadcom Corp.*, No. 4:01CV23, 2004 U.S. Dist. LEXIS 32953, 2004 WL 716697, at *6 (E.D. Tex. Mar. 18, 2004), *vacated*, No. 4:01CV23, 2004 WL 2358101 (E.D. Tex. Aug. 30, 2004). Most of Imperium’s counsels’ time was “devoted to the litigation as a whole, making it impossible to divide the work done on each individual claim.” *Id.* (citing *Chem. Manuf. Assoc. v. E.P.A.*, 885 F.2d 1276, 1282 (5th Cir.1989) (finding a lawsuit based on a common core of facts or related legal theories cannot be viewed as a series of discrete claims for the purposes of determining reasonable attorneys’ fees)). The number of witnesses called at trial did not increase as a result of the unsuccessful claims. Further, all of Imperium’s claims were so closely related that allocating the amount of time spent litigating each individual claim would have been impossible. A claim-by-claim reduction is inappropriate.

Furthermore, the Court already found that Imperium is the “prevailing party” in this case and also that “there was ample evidence at trial of Defendants’ willful infringement that warranted the Court’s enhancement

Appendix C

of damages.” (Dkt. #401). The Court entered its Final Judgment in this case on August 24, 2016, that Imperium shall recover from Defendants the enhancement of damages by three times the jury verdict of \$6,970,380.50, which would result in a total amount of \$20,911,141.50. The Court is of the opinion that no reduction in Imperium’s attorneys’ fee award based on apportionment is warranted because hours are inextricably intertwined.

ii. Billing Judgment

Defendants claim that Imperium failed to exercise billing judgment, and therefore, there should be a reduction of the award by twenty percent, intended to substitute for the exercise of billing judgment. The party seeking fees has “the burden of showing . . . that the attorneys exercised billing judgment.” *Black v. SettlePou, P.C.*, 732 F. 3d 492, 502 (5th Cir. 2013) (citing *Saizan v. Delta Concrete Prods. Co., Inc.*, 448 F. 3d 795, 799 (5th Cir. 2006)). Billing judgment is defined as “documentation of the hours charged and of the hours written off as unproductive, excessive, or redundant.” *Saizan*, 448 F. 3d at 799.

Defendants maintain that certain Imperium senior attorneys did work that should have been done by support staff or junior attorneys billing at a lower rate. Defendants point to one example, that “Imperium’s senior trial lawyers—Alan Fisch, Bill Sigler, and John Battaglia—billed out at rates ranging from \$750 to \$1050/hour, for ‘conduct[ing] research’ in conjunction with motion briefing,” claiming that is a “task clearly inappropriate for

Appendix C

their level of seniority.” (Dkt. #416 at p. 4). Additionally, Defendants claim Imperium failed to write off any time involved in the ramping up of new associates in 2015 after the case was well underway.

“The Court recognizes that good attorneys litigate in their own manner and does not require an attorney to practice in a certain way.” *McClain v. Lufkin Indus., Inc.*, No. CIV. A. 9:97-CV-063, 2009 U.S. Dist. LEXIS 27983, 2009 WL 921436, at *5 (E.D. Tex. Apr. 2, 2009), *aff’d in part, vacated in part, remanded*, 649 F.3d 374 (5th Cir. 2011). While Imperium’s counsel “engaged in tasks often associated with attorneys more junior than [themselves], it is possible that they completed those tasks more quickly, and with less need for subsequent review and revision by another attorney.” *Id.* (citing *League of United Latin American Citizens No. 4552 (LULAC) v. Roscoe Independent School Dist.*, 119 F.3d 1228, 1233, n.3 (5th Cir. 1997)). Therefore, the Court will not reduce the calculation of the reasonable number of hours because Imperium’s counsel did not utilize a junior attorney for research or spent time “ramping up” new associates.

Defendants argue that “Imperium excluded from its fee demand ‘certain’ clerical work; yet it failed to exclude *all* clerical work such as the printing and filing of documents, as is required.” (Dkt. #416 at p. 5). “Clerical work . . . should be compensated at a different rate from legal work.” *Walker*, 99 F.3d at 770. *See Cruz v. Hauck*, 762 F.2d 1230, 1235 (5th Cir. 1985) (“A finding that some of the hours claimed were for clerical work may justify compensating those hours at a lower rate . . .”); *Johnson*,

Appendix C

488 F.2d at 717 (“It is appropriate to distinguish between legal work, in the strict sense, and investigation, clerical work, compilation of facts and statistics and other work which can often be accomplished by non-lawyers . . .”). The Court agrees that the filing of legal documents, the calendaring of events, and communications regarding scheduling issues, are all clerical in nature. *See Lewallen v. City of Beaumont*, No. CIV.A. 1:05-CV-733TH, 2009 U.S. Dist. LEXIS 62503, 2009 WL 2175637, at *6 (E.D. Tex. July 20, 2009), *aff’d*, 394 Fed. Appx. 38 (5th Cir. 2010) (citation omitted) (finding that basic communications and case organization are “largely clerical or housekeeping matters and not legal work”).

Exhibit F attached to Defendants’ response lists seventy-five billing entries Defendants allege to be all clerical and should be excluded. The alleged clerical work consists almost entirely of work performed by current and former Fisch Sigler legal assistants, Matthew Hesser and Maggie Dombrowsky, who all billed at a lower standard hourly rate of \$200 (Dkt. #416, Exhibit F). However, “[p]urely clerical or secretarial tasks should not be billed at a paralegal rate, regardless of who performs them. Instead, paralegal fees can be recovered only to the extent that the paralegal performs work traditionally done by an attorney.” *Lewallen*, 2009 U.S. Dist. LEXIS 62503, 2009 WL 2175637, at *6 (internal quotations and citations omitted). Some examples of such work are from entries on October 8, 2015, when legal assistant Matthew Hesser billed 0.50 hours to “File[d] Docket No. 141 Sealed Reply in Support of Motion for Summary Judgment of No Equitable Estoppel” and billed 1.75 hours to “Correspond[] with

Appendix C

Clerk of Court in ED Texas, Sherman Division to unlock Jury Trial transcripts for Imperium v. Samsung trial prep and downloading unlocked trial transcripts” (Dkt. #416 Exhibit F, Entry Nos. 3623, 3625). On October 9, 2015, he also billed 1.50 hours to “Compile and Print deposition binder for Neirkirk deposition” (Dkt. #416, Exhibit F, Entry No. 3628).

The Court finds that such work included on Exhibit F is “largely clerical or housekeeping matters and not legal work.” *Speaks v. Kruse*, No. 04-1952, 2006 U.S. Dist. LEXIS 84595, 2006 WL 3388480, at *19-20 (E.D. La. Nov. 20, 2006). Fees will not be awarded for such work. Only four billing entries listed on Exhibit F are from attorneys, and the Court finds the designations of specific billed tasks were legal tasks rather than clerical. (Dkt. #416, Exhibit F, Entry Nos. 1504, 1579, 2462, 3378). Therefore, the Court will subtract the amount billed for clerical work from each legal assistant listed in Exhibit F when calculating the reasonable attorneys’ fees. The fees should be reduced by \$29,595.00 (\$33,965.00 - \$1,852.50 - \$2,090.00 - \$237.50 - \$190.00).

Finally, Defendants argue that “many entries are so vague it is nearly impossible to determine whether the billed time was unproductive, excessive, or redundant.” (Dkt. #416 at p 4). The Court disagrees in part. Upon a review of Alan Fisch’s affidavit, he details certain time that was written off as unproductive, excessive, or redundant. The time he excluded includes travel time, as well as certain administrative time devoted solely to the firm’s management of case files, documents, and the like.

Appendix C

Imperium also excludes “local counsel fees incurred in the action that [Defendants] filed against Imperium in mid-November 2015 in the United States District Court for the District of Delaware and attorneys’ fees for co-counsel in [Defendants’] *inter partes* reviews of the patents-in-suit at the United States Patent & Trademark Office.” (Dkt. #406 at ¶ 5). Imperium also

cut and excluded time recorded by my firm’s attorneys and legal assistants devoted to (a) preparing for and defending the related Delaware action, (b) related work on Samsung’s *inter partes* reviews and the associated appeals of certain of the Patent Office’s decisions in those proceedings, (c) related work on the *ex parte* re-examination of the ’884 patent, and (d) litigating Imperium’s related claims against Samsung Techwin.

(Dkt. #406 at ¶ 5). In total, Imperium removed 1,537.5 hours of time and \$788,170.83 for these categories. The bills submitted by Imperium identify the reductions and adjustments made to each bill, and are sufficient to show the adjustments were based on work that was unproductive, excessive, or redundant. As such, the adjustments, on their own, show that Imperium exercised billing judgment. Accordingly, the Court declines to further reduce the number of hours billed by Imperium based on billing judgment.

*Appendix C***iii. Block Billing**

Defendants also challenge the billing statements because the statements include block billing, which Defendants assert is insufficient to support Imperium's claim for attorneys' fees. Imperium responds that block billing does not automatically result in a reduction "where, as here, [the entries] are adequate to determine the reasonableness of the time billed." (Dkt. #417 at p. 5).

Block billing is the practice of including "the total daily time spent working on a case, rather than itemizing the time expended on specific tasks." *Fralick v. Plumbers & Pipefitters Nat'l Pension Fund*, No. 3:09-CV-0752-D, 2011 U.S. Dist. LEXIS 13672, 2011 WL 487754, at *4 (N.D. Tex. Feb. 11, 2011) (quoting *Glass v. United States*, 335 F. Supp. 2d 736, 739 (N.D. Tex. 2004)). The underlying concern with block billing is that the information provided will be so general that it will not be sufficient documentation to determine if the number of hours billed by counsel is reasonable. See *Permian Power Tong, Inc. v. Diamondback E&P, LLC*, No. 12-16-92-CV, 2017 Tex. App. LEXIS 5414, 2017 WL 2588158, at *14 (Tex. App.—Tyler May 31, 2017) *judgment set aside on other grounds, opinion not vacated sub nom.*, 2017 Tex. App. LEXIS 6026, 2017 WL 2824311 (Tex. App.—Tyler June 30, 2017); *Humphrey v. United Way of Tex. Gulf Coast*, 802 F. Supp. 2d 847, 864 (S.D. Tex. 2011). "If the applicant's documentation of the hours claimed is vague or incomplete, the district court may reduce or eliminate those hours." *League of United Latin Am. Citizens # 4552 v. Roscoe Indep. Sch. Dist.*, 119 F.3d 1228, 1233 (5th Cir. 1997) (quotations and citations omitted).

Appendix C

Upon review of the bills submitted to the Court, the Court finds that Imperium did not engage in block billing. Imperium itemized tasks and itemized time on a per-task basis. Here, the entries did not “lump together tasks in such a way that it is impossible to tell whether, for any particular task, the number of hours spent and claimed were reasonable.” *Fralick*, 2011 U.S. Dist. LEXIS 13672, 2011 WL 487754, at *5.

B. Hourly Rate

Imperium asserts that the reasonable hourly rates for its counsel are as follows:

<u>Hourly Rates</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Alan Fisch	\$900	\$950	\$1,000	\$1,050	\$1,100
R. William Sigler	\$680	\$713	\$750	\$790	\$830
John T. Battaglia	\$680	\$713	\$750	\$790	\$830
Jeffrey Saltman	-	-	\$590	\$620	
					\$650
Silvia Jordan	\$530	\$561	\$590	\$620	\$650
Desmond Jui	\$430	\$450	\$475	\$500	\$525
Sruli Yellin	-	-	\$475	\$500	\$525
Richard Zhang	-	-	\$330	\$350	\$370
David Saunders	\$430	\$450	\$475	\$500	\$525
Peter Scoolidge	-	-	\$475	-	-
Jennifer Robinson	-	\$450	\$475	-	-
Patrick Lee	\$430	\$450	-	-	-

Appendix C

<u>Hourly Rates</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Michelle Chatelain	-	\$315	\$330	-	-
Matthew Hesser	-	-	\$200	\$210	\$220
Maggie Dombrowsky	-	\$190	\$200	-	-
Alex DeGiulio	-	\$190	\$200	-	-

(Dkt. #406). Defendants do not contest the reasonableness of these rates. “Because the rates are not contested, they are considered *prima facie* reasonable.” *Black Heritage Soc. v. City of Houston*, No. CIVA H-07-0052, 2008 U.S. Dist. LEXIS 53598, 2008 WL 2769790, at *7 (S.D. Tex. July 11, 2008) (citing *Islamic Center of Miss., Inc. v. City of Starkville, Miss.*, 876 F.2d 465, 469 (5th Cir.1989)).

C. The *Johnson* Factors

Many of the lodestar factors are usually “subsumed within the initial calculation of reasonably expended hours at a reasonable hourly rate.” *Hensley v. Eckerhart*, 461 U.S. 424, 435 n. 9, 103 S.Ct. 1933, 1940 n. 9, 76 L.Ed.2d 40 (1983). The lodestar is presumptively reasonable and should be modified only in exceptional cases. *Watkins v. Fordice*, 7 F.3d 453, 457 (5th Cir. 1993).

“After determining the lodestar amount, the district court may adjust the lodestar up or down in accordance with the relevant *Johnson* factors not already included in the lodestar.” *Shipes*, 987 F.2d at 320. The Court must be careful when applying the *Johnson* factors to make sure “not to double count a *Johnson* factor already

Appendix C

considered in calculating the lodestar when it determines the necessary adjustments.” *Id.* “Four of the *Johnson* factors—the novelty and complexity of the issues, the special skill and experience of counsel, the quality of representation, and the results obtained from the litigation—are presumably fully reflected in the lodestar amount.” *Id.* If a factor is presumably considered in the lodestar amount, the Court may still make an adjustment based on that factor; however, only “in certain rare and exceptional cases supported by both specific evidence on the record and detailed findings.” *Id.*

Here, the Court has already accounted for the apportionment of the successful claims, block billing and billing judgment as part of the lodestar amount and the parties do not argue that any of the other *Johnson* factors require the lodestar award should be adjusted in either direction. Still, the Court has considered them on its own and all of the *Johnson* factors are presumably reflected in the lodestar amount. There are no exceptional circumstances permitting the Court to adjust the amount. As such, the Court will not further reduce the award based on the *Johnson* factors.

D. Calculation

Imperium seeks \$7,110,290.77 in attorneys’ fees for 13,178.6 hours. In accordance with this order, Imperium’s attorneys’ fee award calculates as follows:

Appendix C

Imperium's Initial Request: \$7,110,290.77	\$7,110,290.77
Clerical Reduction: (\$29,595.00)	(\$29,595.00)
Total Attorneys' Fee Award:	\$7,080,695.77

CONCLUSION

It is therefore **ORDERED** that Imperium's Motion for Attorneys' Fees (Dkt. #363) is hereby **GRANTED**. Plaintiff is awarded \$7,080,695.77 in attorneys' fees.

SIGNED this 3rd day of April, 2018.

/s/ Amos L. Mazzant
AMOS L. MAZZANT
UNITED STATES DISTRICT JUDGE

**APPENDIX D — MEMORANDUM OPINION AND
ORDER OF THE UNITED STATES DISTRICT
COURT FOR THE EASTERN DISTRICT
OF TEXAS, SHERMAN DIVISION,
FILED SEPTEMBER 13, 2017**

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

Civil Action No. 4:14-CV-371

IMPERIUM IP HOLDINGS (CAYMAN), LTD.

v.

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG
ELECTRONICS AMERICA, INC., SAMSUNG
TELECOMMUNICATIONS AMERICA, LLC,
AND SAMSUNG SEMICONDUCTOR, INC.

September 13, 2017, Decided
September 13, 2017, Filed

Judge Mazzant

MEMORANDUM OPINION AND ORDER

Pending before the Court is Imperium IP Holdings (Cayman), Ltd.'s ("Imperium") Motion for § 285 Attorneys' Fees and Non-Taxable Costs (Dkt. #363). After reviewing the relevant pleadings, the Court grants in part and denies in part Imperium's motion.

*Appendix D***BACKGROUND**

On June 9, 2014, Imperium filed the instant action against Defendants, alleging infringement of United States Patent Nos. 6,271,884 (the “’884 Patent”), 7,092,029 (the “’029 Patent”), and 6,836,290 (the “’290 Patent”). On February 8, 2016, the jury returned a verdict finding the following: (1) Defendants infringed Claims 1, 5, 14, and 17 of the ’884 Patent; (2) Defendants infringed Claims 1, 6, and 7 of the ’029 Patent; (3) Defendants willfully infringed the patents-in-suit; and (4) Claim 10 of the ’290 Patent was invalid for obviousness (Dkt. #253). The jury awarded \$4,840,772 in damages for infringement of the ’884 Patent and \$2,129,608.50 in damages for infringement of the ’029 Patent (Dkt. #253). The jury’s award represents an implied royalty rate of four cents per product for the ’884 Patent and two cents per product for the ’029 Patent. On August 24, 2016, the Court awarded enhanced damages for willful infringement and entered final judgment (Dkt. #329; Dkt. #330).

On May 11, 2017, Imperium filed the present motion for attorneys’ fees and non-taxable costs (Dkt. #363). On May 26, 2017, Defendants filed a response (Dkt. #372). On June 5, 2017, Imperium filed a reply (Dkt. #381). On June 13, 2017, Defendants filed a sur-reply (Dkt. #387).

LEGAL STANDARD

Section 285 of Title 35 of the United States Code provides, “The court in exceptional cases may award reasonable attorney fees to the prevailing party.” 35

Appendix D

U.S.C. § 285. “When deciding whether to award attorney fees under § 285, a district court engages in a two-step inquiry.” *MarcTec, LLC v. Johnson & Johnson*, 664 F.3d 907, 915 (Fed. Cir. 2012). The court first determines whether the case is exceptional and, if so, whether an award of attorney fees is justified. *Id.* at 915-16 (citations omitted). The Supreme Court has defined “an ‘exceptional’ case [as] simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” *Octane Fitness LLC v. Icon Health & Fitness, Inc.*, 134 S.Ct. 1749, 1756, 188 L. Ed. 2d 816 (2014).

District courts should consider the “totality of the circumstances” and use their discretion to determine on a case-by-case basis whether a case is “exceptional.” *Id.* A nonexclusive list of factors includes “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.” *Id.* at n.6. Cases that may merit an award of attorney fees include “the rare case in which a party’s unreasonable conduct—while not necessarily independently sanctionable—is nonetheless so ‘exceptional’ as to justify an award of fees” or “a case presenting either subjective bad faith or exceptionally meritless claims.” *Id.* at 1757. A party seeking attorney fees under § 285 must prove the merits of their contentions by a preponderance of the evidence. *Id.* at 1758.

*Appendix D***ANALYSIS****A. Prevailing Party**

Defendants contend they are a prevailing party as the jury in this case and the U.S. Patent Trial and Appeal Board in a parallel proceeding found two of the three patents-in-suit invalid. Defendants further contend they prevailed because the Patent Office granted ex parte reexamination of the third patent-in-suit. Imperium counters that it is the prevailing party because it obtained an infringement judgment for damages.

A plaintiff may be considered a prevailing party for attorney’s fees purposes “if they succeed on any significant issue which achieve some of the benefit the [party] sought in bringing suit.” *Farrar v. Hobby*, 506 U.S. 103, 109, 113 S. Ct. 566, 121 L. Ed. 2d 494 (1992) (quoting *Hensley v. Eckerhart*, 461 U.S. 424, 433, 103 S. Ct. 1933, 76 L. Ed. 2d 40 (1983)). This occurs when a plaintiff “obtain[s] an enforceable judgment against the defendant from whom fees are sought, or comparable relief through a consent decree or settlement.” *Id.* at 111 (citations omitted). “In short, a plaintiff ‘prevails’ when actual relief on the merits of his claim materially alters the legal relationship between the parties by modifying the defendant’s behavior in a way that directly benefits the plaintiff.” *Id.* at 111-12. There can be only one prevailing party, but a “party is not required . . . to prevail on all claims in order to qualify.” *Shum v. Intel Corp.*, 629 F.3d 1360, 1367-68 (Fed. Cir. 2010).

Appendix D

Because there can be only one prevailing party, the Court finds that Imperium is the “prevailing party” in this case. Imperium was successful in proving Defendants infringed asserted claims in the ’884 and ’029 Patents. The jury awarded Imperium \$4,840,772 in damages for infringement of the ’884 Patent and \$2,129,608.50 in damages for infringement of the ’029 Patent. Following trial, the Court trebled the jury’s damages award for Defendants’ willful infringement. Imperium’s damages judgment against Defendants “materially alters the legal relationship” between the parties. This is true because “[a] judgment for damages in any amount . . . modifies [Defendants’] behavior for [Imperium’s] benefit by forcing [Defendants’] to pay an amount of money [they] otherwise would not pay.” *Farrar*, 506 U.S. at 113. While the jury found the ’290 Patent invalid, the Court recognizes that Imperium is not required to succeed on every claim to be the prevailing party. *Shum*, 629 F.3d at 1367-68. Further, the Court is unconvinced that the Patent Office’s grant of ex parte reexamination for the ’884 Patent has any significant bearing on the Court’s determination of the prevailing party.

Accordingly, Imperium is a prevailing party and thus is eligible for its attorney’s fees.

B. Exceptional Case

After considering the totality of the circumstances, the Court finds this case is “exceptional” based on the unreasonable conduct of Defendants.

Appendix D

First, there was ample evidence at trial of Defendants' willful infringement that warranted the Court's enhancement of damages. For instance, Mr. Melfi testified regarding allegations of Defendants' copying. Mr. Melfi testified that during his time working for ESS,¹ Defendants sought information on how ESS made its camera and how to duplicate ESS's camera testing lab. He further testified that Defendants asked specifically about the patented technology and requested source code. The evidence showed that Defendants used obtained information to duplicate ESS's camera testing lab. In addition, Mr. Bang, who testified for Defendants, stated Defendants did not follow Imperium's patents after 2011 or monitor Imperium's previous litigation regarding the patents-in-suit. Mr. Lee testified that in 2011, Defendants dropped pursuit of the Imperium's patents. However, evidence produced at trial indicated the testimony of Mr. Lee and Mr. Bang was untrue. In fact, Defendants knew of Imperium's patents for years, tracked those patents in other litigation, and tried to obtain those patents through a patent broker before this case began. Despite knowing of Imperium's patents since at least 2011, Defendants never investigated to form a good faith belief as to non-infringement and invalidity. Instead, the record indicates that Defendants used a patent broker to try to purchase the patents-in-suit without revealing their identity.

A finding of willful infringement for purposes of enhanced damages does not require a finding that a case

1. ESS is short for ESS Technology, Inc., an entity that assigned its rights in the patents-in-suit to Imperium.

Appendix D

is exceptional under § 285. *Brooktree Corp. v. Advanced Micro Devices, Inc.*, 977 F.2d 1555, 1582 (Fed. Cir. 1992). Nevertheless, “the willfulness of the infringement by the accused infringer may be a sufficient basis in a particular case for finding the case ‘exceptional’ for purposes of awarding attorney fees to the prevailing patent owner.” *Golight, Inc. v. Wal-Mart Stores, Inc.*, 355 F.3d 1327, 1340 (Fed. Cir. 2004); see *Serio-US Indus., Inc. v. Plastic Recovery Techs. Corp.*, 459 F.3d 1311, 1321 (Fed. Cir. 2006) (“Exceptional cases usually feature some material, inappropriate conduct related to the matter in litigation, such as willful infringement, fraud or inequitable conduct . . .”).

Second, Defendants made multiple material misrepresentations under oath and in their pleadings. At the beginning of the case, Imperium points out that Defendants represented in its September 2014 answer that it did not know of Imperium’s patents until the June 2014 filing of this lawsuit. Later, in an interrogatory response, Defendants again represented that they did not know of Imperium’s patents until June 2014. Defendants’ responses remained unchanged after deposition and other discovery showed these statements to be incorrect. During trial, Mr. Bang and Mr. Lee gave false testimony regarding Defendants’ knowledge of the patents-in-suit. Further, Defendants misrepresented key facts bearing on infringement and willfulness, including the fact that Defendants were tracking Imperium’s patents in an earlier litigation, the extent of Defendants’ discussions about obtaining Imperium’s patents, and Defendants’ alleged pre-suit analysis of them.

Appendix D

Third, Defendants failed to produce relevant documents timely. During discovery, around July 2015, Imperium specifically requested emails or other documents relating to discussions that Mr. Kaler had with counsel for Imperium in 2011, 2012, 2013, and 2014. Apparently, Defendants never searched for any such documents until the fourth day of trial at 2:19 a.m. on February 4, 2016, when Defendants finally produced the requested documents. Defendants, however, produced only documents found on Mr. Kaler's laptop, omitted any requested documents from Defendants' own files. Only after Imperium and the Court raised the issue of sanctions did Defendants search their own files for Kaler-related documents. On the fifth day of trial, Defendants then produced a handful of hard-copy documents along with an affidavit from Mr. Bang. This affidavit revealed these communications and documents between Defendants and Mr. Kaler were kept on Mr. Bang's computer in a separate folder titled, "Imperium."

Last, Defendants have continued to infringe the '884 and '029 Patents—after the jury found infringement, after the Court entered judgment, after the Court enhanced damages. The Court considers Defendants' continued infringement to be unreasonable, deliberate and willful in nature, especially in light of the Court's orders and the jury's verdict. *Affinity Labs of Tex., LLC v. BMW N. Am., LLC*, 783 F. Supp. 2d 891, 899 (E.D. Tex. 2011) ("Following a jury verdict and entry of judgment of infringement and no invalidity, a defendant's continued infringement will be willful absent very unusual circumstances.").

Appendix D

It should be noted that none of Defendants' conduct in isolation makes this case exceptional. However, when a party does all of these things mentioned above and continues to infringe the patents-in-suit, the Court can only conclude this case is exceptional. Accordingly, the Court awards Imperium its attorney's fees incurred during this litigation.

C. Reasonableness of the Fee Request

“[T]he awarding of attorney fees pursuant to 35 U.S.C. § 285 is unique to patent law and therefore subject to Federal Circuit law.” *Special Devices, Inc. v. OEA, Inc.*, 269 F.3d 1340, 1343 (Fed. Cir. 2001). The Federal Circuit has “approv[ed] of use of the lodestar method in calculating an award of § 285 attorneys’ fees.” *Innovention Toys, LLC v. MGA Entm’t, Inc.*, No. 07-6510, 2014 WL 1276346, at *2 (E.D. La. March 27, 2014) (citing *Mathis v. Spears*, 857 F.2d 749, 755 (Fed. Cir. 1988) (citing *Hensley v. Eckerhart*, 461 U.S. 424, 103 S. Ct. 1933, 76 L. Ed. 2d 40 (1982))). Therefore, the Court will apply the two-step lodestar method.

The Court first calculates the “lodestar” by multiplying the number of hours an attorney reasonably spent on the case by an appropriate hourly rate, which is the market rate in the community for this work. *See Smith & Fuller, P.A. v. Cooper Tire & Rubber Co.*, 685 F.3d 486, 490 (5th Cir. 2012). “A reasonable hourly rate is the prevailing market rate in the relevant legal community for similar services by lawyers of reasonably comparable skills, experience, and reputation.” *Norman v. Hous. Auth. of*

Appendix D

City of Montgomery, 836 F.2d 1292, 1299 (11th Cir. 1988) (citing *Blum v. Stenson*, 465 U.S. 886, 895-96 n.11, 104 S. Ct. 1541, 79 L. Ed. 2d 891 (1984)). The relevant legal community is the community where the district court sits. See *Tollett v. City of Kemah*, 285 F.3d 357, 368 (5th Cir. 2002).

The party seeking reimbursement of attorney's fees bears the burden of establishing the number of hours expended through the presentation of adequately recorded time records as evidence. See *Watkins v. Fordice*, 7 F.3d 453, 457 (5th Cir. 1993). The Court should use this time as a benchmark and then exclude any time that is excessive, duplicative, unnecessary, or inadequately documented. *Id.* The hours remaining are those reasonably expended. *Id.* There is a strong presumption of the reasonableness of the lodestar amount. See *Perdue v. Kenny A.*, 559 U.S. 542, 552, 130 S. Ct. 1662, 176 L. Ed. 2d 494 (2010); *Saizan v. Delta Concrete Prod. Co.*, 448 F.3d 795, 800 (5th Cir. 2006).

After calculating the lodestar, the Court then considers whether the circumstances of the particular case warrant an upward or downward lodestar adjustment. *Migis v. Pearle Vision, Inc.*, 135 F.3d 1041, 1047 (5th Cir. 1998). In making any lodestar adjustment, the Court looks to twelve *Johnson* factors. *Id.* (citing *Johnson v. Ga. Highway Express, Inc.*, 488 F.2d 714, 717-19 (5th Cir. 1974) (“(1) the time and labor required for the litigation; (2) the novelty and difficulty of the questions presented; (3) the skill required to perform the legal services properly; (4) the preclusion of other employment by the attorney due to acceptance of the case; (5) the customary fee; (6) whether

Appendix D

the fee is fixed or contingent; (7) time limitations imposed by the client or the circumstances; (8) the amount involved and the result obtained; (9) the experience, reputation and ability of the attorneys; (10) the ‘undesirability’ of the case; (11) the nature and length of the professional relationship with the client; and (12) awards in similar cases.”).

Here, Imperium asks the Court to award it \$6,950,000 in attorney’s fees and \$738,079.23 in non-taxable costs and expenses for litigating this case. In support of its attorney’s fee request, Imperium provides the affidavit of its lead counsel, Mr. Alan Fisch (Dkt. #363, Exhibit 6). Mr. Fisch’s affidavit does not give the Court enough information to determine the reasonableness of Imperium’s fair estimate of attorney’s fees. Particularly, Imperium has not provided the Court with the number of hours Imperium’s attorneys spent on this case. *Watkins v. Fordice*, 7 F.3d at 457. Without this information, the Court cannot calculate the lodestar. Before granting attorney’s fees for a specific amount, the Court orders Imperium to submit documentation, that indicates the hours and billing rates for all legal assistants, associates, and partners who worked on this case.² *See* Fed. R. Civ. P. 54(d).

The Court finds Imperium is entitled to its non-taxable costs or expenses. The Federal Circuit interprets § 285 to “include those sums that the prevailing party incurs in the preparation for and performance of legal services related to the suit.” *Mathis*, 857 F.2d at 757 (quoting *Central Soya*,

2. The Court recognizes that Imperium offered to provide the Court with additional documentation on the particular hours and work performed by each Imperium attorney (Dkt. #363 at p. 10).

Appendix D

Inc. v. Geo. Hormel & Co., 723 F.2d 1573, 1578 (Fed. Cir. 1983)). Nevertheless, the Court further finds Imperium may not recover its expert fees. “Section 285 does not include shifting of expert fees . . .” *Amsted Indus. Inc. v. Buckeye Steel Castings Co.*, 23 F.3d 374, 379 (Fed. Cir. 1994). A district court may, however, “invoke its inherent power to impose sanctions in the form of reasonable expert fees in excess of what is provided for by statute.” *Takeda Chem. Indus., Ltd. v. MylanLabs., Inc.*, 549 F.3d 1381, 1391 (Fed. Cir. 2008). “The use of this inherent power is reserved for cases with ‘a finding of fraud or abuse of the judicial process.’” *Id.* (quoting *Amsted Indus.*, 23 F.3d at 378). The Court elects not to impose sanctions in the form of Imperium’s expert fees. Imperium has made no evidentiary showing that Defendants committed fraud or abused the judicial process to warrant such a sanction. *See MarcTec, LLC*, 664 F.3d at 921 (“[N]ot every case that qualifies as exceptional under § 285 will also qualify for sanctions under the court’s inherent power.”). Section 285 and the Court’s award of attorney’s fees is adequate to compensate Imperium for the circumstances of this case. Therefore, the Court reduces Imperium’s requested non-taxable costs by \$156,397.79.

CONCLUSION

It is therefore **ORDERED** that Imperium IP Holdings (Cayman), Ltd.’s Motion for § 285 Attorneys’ Fees and Non-Taxable Costs (Dkt. #363) is **GRANTED IN PART** and **DENIED IN PART**. The Court awards Imperium \$581,681.44 in non-taxable costs or expenses. To determine the amount of attorney’s fees awarded to Imperium, the

51a

Appendix D

Court **ORDERS** Imperium to submit to the Court within seven days of this Order documentation that indicates the hours and billing rates for all legal assistants, associates, and partners who worked on this case.

SIGNED this 13th day of September, 2017.

/s/ Amos L. Mazzant _____
AMOS L. MAZZANT
UNITED STATES DISTRICT
JUDGE

**APPENDIX E — MEMORANDUM OPINION AND
ORDER OF THE UNITED STATES DISTRICT
COURT FOR THE EASTERN DISTRICT OF
TEXAS, SHERMAN DIVISION,
FILED APRIL 27, 2017**

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

Civil Action No. 4:14-CV-00371
Judge Mazzant

IMPERIUM IP HOLDINGS (CAYMAN), LTD.

v.

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG
ELECTRONICS AMERICA, INC., SAMSUNG
TELECOMMUNICATIONS AMERICA, LLC,
AND SAMSUNG SEMICONDUCTOR, INC.

April 27, 2017, Decided
April 27, 2017, Filed

MEMORANDUM OPINION AND ORDER

Pending before the Court is Defendants' Rule 50(b) Motion for Judgment as a Matter of Law and/or Rule 59 Motion for a New Trial (Dkt. #337). After reviewing the relevant pleadings, the Court denies Defendants' motion.

*Appendix E***BACKGROUND**

On June 9, 2014, Plaintiff filed the instant action against Defendants, alleging infringement of United States Patent Nos. 6,271,884 (the “884 Patent”), 7,092,029 (the “029 Patent”), and 6,836,290 (the “290 Patent”). On February 8, 2016, the jury returned a verdict in favor of Plaintiff. Particularly, the jury found the following: (1) Defendants infringed Claims 1, 5, 14, and 17 of the ’884 Patent; (2) Defendants infringed Claims 1, 6, and 7 of the ’029 Patent; (3) Defendants willfully infringed the patents-in-suit; and (4) Claim 10 of the ’290 Patent was invalid for obviousness (Dkt. #253). The jury awarded \$4,840,772 in damages for infringement of the ’884 Patent and \$2,129,608.50 in damages for infringement of the ’029 Patent (Dkt. #253). On August 24, 2016, the Court awarded enhanced damages for willful infringement and entered final judgment (Dkt. #329; Dkt. #330).

On September 21, 2016, Defendants filed their renewed motion for judgment as a matter of law (Dkt. #337). On October 11, 2016, Plaintiff filed a response (Dkt. #341). On October 24, 2016, Defendants filed a reply (Dkt. #343). On November 3, 2016, Defendants filed a sur-reply (Dkt. #346).

LEGAL STANDARDS*Judgment as a Matter of Law*

Upon a party’s renewed motion for judgment as a matter of law following a jury verdict, the Court should

Appendix E

properly ask whether “the state of proof is such that reasonable and impartial minds could reach the conclusion the jury expressed in its verdict.” Fed. R. Civ. P. 50(b); *see also Am. Home Assurance Co. v. United Space All.*, 378 F.3d 482, 487 (5th Cir. 2004). “The grant or denial of a motion for judgment as a matter of law is a procedural issue not unique to patent law, reviewed under the law of the regional circuit in which the appeal from the district court would usually lie.” *Finisar Corp. v. DirectTV Grp., Inc.*, 523 F.3d 1323, 1332 (Fed. Cir. 2008). “A JMOL may only be granted when, ‘viewing the evidence in the light most favorable to the verdict, the evidence points so strongly and overwhelmingly in favor of one party that the court believes that reasonable jurors could not arrive at any contrary conclusion.’” *Vers ata Software, Inc. v. SAP Am., Inc.*, 717 F.3d 1255, 1261 (Fed. Cir. 2013) (quoting *Dresser-Rand Co. v. Virtual Automation, Inc.*, 361 F.3d 831, 838 (5th Cir. 2004)).

Under Fifth Circuit law, a court should be “especially deferential” to a jury’s verdict and must not reverse the jury’s findings unless they are not supported by substantial evidence. *Baisden v. I’m Ready Prods., Inc.*, 693 F.3d 491, 499 (5th Cir. 2012). “Substantial evidence is defined as evidence of such quality and weight that reasonable and fair-minded men in the exercise of impartial judgment might reach different conclusions.” *Threlkeld v. Total Petroleum, Inc.*, 211 F.3d 887, 891 (5th Cir. 2000). A motion for judgment as a matter of law must be denied “unless the facts and inferences point so strongly and overwhelming in the movant’s favor that reasonable jurors could not reach a contrary conclusion.” *Baisden*, 693 F.3d at 498 (citation

Appendix E

omitted). However, “[t]here must be more than a mere scintilla of evidence in the record to prevent judgment as a matter of law in favor of the movant.” *Arismendez v. Nightingale Home Health Care, Inc.*, 493 F.3d 602, 606 (5th Cir. 2007).

In evaluating a motion for judgment as a matter of law, a court must “draw all reasonable inferences in the light most favorable to the verdict and cannot substitute other inferences that [the court] might regard as more reasonable.” *E.E.O.C. v. Boh Bros. Constr. Co.*, 731 F.3d 444, 451 (5th Cir. 2013) (citation omitted). However, “[c]redibility determinations, the weighing of evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge.” *Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 150, 120 S. Ct. 2097, 147 L. Ed. 2d 105 (2000). “[T]he court should give credence to the evidence favoring the nonmovant as well as that ‘evidence supporting the moving party that is uncontradicted and unimpeached, at least to the extent that the evidence comes from disinterested witnesses.’” *Id.* at 151 (citation omitted).

Motion for a New Trial

Under Federal Rule of Civil Procedure 59, a new trial may be granted to any party to a jury trial on any or all issues “for any reason for which a new trial has heretofore been granted in an action at law in federal court.” Fed. R. Civ. P. 59. In considering a motion for a new trial, the Federal Circuit applies the law of the regional circuit. *z4 Techs., Inc. v. Microsoft Corp.*, 507 F.3d 1340, 1347 (Fed.

Appendix E

Cir. 2007). “A new trial may be granted, for example, if the district court finds the verdict is against the weight of the evidence, the damages awarded are excessive, the trial was unfair, or prejudicial error was committed in its course.” *Smith v. Transworld Drilling Co.*, 773 F.2d 610, 612-13 (5th Cir. 1985). “The decision to grant or deny a motion for a new trial is within the discretion of the trial court and will not be disturbed absent an abuse of discretion or a misapprehension of the law.” *Prytania Park Hotel, Ltd. v. Gen. Star Indem. Co.*, 179 F.3d 169, 173 (5th Cir. 1999).

ANALYSIS**I. Judgment as a Matter of Law**

Defendants move for judgment as a matter of law on the issues of infringement, validity of the '884 Patent and the '029 Patent, and damages. Defendants argue the evidence presented at trial was legally insufficient to support the jury's verdict.

A. Direct Infringement

To prove infringement of an asserted patent claim under 35 U.S.C. § 271, a plaintiff must show the presence of every element, or its equivalent, in the accused product or service. *Lemelson v. United States*, 752 F.2d 1538, 1551 (Fed. Cir. 1985). First, the Court construes the asserted claim to determine its scope and meaning; and second, the construed claim must be compared to the accused device or service. *Absolute Software, Inc. v. Stealth Signal, Inc.*,

Appendix E

659 F.3d 1121, 1129 (Fed. Cir. 2011) (citing *Carroll Touch, Inc. v. Electro Mech. Sys., Inc.*, 15 F.3d 1573, 1576 (Fed. Cir. 1993)). “A determination of infringement is a question of fact that is reviewed for substantial evidence when tried to a jury.” *ACCO Brands, Inc. v. ABA Locks Mfr. Co.*, 501 F.3d 1307, 1311 (Fed. Cir. 2007).

1. Infringement of the '290 Patent

Defendants claim to be entitled to a judgment of non-infringement as a matter of law for the '290 Patent. Defendants contend that Plaintiff and its infringement expert, Dr. Cameron Wright, failed to do the following at trial: (1) identify each of the accused products for the '290 Patent; (2) establish that the Samsung Galaxy S5 (“Galaxy S5”) is a representative product for all products accused of infringing the '290 Patent; (3) identify the documents (and portions of these documents) relied upon to show infringement for all products accused of infringing the '290 Patent; (4) identify the portions of deposition testimony that Dr. Wright relied on to establish infringement of the '290 Patent; (5) establish that the accused products actually practice the MIPI standard (Dkt. #337 at p. 3).

The Court disagrees with Defendants’ arguments and determines substantial evidence supports the jury’s verdict finding of infringement. At trial, Dr. Wright asserted that Defendants’ products contain every limitation of Claim 10 in the '290 Patent (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 99:10-16). Specifically, Dr. Wright testified that Defendants infringe this claim with two models of computers, five models of tablets, and sixteen

Appendix E

phone models, totaling twenty-three accused products (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 87:21-88:2). Dr. Wright then stated:

[T]hese are a lot of models here, a lot of individual models. We can't walk through every one, so I've chosen as one example product, one representative, and since they all infringe in the same way, I can — I can walk through that product and you can apply it to the others.

(Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 88:5-9). As such, Dr. Wright chose the Galaxy S5 as a representative product for his infringement opinion. Defendants maintain that Dr. Wright improperly used the Galaxy S5 as a representative product without meeting Plaintiff's burden of establishing how the other accused products function and operate in the same way (Dkt. #337 at p. 4). Defendants are incorrect. In *TiVo, Inc. v. EchoStar Commc'ns Corp.*, the Federal Circuit noted, "[T]here is nothing improper about an expert testifying in detail about a particular device and then stating that the same analysis applies to other allegedly infringing devices that operate similarly, without discussing each type of device in detail." 516 F.3d 1290, 1308 (Fed. Cir. 2008). Dr. Wright testified that he reviewed documentation related to the accused products and concluded that the Galaxy S5 and the remaining accused products employ the same interface and infringe in basically the same way (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 88:12-14; Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 97:20-99:16). Defendants were free to cross-examine Dr. Wright on this testimony, but they did

Appendix E

not. The Court finds that Dr. Wright was justified in using the Galaxy S5 as a representative product for the other accused products in his infringement analysis.

To prove infringement, Dr. Wright walked through the elements of Claim 10 and explained how the Galaxy S5 infringes each and every element (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 88:3-97:19). Dr. Wright testified that he examined a large body of evidence that included interrogatory responses, documents, depositions, and source code to support his opinion (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 84:14-19). Defendants contest Dr. Wright's testimony because he did not present the jury with every piece of data supporting his opinion. Rule 705 of the Federal Rules of Evidence allows an expert to offer an opinion without disclosing the underlying facts or data making up such opinion. Fed. R. Evid. 705. "The expert may in any event be required to disclose the underlying facts or data on cross-examination." *Id.* Here, Dr. Wright presented the jury with some of the documentary evidence that formed his opinion (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 89:18-19, 90:6-10 (introducing a Galaxy S5 datasheet for image processing that shows the Galaxy S5 used a CMOS image sensor); Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 91:1-7 (referring to a user guide for Defendants' interface)). Defendants had the opportunity to cross-examine him about the factual underpinnings of this opinion. *See Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 596, 113 S. Ct. 2786, 125 L. Ed. 2d 469 (1993) ("Vigorous cross-examination, presentation of contrary evidence, and careful instruction on the burden of proof are the traditional and appropriate means of attacking

Appendix E

shaky but admissible evidence.” (citing *Rock v. Arkansas*, 483 U.S. 44, 61, 107 S. Ct. 2704, 97 L. Ed. 2d 37 (1987))). Nevertheless, whether Defendants used that opportunity effectively goes to the weight of the proffered testimony rather than its admissibility. “Determining the weight and credibility of the evidence is the special province of the trier of fact.” *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 856, 102 S. Ct. 2182, 72 L. Ed. 2d 606 (1982).

Defendants finally assert that Plaintiff has not shown that Defendants’ accused products meet the Court’s claim construction. The Court construed “an image processor connected to the CMOS image sensor to receive the signals output by the data interface circuit” of Claim 10 to mean “a processor connected to the CMOS image sensor for processing image data received from the single-ended and differential interfaces” (Dkt. #105 at p. 18). Defendants contend that their products use the MIPI CSI-2 standard, which transmits and receives signals using only the differential interface. Because the accused products never receive image data over the single-ended interface, Defendants claim that their products do not meet the claim limitation under the Court’s construction. Defendants’ arguments are contrary to the Court’s construction and are rejected. In construing Claim 10, the Court did not require both the single-ended and differential interfaces to receive image data. Rather, the image processor should process image data received from the single-ended and differential interfaces. The parties agree that differential interfaces transmit image data, but they dispute whether control signals, transmitted by Defendants’ single-ended interface, are image data. Plaintiff put forth sufficient

Appendix E

evidence to allow the jury to weigh the competing testimony, make credibility determinations, and decide whether the claim limitation was met (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 96:20-97:12-15 (mentioning the single-ended interface in Defendants' accused products transmit control signals); Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 62:22-63:7 (disputing whether image data includes control signals)).

Accordingly, the Court denies Defendants' motion for judgment as a matter of law for non-infringement of the '290 Patent.

2. Infringement of the '029 Patent

Defendants make three arguments for why they should be entitled to a judgment of non-infringement for the '029 Patent. First, Defendants argue that Dr. Wright and Plaintiff failed to prove that Defendants infringed Claims 1, 6, and 7. Second, Defendants argue that Plaintiff has not shown that the element of "generating a look-up table" was satisfied and performed in the United States. Third, Defendants argue that Plaintiff has not presented evidence to prove the accused products "generat[e] a preparatory light for a predetermined duration." '029 Patent at 11:42-43.

First, substantial evidence supports the jury's verdict that the accused products infringe Claims 1, 6, and 7 of the '029 Patent. Dr. Wright testified that Defendants infringed with fifteen models of phones and fifty-two models of cameras, but he did not examine every model

Appendix E

of phone and camera (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 102:10-11, 21-23). Instead, he stated, “What tells you things is the documentation by the person that designed and manufactured that device. And so I turned to the documentation that describes how [Defendants] designed it, how [the devices] work, what the functionality is. Just staring at the inside of a device wouldn’t help me at all.” (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 103:6-10). In this review of documentation, Dr. Wright discovered that Defendants use three different algorithms—the Strobe algorithm, the Flash aE algorithm, and the Flash algorithm—to infringe (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 103:13-104:1). Dr. Wright associated each algorithm with a representative product and explained how each product satisfies every limitation of Claims 1, 6, and 7. For the Strobe algorithm, Dr. Wright selected a WB2100 digital camera (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 104:16-111:14 (indicating infringement of Claim 1); Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 13:8-18 (indicating infringement of Claim 6); Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 15:5-19 (indicating infringement of Claim 7)). For the Flash aE algorithm, Dr. Wright selected a Galaxy Note 2 mobile phone (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 4:1-8:25 (indicating infringement for Claim 1); Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 13:22-14:10 (indicating infringement for Claim 6); Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 15:5-19 (indicating infringement for Claim 7)). For the Flash algorithm, Dr. Wright selected a NX-10 digital camera (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 9:15-12:22 (indicating infringement for Claim 1); Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 14:13-22 (indicating infringement for Claim 6); Dkt. #264, Feb. 2, 2016 P.M.

Appendix E

Trial Tr. at 15:5-19 (indicating infringement for Claim 7)). Based on Dr. Wright's testimony and his examination of the representative products, the Court determines a reasonable jury could conclude that the accused products infringe the '029 Patent.

Defendants argue that Dr. Wright and Plaintiff did not identify the products accused of infringing the '029 Patent or establish the use of representative products for the remaining accused products. Defendants further argue that Dr. Wright did not identify the evidence he used to support his infringement opinion. Federal Circuit precedent allows presentation of expert testimony that analyzes infringement of a representative product on an element-by-element basis, followed by a summary opinion that all the other accused products infringe based on the same analysis. *TiVo*, 516 F.3d at 1308. Here, the use of representative products was proper. Dr. Wright testified that the remaining accused products infringe in the same manner as the representative products (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 16:13-14, 20-22). He explained that he reached this conclusion by consulting Defendants' interrogatory responses, user guides and manuals, source code, deposition testimony, and exposure guide libraries (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 16:5-12, 16-19). Defendants were free to cross-examine Dr. Wright on this testimony. However, the record does not indicate that Defendants challenged Dr. Wright's use of representative products for the remaining accused products. As explained previously, Federal Rule of Evidence 705 allows an expert to state an opinion without testifying to the underlying facts or data. Fed. R. Evid. 705. This rule puts the

Appendix E

responsibility on Defendants to contest Dr. Wright's opinion and the factual bases supporting that opinion. Again, the record does not indicate that Defendants cross-examined Dr. Wright on this matter. Thus, the Court disagrees with each of these arguments.

Second, substantial evidence supports the jury's finding that the accused products "generat[e] a look-up table storing associated image strobe durations and power values" and do such in the United States. '029 Patent at 11:54-57. Dr. Wright testified that the look-up table is necessary for the camera to understand how the flash works (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 109:19-21). Particularly, the table determines the appropriate length of the flash and the appropriate brightness (Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 109:22-24). Additionally, Dr. Wright testified that each algorithm generates a look-up table when the camera or phone is turned on. *See* Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 110:25-111:6 ("And these [values for appropriate durations and brightness] will then get loaded into the camera so the camera knows something about its own flash unit. Otherwise, it wouldn't know enough about its own flash unit. And this . . . gets figured out ahead of time and is loaded into the camera, and when you turn the camera on, that information then gets loaded into memory, and it generates that table."); *see also* Dkt. #263, Feb. 2, 2016 A.M. Trial Tr. at 110:9-18 (describing the look-up table for the Strobe algorithm); Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 7:18-8:18 (describing the look-up table for the Flash aE algorithm); Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 12:7-20 (describing the look-up table for the Flash algorithm).

Appendix E

Defendants argue that their mobile phones use LEDs as flashes (instead of flash lamps or strobe lamps filled with Xenon gas) and therefore do not use look-up tables (Dkt. #337 at p. 10). Defendants offered testimony from their non-infringement and invalidity expert, Kenneth Parulski (“Parulski”), to rebut Plaintiff’s testimony. Parulski stated, “[T]he emission of light from a mobile phone from an LED is constant as a function of time. So there’s no need to have a look-up table that characterizes the emission.” (Dkt. #319, Feb. 4, 2016 A.M. Trial Tr. at 66:18-21). Instead, he explained, “You can use multiplication in order to multiply the intensity by the amount of time it’s on, if you wanted to determine the amount of light that’s being emitted.” (Dkt. #319, Feb. 4, 2016 A.M. Trial Tr. at 66:21-24). When there is conflicting testimony, the jury, rather than the Court, makes credibility determinations and decides which testimony to believe. *MobileMedia Ideas LLC, v. Apple, Inc.*, 780 F.3d 1159, 1168 (Fed. Cir. 2015). Thus, a reasonable jury could conclude that Defendants’ accused products “generate a look-up table.”

Plaintiff also presented substantial evidence that the accused products generate look-up tables in the United States. Dr. Wright testified that a phone or camera generates a look-up table when it is turned on. Plaintiff then offered evidence of the number of accused products sold in the United States, where pictures and videos are taken (Dkt. #266, Feb. 3, 2016 A.M. Trial Tr. at 122:13-14 (indicating Defendants sold 106,480,425 accused products that infringe the ’029 Patent)). Dr. Wright testified:

Appendix E

[W]e have heard testimony in the last few days that over a hundred million units have been sold in the United States. So these . . . operations that are part of the anti-flicker algorithm that Samsung uses, these are automatic. They're part of the automatic-exposure mode. You turn . . . the camera on, you turn the phone on, these modes are . . . operating in the background. The flicker algorithm is running in the background. . . . [T]he statement that this is not performed in the United States is wrong.

(Dkt. #275, Feb. 5, 2016 P.M. Trial Tr. at 129:19-130:4). To rebut these contentions, Parulski testified that Defendants' cameras generate a look-up table during the manufacturing process, which does not take place in the United States (Dkt. #319, Feb. 4, 2016 A.M. Trial Tr. at 70:3-73:25). After considering the proffered testimonies and evidence, a reasonable jury could conclude that Defendants' accused products satisfy this claim limitation in the United States.

Third, substantial evidence supports the jury's finding that the accused products "generat[e] a preparatory light for a predetermined duration." '029 Patent at 11:42-43. The Court construed this limitation to mean "preparatory light emitted for an amount of time that is determined before emitting the light" (Dkt. #105 at p. 21). Defendants argue that none of the evidence produced at trial shows that their mobile phones meet this limitation. Defendants do not dispute that the accused digital cameras meet this limitation. At trial, Dr. Wright examined the Flash aE algorithm for the Galaxy Note 2 and testified that the

Appendix E

accused mobile phones emit a preflash for predefined duration (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 4:23-25). He stated that without a preflash for a predefined duration, the mobile phone camera would not operate properly (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 5:1-6). Parulski responded that Defendants' mobile phones do not infringe because the length of the preflash is not known before the camera emits a preflash light (Dkt. #270, Feb. 4, 2016 A.M. Trial Tr. at 57:9-12). He stated that the length of the preflash changes to set the focus and exposure (Dkt. #270, Feb. 4, 2016 A.M. Trial Tr. at 57:16-58:4). Defendants also point to Dr. Wright's admission on cross-examination that the length of the preflash is not known before the camera emits a preflash light (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 48:23-49:2). Plaintiff argues that this alleged admission misinterprets Dr. Wright's testimony. Despite this disputed admission and contrary testimony from Parulski, the Court will not make credibility determinations or weigh the evidence and testimony presented to the jury. The Court finds that Plaintiff presented substantial evidence for a reasonable jury to conclude that the accused products satisfy this claim limitation.

Accordingly, the Court denies Defendants' motion for judgment as a matter of law for non-infringement of the '029 Patent.

3. Infringement of the '884 Patent

Defendants assert that their products do not, as a matter of law, infringe Claims 1, 5, 14, and 17 of the '884 Patent.

Appendix E

Defendants first argue Plaintiff neither identified the products accused of infringement nor established the use of the Galaxy S2 as a representative for the other accused products. As already explained, use of a representative product to prove infringement for other accused products is proper under Federal Circuit law. *TiVo*, 516 F.3d at 1308. Plaintiff presented substantial evidence that the Galaxy S2 is a representative product. At trial, Dr. Wright explained that the '884 Patent solves the problem of flicker effect when a video is taken under fluorescent lights. Dr. Wright testified that Defendants infringe the '884 Patent with twenty-one phones, three computers, and five tablets (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 18:19-19:7). He further testified that he chose the Galaxy S2 as a representative product because it infringes the asserted claims in the same way as the other accused products (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 19:16-18). Dr. Wright then described how the Galaxy S2 infringes each of the asserted claims (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 19:19-32:7). To support his infringement opinion for the remaining phones, tablets, and computers, Dr. Wright stated he considered each accused product, Defendants' interrogatory responses, Defendants' documentation about flicker, and deposition testimony (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 32:19-34:2). Defendants were free to rebut Dr. Wright's testimony and his use of the Galaxy S2 as a representative product. However, the record does not indicate that Defendants' cross-examined Dr. Wright about his use of a representative product.

Defendants also argue that Dr. Wright did not identify the documents used to support his infringement opinion.

Appendix E

Dr. Wright was not required to testify about the facts and data underlying his expert opinion unless Defendants cross-examined him regarding such facts and data. Fed R. Evid. 705. Again, the record does not indicate that Defendants challenged Dr. Wright's testimony in such a manner.

Next, Defendants contend that Plaintiff has not established the accused products satisfy the "adjusting while maintaining" limitation of the asserted claims. Defendants also contend that they do not perform this limitation in the United States. The record does not support either of these arguments. The asserted claims require "adjusting the integration time while maintaining the integration time at an integral multiple of the period of periodic intensity" to vary the gain or brightness. '884 Patent at 7:3-6. Dr. Wright testified that Defendants' technical documents show the accused products fulfill this claim limitation. Dr. Wright then referenced a document titled "Flicker Description" and explained that Defendants control the overall gain by adjusting the integration time and constraining it to integer multiples of the lighting (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 24:6-11 (referring to Pl.'s Exhibit #22)). Defendants offered Dr. Dean Neikirk to rebut Dr. Wright's testimony. Dr. Neikirk testified that graphs in Defendants' technical documentation support a finding of non-infringement. Particularly, he pointed to an exposure graph that depicted the integration time was not maintained at any integer multiple of lighting (Dkt. #271, Feb. 4, 2016 P.M. Trial Tr. at 110:2-112:23 (describing Pl.'s Exhibit #523 at p. 23)). Dr. Wright disagreed with Dr. Neikirk and offered another interpretation of the same

Appendix E

exposure graph (Dkt. #275, Feb. 5, 2016 P.M. Trial Tr. at 130:6-131:22 (stating the only two exposures labeled on the graph, Exposure 1 and Exposure 2, indicate the use of integration times at integer multiples)). Since there was conflicting testimony regarding this claim limitation, “the jury [was] permitted to make credibility determinations and believe the witness it consider[ed] more trustworthy.” *MobileMedia Ideas LLC*, 780 F.3d at 1168. The Court determines that Plaintiff presented the substantial evidence with substantial evidence such that a reasonable jury could conclude that Defendants’ accused products satisfy this claim limitation.¹ The Court also determines that Plaintiff presented substantial evidence that Defendants’ accused products infringe the asserted claims in the United States. *See* Dkt. #266, Feb. 3, 2016 A.M. Trial Tr. at 122:15-16 (indicating Defendants sold 121,019,298 accused products that infringe the

1. With respect to Defendants’ products that include third-party image processors, Defendants state that Plaintiff did not present any evidence of how these devices operate. Defendants argue that Plaintiff must show how those third-party image processors are configured and function. The Court disagrees. After describing infringement for the Galaxy S2 as a representative product, Dr. Wright testified that the remaining accused phones, which include third-party image processors, infringe the asserted claims. He reached this conclusion by examining each accused product and documentation from Defendants and from Qualcomm, a vendor that makes image processors for the accused products (Feb. 2, 2016 P.M. Trial Tr., Dkt. #264 at 32:21-33:7). Defendants were free to cross-examine Dr. Wright on this testimony and the underlying facts and data making up his opinion. Therefore, a reasonable juror could have concluded that the accused products and any third-party processors therein meet the limitations recited in the asserted claims.

Appendix E

'884 Patent); Dkt. #275, Feb. 5, 2016 P.M. Trial Tr. at 129:16-130:4 (stating the anti-flicker algorithm is part of the automatic-exposure mode, which operates in the background of accused products sold in the United States).

Finally, Defendants argue Plaintiff has not shown the “integration time adjustment block” limitation exists in any of the accused products. Defendants contest Dr. Wright’s testimony because he attempted to show the accused devices satisfy the “coupled” limitation by satisfying other limitations in the claim (Dkt. #337 at p. 14). The Court finds that Plaintiff submitted substantial evidence to show infringement of this limitation. Asserted Claim 14 and dependent Claim 17 require “an integration time adjustment block coupled to the programmable integration time circuitry.”⁸⁸⁴ Patent at 7:52-53. Dr. Wright testified the accused products meet this claim element (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 22:16-20). Dr. Wright explained that Defendants’ technical data sheet and application note refer to an auto flicker algorithm that prevents flicker by using an integration time limited to integer multiples (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 21:5-22:14 (examining Pl.’s Exhibit #482 at p. 34 and Pl.’s Exhibit #582 at p. 84)). He further explained that the auto flicker algorithm is the integration time adjustment block and the integration time control circuitry is the programmable integration time circuitry (Dkt. #264, Feb. 2, 2016 P.M. Trial Tr. at 20:16-21:3, 21:5-22:20 (identifying the integration time adjustment block and programmable integration circuitry as recited in the asserted claims)). Dr. Wright acknowledged that if the adjustment block was not coupled to the adjustment

Appendix E

circuitry, then the product would not function (Dkt. #275, Feb. 5, 2016 P.M. Trial Tr. at 133:6-13). Thus, a reasonable jury could conclude that Defendants' accused products meet this claim limitation.

Accordingly, the Court denies Defendants' motion for judgment as a matter of law for non-infringement of the '884 Patent.

B. Induced Infringement

Section 271(b) provides that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. § 271(b). “In order to prevail on an inducement claim, the patentee must establish first that there has been direct infringement, and second that the alleged infringer knowingly induced infringement and possessed specific intent to encourage another’s infringement.” *ACCO Brands, Inc.*, 501 F.3d at 1312. In other words, “inducement requires evidence of culpable conduct, directed to encouraging another’s infringement, not merely that the inducer had knowledge of the direct infringer’s activities.” *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1306 (Fed. Cir. 2006) (en banc). “[S]pecific intent may be inferred from circumstantial evidence where a defendant has both knowledge of the patent and specific intent to cause the acts constituting infringement.” *Ricoh Co. v. Quanta Comput. Inc.*, 550 F.3d 1325, 1342 (Fed. Cir. 2008). “[L]iability for induced infringement can only attach if the defendant knew of the patent and knew as well that ‘the induced acts constitute patent infringement.’” *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920,

Appendix E

1926, 191 L. Ed. 2d 883 (2015) (quoting *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 131 S. Ct. 2060, 2068, 179 L. Ed. 2d 1167 (2011)). A patentee can satisfy the knowledge requirement by showing actual knowledge or willful blindness. *Global-Tech*, 131 S. Ct. at 2068. Under the doctrine of willful blindness, the defendant must (1) believe subjectively that there is a high probability that a fact exists; and (2) take deliberate actions to avoid learning of that fact. *Id.* at 2070-71. A plaintiff may prove the intent element of inducement through circumstantial evidence. *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1322 (Fed. Cir. 2009). “Evidence of active steps taken to induce infringement, such as advertising an infringing use, can support a finding of an intention for the product to be used in an infringing manner.” *Id.* (citing *DSU Med. Corp.*, 471 F.3d at 1305).

The jury found that Defendants induced infringement of asserted claims for the '029 and '884 Patents. Defendants argue that no reasonable jury could have found that they had actual knowledge or committed willful blindness to constitute induced infringement.

There is substantial evidence to support a verdict of induced infringement. First, as already explained, the Court finds that Plaintiff presented substantial evidence of direct infringement of the patents-in-suit. Second, Plaintiff presented substantial evidence Defendants “knowingly induced infringement and possessed the specific intent to encourage another’s infringement.” *ACCO Brands, Inc.*, 501 F.3d at 1312. It is undisputed that Defendants knew of the asserted patents. At trial,

Appendix E

Defendants offered two witnesses, Mr. Bang and Mr. Lee, who testified about Defendants' knowledge of Plaintiff's patents. Mr. Bang testified that Defendants discontinued discussions with Plaintiff regarding its patent portfolio and did not perform an analysis of Plaintiff's patents after 2011. Mr. Bang further testified that he did not review any pleadings related to Plaintiff's earlier lawsuit against other smartphone Defendants or monitor the progress of that litigation. Mr. Lee testified that Defendants determined that Plaintiff's patents were not worth acquiring. In the middle of trial, Defendants produced previously undisclosed documents regarding facts within the personal knowledge of Mr. Bang and Mr. Lee. The Court stated, "This evidence contradicts the sworn testimony of Mr. Bang and Mr. Lee and indicates that the testimony that Mr. Bang and Mr. Lee gave about [Defendants'] discussion with [Plaintiff] and its analysis of [Plaintiff's] patents was false and therefore not worthy of belief." (Dkt. #275, Feb. 5, 2016 P.M. Trial Tr. at 112:9-13). The Court then struck these portions of Mr. Bang and Mr. Lee's testimony from the record and instructed the jury to disregard the testimonies on this issue (Dkt. #275, Feb. 5, 2016 P.M. Trial Tr. at 112:14-17).

Plaintiff also presented evidence that Defendants took active steps to encourage or intend their customers to infringe the asserted patents. *See* Pl. Exhibit #276 (describing the desirable features of an infringing camera in a product-offering guide); Pl. Exhibit #397 at 40, 59-61 (instructing how to use infringing features of the WB21000); Pl. Exhibit #334 at 79-81 (instructing how to take photos); Pl. Exhibit #166 (advertising the camera as

Appendix E

a key feature of an infringing product); Defs' Exhibit #681 (advertising the camera in an infringing product)). A jury could infer the specific intent to induce infringement from the offered circumstantial evidence. *Lucent Techs.*, 580 F.3d at 1322. As such, a reasonable jury could find that Defendants were liable for induced infringement.

Further, Defendants argue that they held a good-faith belief in their non-infringement defenses, which shows a lack of intent for active inducement. “[T]he proper focus of indirect infringement analysis is on the subject knowledge of the accused infringer” rather than the objective reasonableness of non-infringement positions. *Unwired Planet, LLC v. Apple Inc.*, 829 F.3d 1353, 1364 (Fed. Cir. 2016). Whether Defendants had a good-faith belief in their non-infringement defenses was not an issue tried before the jury. Because Defendants never asserted this defense for induced infringement during trial, a reasonable jury could have concluded that Defendants induced infringement of the asserted patents.

Accordingly, the Court denies Defendants' motion for judgment as a matter of law for non-induced infringement.

C. Invalidity

Defendants assert that their experts, Parulski and Dr. Neikirk, provided clear, convincing, and specific evidence that the '029 and the '884 Patents are invalid on the grounds of anticipation and obviousness.

*Appendix E***1. Obviousness of '029 Patent**

A patent is invalid for obviousness “if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains.” 35 U.S.C. § 103. Obviousness is a legal determination based upon underlying factual findings. *Soverain Software LLC v. Newegg Inc.*, 705 F.3d 1333, 1336 (Fed. Cir. 2013). The factual findings are based upon several factors, including “(1) the scope and content of the prior art, (2) the difference between the prior art and the claimed invention, (3) the level of ordinary skill in the field of the invention, and (4) any relevant objective considerations.” *Id.* (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, 86 S. Ct. 684, 15 L. Ed. 2d 545 (1966)). Although the Court must determine the ultimate legal question of obviousness, the Court must presume the jury resolved all underlying factual findings in favor of the verdict and accept the jury’s findings if supported by substantial evidence. *Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1342, 1356-57 (Fed. Cir. 2012).

Defendants argue that they demonstrated by clear and convincing evidence the invalidity of the '029 Patent. Specifically, Defendants state Claims 1, 6, and 7 are obvious in view of the combination of U.S. Patent No. 6,195,127 (“Sugimoto”) and published Japanese Patent Application No. 1999-119288 (“Shimada”).

Appendix E

For the first time, Defendants argue that the asserted claims are obvious in view of the Nikon D1 camera used together with the SB-28 or SB028DX flash units. During trial, Defendants did not present any evidence of how the Nikon system discloses these claim limitations. The Court will not consider this argument in determining whether a reasonable jury could have found the '029 Patent invalid for obviousness.

Claim 1 recites:

A method of adjusting image lighting, the method comprising:

generating a preparatory light for a predetermined preparatory duration;

capturing a preparatory image while generating the preparatory light, wherein the preparatory image is represented by preparatory image data;

determining an average preparatory image luminance of the preparatory image based on the preparatory image data and weighing at least a subset of the preparatory image data;

generating a supplemental strobe duration based on the average preparatory image luminance and luminance weightings; and

Appendix E

generating a look-up table storing associated image strobe durations and power values including a preparatory image strobe duration and associated preparatory power value.

'029 Patent at 11:40-58. Claim 6 is a dependent claim that includes all of the limitations of Claim 1. While Claim 7 includes all of the limitations of Claim 1 and adds the requirement of “a memory having machine readable instructions” or sets of “machine readable instructions” relating to each limitation.

At trial, Parulski testified that Sugimoto discloses each limitation of the asserted claims, except for a look-up table that stores image strobe duration and power values. The remaining limitation, Parulski noted, was disclosed in the Shimada reference. Parulski walked through the Sugimoto and Shimada references and explained how the asserted claims were obvious in view of the references (Dkt. #270, Feb. 4, 2016 A.M. Trial Tr. at 29:16-46:13). Parulski mentioned that a person of ordinary skill in the art at the time of the '029 Patent would combine the teachings of Sugimoto with Shimada (Dkt. #270, Feb. 4, 2016 A.M. Trial Tr. at 48:9-49:11 (asserting a person of ordinary skill would combine the Sugimoto with Shimada because the references are related to the same field, discuss flash photography, and have overlapping disclosures)).

Dr. Wright disagreed with Parulski's testimony. He indicated the look-up table in Shimada encompasses only main flash and does not include flash duration as

Appendix E

required by Claim 1 (Dkt. #275, Feb. 5, 2016 P.M. Trial Tr. at 155:19-20). Dr. Wright also testified that during the prosecution of the '029 Patent, the Patent Office considered the combination of Sugimoto and Sugahara, a reference Dr. Wright testified as an invention similar to Shimada (Dkt. #275, Feb. 5, 2016 P.M. Trial Tr. at 155:7-10, 156:6-12).

In light of conflicting testimony from Parulski and Dr. Wright, a reasonable jury could conclude the combination of Sugimoto and Shimada does not disclose the look-up table mentioned in the asserted claims. Thus, the Court is not convinced that Defendants met their burden of proving by clear and convincing evidence that Claims 1, 6, and 7 are invalid for obviousness.

Accordingly, the Court denies Defendants' motion for judgment as a matter of law for invalidity of the '029 Patent.

2. Anticipation of '884 Patent

A patent is invalidated as anticipated if “the invention was patented or described in a printed publication” more than one year before the patent application was filed. 35 U.S.C. § 102(b). To be anticipatory, the prior art reference must “explicitly or inherently” disclose each and every element of the claimed invention. *In re Gleave*, 560 F.3d 1331, 1334 (Fed. Cir. 2009). An anticipatory prior art reference must also enable “one of skill in the art to practice an embodiment of the claimed invention without undue experimentation.” *Am. Calcar, Inc. v. Am. Honda*

Appendix E

Motor Co., 651 F.3d 1318, 1341 (Fed. Cir. 2011); *see also In re Donohue*, 766 F.2d 531, 533 (Fed. Cir. 1985) (“Such possession is effected if one of ordinary skill in the art could have combined the publication’s description of the invention with his own knowledge to make the claimed invention.”). Finally, the party asserting invalidity must prove anticipation by clear and convincing evidence. *Orion IP, LLC v. Hyundai Motor Am.*, 605 F.3d 967, 975 (Fed. Cir. 2010).

Defendants contend that they demonstrated by clear and convincing evidence that the ’884 Patent is anticipated by different prior art references. In particular, Defendants argue U.S. Patent No. 6,567,123 (“Hashimoto”) anticipates Claims 1, 5, and 14, and U.S. Patent No. 7,289,145 (“Johnson”) anticipates Claims 1, 5, 14, and 17. Claims 1 and 14 are independent claims. Claim 5 depends on Claim 1, while Claim 17 depends on Claim 14.

At trial, Dr. Neikirk testified that Hashimoto and Johnson disclosed each and every limitation of the asserted claims. First, he explained to the jury that Hashimoto discloses an electronic camera used for making videos, taking pictures, and adjusting the integration time or shutter speed to integral multiples of the flicker period (Dkt. #271, Feb. 4, 2016 P.M. Trial Tr. at 126:22-127:1). Next, Dr. Neikirk walked through the Johnson patent. He stated Johnson discloses a camera that uses either a charged coupled device or a CMOS image system. He further stated Johnson discusses using shutter speed to suppress flicker and setting that shutter speed to integer multiples of a flicker period (Dkt. #271, Feb. 4, 2016 P.M.

Appendix E

Trial Tr. at 147:9-16). Dr. Neikirk pointed to various figures and line references in Hashimoto and Johnson to show how the patents anticipate the asserted claims.

In rebuttal, Dr. Wright stated that Hashimoto fails to disclose the elements of “setting the integration time to an integral multiple of the period of the periodic intensity” or “adjusting while maintaining” (Dkt. #275, Feb. 5, 2016 P.M. Trial Tr. at 123:7-124:1) (referring limitations mentioned in the asserted claims)). He testified that the Hashimoto patent discusses two specific shutter speeds, neither of which would reduce flicker in the United States. Likewise, for the Johnson patent, Dr. Wright testified that Johnson has very little to do with the '884 Patent. In fact, he asserted the Johnson patent is a reformatter that converts signals from an atypical CCD sensor with four colors and reformats that information into a standard video signal with three colors. Dr. Wright also testified that although Johnson mentions the concept of a “flickerless mode,” Johnson does not explain how to achieve this mode (Dkt. #275, Feb. 5, 2016 P.M. Trial Tr. at 124:2-22).

The Court concludes that substantial evidence supports the jury’s findings regarding Hashimoto and Johnson. It was reasonable for the jury to find that Defendants did not present clear and convincing evidence of anticipation. A reasonable jury was free to credit Dr. Wright’s testimony over Dr. Neikirk’s, and it is not the Court’s role to second guess the credibility determinations of the jury. *SIBIA Neurosciences, Inc. v. Cadus Pharm. Corp.*, 225 F.3d 1349, 1355 (Fed. Cir. 2000).

Appendix E

Accordingly, the Court denies Defendants' motion for judgment as a matter of law for invalidity of the '884 Patent.

3. Obviousness of '884 Patent

Defendants argue that they demonstrated by clear and convincing evidence that a combination of prior art references make Claims 6 and 17 of the '884 obvious. Claim 6 depends on Claim 1 and adds the step of "detecting the period of the periodic intensity." Claim 17 depends on Claim 14 and adds three additional limitations: an analog, variable gain stage; an analog to digital converter; and a gamma correction stage receiving and providing digitized pixel data. Specifically, Defendants point to the following obviousness combinations presented during trial: (1) the combination of Johnson and U.S. Patent No. 5,960,153 ("Oster") renders Claim 6 obvious; (2) the combination of Hashimoto and published Japanese Patent Application H1-204578 ("Kinugawa") renders Claim 6 obvious; and (3) the combination of Hashimoto and published Japanese Patent Application No. H9-318804 ("Hata") renders Claim 17 obvious.

After reviewing the record, the Court determines that substantial evidence supports the jury's finding of non-obviousness. Defendants offered three obviousness combinations: Johnson with Oster, Hashimoto with Kinugawa, and Hashimoto with Hata. During trial, there was conflicting expert testimony on the question of whether a person of ordinary skill in the art would have been motivated to combine the references to reach the

Appendix E

embodiments in Claims 6 and 17. Additionally, Plaintiff offered evidence supporting the commercial success of the '884 Patent, a secondary consideration of non-obviousness (Dkt. #265, Feb. 3, 2016 A.M. Trial Tr. at 17:2-19). The jury weighed the testimony and concluded that Defendants failed to show obviousness by clear and convincing evidence. Thus, a reasonable jury could conclude that Defendants did not establish by clear and convincing evidence that the '884 Patent would have been obvious to one of ordinary skill in the art at the time of the invention.

Accordingly, the Court denies Defendants' motion for judgment as a matter of law on invalidity of the '884 Patent.

D. Damages

Defendants assert the evidence presented at trial does not support the jury's award of \$6,970,380.50 in favor of Plaintiff. In view of the alleged deficiencies in Plaintiff's proof and the methodology used by its expert, Defendants contend the Court should have granted their *Daubert* motion and excluded the testimony. As such, Defendants present different options for the Court: grant a new trial, enter a judgment of zero damages, or use the alternative damages estimate of \$2,059,202, supported by Defendants' expert, Dr. M. Ray Perryman.

Defendants largely recycle arguments made in their *Daubert* motion challenging Plaintiff's damages expert,

Appendix E

Michele M. Riley (“Riley”).² For example, Defendants attack the evidence on which Riley relied and the methodologies she used to develop her opinion (Dkt. #337 at pp. 42-46; Dkt. #337 at pp. 46-47). The Court will not reiterate its analysis regarding the reliability of Riley’s opinion under *Daubert*. Instead, the Court adopts and incorporates its prior decision addressing this issue (Dkt. #225 at p. 3). *See Versata Software*, 717 F.3d at 1264 (“Under the guise of the sufficiency of the evidence, SAP questions the admissibility of Versata’s expert testimony and whether his damages model is properly tied to the facts of the case. Such questions should be resolved under the framework of the Federal Rules of Evidence and through a challenge under *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 113 S. Ct. 2786, 125 L. Ed. 2d 469 (1993).”). The issue before the Court is whether substantial evidence supports the jury’s damages award. Plaintiff bears the burden of proving its damages. *Lucent Techs.*, 580 F.3d at 1324. “A jury’s decision with respect to an award of damages ‘must be upheld unless the amount is grossly excessive or monstrous, clearly not supported by the evidence, or based only on speculation or guesswork.’” *Id.* at 1310 (quoting *State Contracting & Eng’g Corp. v. Condotte Am., Inc.*, 346 F.3d 1057, 1072 (Fed. Cir. 2003)).

2. Specifically, Defendants’ present motion reasserts the following: (1) whether Defendants’ worldwide profits on all products are a proper basis for the calculation of damages; (2) whether there was a basis for Riley’s calculation for royalty rates; (3) whether Plaintiff’s non-arm’s length profit-sharing arrangement with ESS was sufficient to set any lower bound on damages; (4) whether the survey information about camera resolution was factually tethered to the patented benefits and isolated their value; (5) whether Riley’s reasonableness checks on her calculations of damages were legally and factually proper (Dkt. #341 at pp. 40-50).

Appendix E

The jury heard arguments and evidence from both sides regarding damages. The jury was tasked with weighing the credibility and degree to which it could rely on the damages figures presented by both parties' experts. The Court will grant a judgment as a matter of law on damages or a new trial only if there was insufficient evidence presented to support the jury's damages award. In light of the testimony that was provided at trial, the Court finds that substantial evidence supported the jury's damages determination. To the extent Defendants raise grounds other than their Rule 702 objections, Defendants' challenges to Riley's damages opinion go to the weight of her testimony. Defendants had ample opportunity to cross-examine Riley, who evidently the jury deemed credible. Defendants further challenge the jury's determination of an intermediate royalty rate that divided Plaintiff's calculation of damages in half. Defendants contend there is no evidentiary basis in the record for this royalty rate because Riley did not provide any evidence or guidance for selecting an amount different from the damages she calculated. The Court disagrees. In *Fuji Photo Film Co., v. Jazz Photo Corp.*, the Federal Circuit stated, "[T]he jury is not bound to accept a rate proffered by one party's expert but rather may choose an intermediate royalty rate." 394 F.3d 1368, 1378 (Fed. Cir. 2005) (citing *Unisplay, S.A. v. Am. Elec. Sign Co.*, 69 F.3d 512, 519 (Fed. Cir. 1995)). However, the jury's royalty amount "must be within the range encompassed by the whole." *Unisplay, S.A.*, 69 F.3d at 519. Riley testified that the range of royalty for any accused product fell between 2.7 cents and 13.5 cents (Dkt. #267, Feb. 3, 2016 P.M. Trial Tr. at 10:9-16). The jury's award of two cents per unit for the '029 Patent

Appendix E

and four cents per unit for the '884 Patent. The highest royalty for any accused product—six cents—falls within the range encompassed by Riley's testimony. Thus, the jury's award was proper.

Accordingly, the Court denies Defendants' judgment as a matter of law and request for a new trial on damages.

II. New Trial

Defendants provide four reasons why they are entitled to a new trial. The Court will address each reason separately.

1. Exclusion of Defendants' Defense Based on the Sony License

The Court prevented Defendants from "relying on Sony image sensors as non-infringing alternatives" and from presenting "the Sony License defense at trial" (Dkt. #231 at p. 2).

Defendants assert the Court's exclusions were an abuse of discretion and require a new trial on liability and damages. Defendants argue the Court was erroneous because (1) Plaintiff concealed its reliance on Sony sensors throughout this case; and (2) the Court prevented Defendants from adequately defending the liability and damages portions of the case.

The Court has already considered and rejected Defendants' arguments regarding the Sony license

Appendix E

defense. On January 21, 2016, the Court denied Defendants' motion for leave to file summary judgment out-of-time (Dkt. #219). The Court was unconvinced that Plaintiff concealed its reliance on Sony image sensors. The Court stated in its Memorandum Opinion and Order:

[M]uch of the information relied upon by Defendants to support [their] motion for summary judgment was known, or should have been known, by Defendants before September 9. First, as Defendants explain, the accused Samsung-Sony products compromise almost half of the accused products in this lawsuit (Dkt. #155 at p. 3). Second, Defendants were aware that the patents-in-suit include, at least as one limitation, "an image sensor coupled to a memory" (Dkt. #1, Ex. C at col. 14, ln. 3). Third, Defendants had identified accused products that contain, as the only image sensor, a Sony image sensor (Dkt. #155 at p. 8). Fourth, Defendants had access to the Sony License Agreement as of April 2, 2015 (Dkt. #169, Ex. 3). Considering these factors, the Court finds that even if Plaintiff "obscured" the fact that it is relying upon Sony image sensors, Defendants could have been aware of the potential relevance of the Sony License regarding what it describes as almost half of the accused products long before September 9, 2015, such that the timing of the filing was in the reasonable control of Defendant. This tends to suggest that the current filing is not untimely due to "excusable neglect."

Appendix E

(Dkt. #219 at p. 4). Similarly, in another opinion, the Court determined that Defendants waived the Sony license defense by not raising the defense until well beyond the deadline for summary judgment:

Defendants may have given a boilerplate, general license defense in [their] answer, but even in supplementing [their] responses to interrogatories[,] Defendants only gave an indication of asserting a license to one or more asserted claims of the patents-in-suit per the terms of [their] membership in the MIPI Alliance (Dkt. #277, Ex. I at pp. 38-42). If anything, Defendants' decision to supplement their answer to interrogatory regarding license defenses on July 13, 2015, and September 7, 2015, after receiving the Sony License Agreement on April 2, 2015, indicated an active intention *not* to assert the Sony License.

(Dkt. #329 at p. 6). The Court continued:

According to Defendants' interpretation of the '029 Patent, not reliant on any of Plaintiff's views, the '029 Patent "teaches that an image sensor is the specific component that captures this preparatory image" (Dkt. #277 at p. 2). Defendants have never presented evidence as to why, given this understanding of the patent and knowledge of their own products' usage of Sony image sensors, Defendants did not assert that they may be entitled to assert the

Appendix E

Sony License, particularly if Plaintiff agreed to Defendants' understanding of the patents-in-suit. After all, Defendants generally pleaded a boilerplate license defense and presumptively stated that "Samsung may be entitled to a license" with respect to [their] membership in the MIPI Alliance.

(Dkt. #329 at p. 6). Because Defendants almost exclusively reargue and expound on arguments previously made, the Court will not analyze them again. The Court instead adopts and incorporates its prior decisions on the issue (Dkt. #219; Dkt. #329).

Accordingly, the Court denies Defendants' motion for a new trial on liability and damages based on the Court's exclusion of the Sony license defense.

2. Mid-Trial Discovery Sanction

During trial, Defendants produced for the first time six emails concerning Defendants' attempts to acquire image sensor patents. Particularly, Defendants produced communications between Mr. Bang and Stuart Kaler, a third-party broker retained by Defendants to explore whether Plaintiff was interested in selling its patents. Due to the late production of documents, Plaintiff requested that the Court impose sanctions to strike Defendants' laches defense and prevent Defendants from contesting willfulness. Defendants submitted a brief and a declaration from Mr. Bang who explained why Defendants did not identify or produce the emails earlier (Dkt. #238; Dkt.

Appendix E

#238 at Exhibit 1). Mr. Bang indicated that he believed the communications about Plaintiff with Mr. Kaler ended in 2011, and he had no recollection of any events happening on or after mid-2012. Further, Defendants indicated that Mr. Bang and Mr. Lee testified consistently with their recollections and about the documents identified during their deposition preparations. The Court granted Plaintiff's requested relief and instructed the jury that portions of Mr. Bang and Mr. Lee's testimony were false and not worthy of belief.

Defendants state the Court's sanction was an abuse of discretion, warranting a new trial. They claim the sanction was disproportionate and extreme, especially in view of Mr. Bang's explanation and the Court's discovery order that required a specific request from Plaintiff. In addition, Defendants argue the Court's instruction regarding Mr. Bang and Mr. Lee's testimony improperly invaded the jury's determination of a witness's credibility. These arguments are without merit.

Federal Rule of Civil Procedure 26(e) provides:

- (1) *In General.* A party who has made a disclosure under Rule 26(a)—or who has responded to an interrogatory, request for production, or request for admission—must supplement or correct its disclosure or response:
 - (A) in a timely manner if the party learns that in some material respect the disclosure or

Appendix E

response is incomplete or incorrect, and if the additional or corrective information has not otherwise been made known to the other parties during the discovery process or in writing

Fed. R. Civ. P. 26(e)(1)(A). Moreover, Federal Rule of Civil Procedure 37 provides:

- (1) If a party fails to provide information or identify a witness as required by Rule 26(a) or (e), the party is not allowed to use that information or witness to supply evidence on a motion, at a hearing, or at a trial, unless the failure was substantially justified or harmless.

Fed. R. Civ. P. 37(c)(1). Rule 37 of the Federal Rules of Civil Procedure “empowers the courts to impose sanctions for failures to obey discovery orders.” *Smith & Fuller, P.A. v. Cooper Tire & Rubber Co.*, 685 F.3d 486, 488 (5th Cir. 2012); Fed. R. Civ. P. 37(b). The sanctions available under Rule 37 are flexible, and the court has authority to apply them in many varied forms, depending on the facts of each case. “Rule 37 only requires the sanction the Court imposes hold the scales of justice even.” *Guidry v. Cont’l Oil Co.*, 640 F.2d 523, 533 (5th Cir. 1981) (internal quotation marks and citation omitted). Extreme sanctions are remedies of last resort and are appropriate only when the deterrent value of Rule 37 cannot be achieved by using less drastic measures. *Batson v. Neal Spelce Assocs., Inc.*, 765 F.2d 511, 514 (5th Cir. 1985).

Appendix E

The Court conducted a detailed review of the facts that warranted sanctions in its August 24, 2016 opinion. First, the Court found that Defendants did not amend their disclosures in a timely manner. Defendants indicated in a sworn response to Interrogatory No. 7 that they knew only of Plaintiff's patents when the case started in June 2014. This response remained unchanged until after depositions and other discovery showed this to be incorrect. Next, Defendants did not produce relevant documents during discovery, violating the Federal Rules of Civil Procedure. *See* Fed. R. Civ. P. 26(b)(1), 34(a) (requiring a party, upon request, to produce any nonprivileged matter that relates to another party's claims or defenses). On July 15, 2015, Plaintiff specifically requested Defendants to produce emails and other documents related to Mr. Kaler during the 2012 to 2014 period (Dkt. #240, Exhibit 2 at p. 1-2). Defendants did not produce such documents before the September 9, 2015 discovery deadline. *See* Dkt. #329 at p. 13 ("Defendants knew at least by July 15, 2015, about the need to produce e-mails and other documents relating to Mr. Kaler. . . . Defendants apparently never searched for nor produced any such documents until the fourth day of trial at 2:19 a.m. Defendants then only produced documents found on Mr. Kaler's laptop during witness preparations—not any documents from Defendants' files. Defendants searched their own files for such Kaler documents only after Plaintiff and the Court had raised the issue of sanctions."). Finally, the Court found that Defendants offered false testimony about Defendants' knowledge of Plaintiff's patents. Mr. Bang and Mr. Lee testified that Defendants did not know of Plaintiff's patents until after 2011. However, the evidence produced

Appendix E

indicates that Defendants “did track and attempt to obtain, despite testimony otherwise, Plaintiff’s patents for years before this lawsuit” (Dkt. #329 at p. 12). The Court recognized Defendants’ conduct related to issues of infringement, willfulness, laches, and credibility. Based on the Defendants’ conduct before and during trial, the Court properly issued sanctions it considered just under the circumstances. Fed. R. Civ. P. 37 (b)(2)(A).

For a new trial, Defendants must demonstrate “the verdict [was] against the weight of the evidence, the damages award [was] excessive, the trial was unfair, or prejudicial error was committed in its course.” *Smith*, 773 F.2d at 612-13. Defendants have not shown the Court’s imposition of sanctions meets the standard for a new trial.

Accordingly, the Court denies Defendants’ motion for a new trial based on mid-trial sanctions.

3. Willful Infringement

The Supreme Court in *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923, 195 L. Ed. 2d 278 (2016), changed the framework for awarding enhanced damages in cases of willful infringement. Before *Halo*, a patentee seeking enhanced damages first needed to show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions infringed a valid patent. *Id.* at 1930 (citing *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en banc)). A patentee tended not to meet this objective prong where an accused infringer had a reasonable defense to infringement.

Appendix E

Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs., 682 F.3d 1003, 1005-06 (Fed. Cir. 2012). Second, the patentee had to show the risk of infringement “was either known or so obvious that it should have been known to the accused infringer.” *In re Seagate*, 497 F.3d at 1371. *Halo* criticized the objective reckless prong, reasoning it “excludes from discretionary punishment many of the most culpable offenders” and “mak[es] dispositive the ability of the infringer to muster a reasonable (even though unsuccessful) defense at the infringement trial.” 136 S. Ct. at 1932-33. The Supreme Court explained that an infringer’s subjective bad faith alone could support an enhanced damages award. *Id.* at 1932. Moreover, *Halo* made clear that it is the infringer’s state of mind at the time of the challenged conduct that matters, without regard to any later reasonable defense at trial. *Id.* at 1933. After *Halo*, the Federal Circuit reiterated that “the factual components of the willfulness question should be resolved by jury.” *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1341 (Fed. Cir. 2016).

Defendants assert a judgment as a matter of law of no willfulness or a new trial are required in light of the Supreme Court’s decision in *Halo*. Defendants contend a new trial is necessary because the jury’s determination of willfulness was under the now-abrogated *Seagate* standard rather than under *Halo*. However, *Halo* called into question only the objective prong of *Seagate*, meaning a favorable jury finding under the subjective prong would suffice to establish subjectively willful conduct. *Innovention Toys, LLC v. MGa Entm’t, Inc.*, 667 Fed. Appx. 992 (Fed. Cir. 2016). Thus, under *Halo*, subjective

Appendix E

willfulness alone, intentional or knowing, may support an award of enhanced damages. *Halo*, 136 S. Ct. at 1933. In fact, the Federal Circuit has affirmed enhanced damages based on jury findings under the subjective prong of *Seagate*. See, e.g., *WBIP*, 829 F.3d at 1341 (affirming the district court because *Halo* did not change “the established law that the factual components of the willfulness question should be resolved by the jury”).

Defendants next argue that they are entitled to judgment as a matter of law as to willfulness because there was insufficient evidence to support the jury’s finding. Defendants are incorrect. The evidence offered at trial established that Defendants had pre-suit knowledge of the patents-in-suit and took no steps to avoid infringement after becoming aware of the patents. The Court also instructed the jury that evidence produced at trial directly contradicted sworn testimony from Mr. Lee and Mr. Bang, who testified about Defendants’ pre-suit knowledge of the patents-in-suit (Dkt. #275, Feb. 5, 2016 P.M. Trial Tr., at 111:14-112:16). In addition, the jury found willful infringement by clear and convincing evidence—a higher burden of proof than required after *Halo*. 136 S. Ct. at 1934 (decreasing the standard for willfulness and enhanced damages from clear and convincing evidence to a preponderance of the evidence). The jury had record evidence from which it could find that Defendants had knowledge of the patents-in-suit, and thus the jury’s finding is supported by substantial evidence.

Finally, Defendants argue that *Halo* converted the Court’s sanction into a directed verdict because

Appendix E

Defendants could not contest subjective willfulness. The Court's instruction did not require the jury to find willfulness. Rather, the jury was free to decide whether Plaintiff met its burden on the issue. Further, the Court's sanction did not prevent Defendants from establishing non-infringement or invalidity of the patents-in-suit to avoid willfulness liability. Similarly, the Court dismisses this argument.

Defendants' arguments are insufficient to warrant the requested relief. Accordingly, the Court denies Defendants' motion for judgment as a matter of law of no willful infringement, or in the alternative, for a new trial on the issue of willful infringement.

4. Jury Instructions

Defendants request a new trial on invalidity and damages, alleging the Court committed two errors in its jury instructions. The Court declines to grant a new trial for each of these arguments.

Defendants first argue that the Court erroneously instructed the jury regarding Defendants' burden of proof with respect to anticipatory prior art. With regard to the burden of proof for anticipatory prior art, the Court instructed the jury as follows: "Samsung must prove by clear and convincing evidence that this single item of prior art must enable one of ordinary skill in the art to make the invention without undue experimentation." (Dkt. #250 at p. 18). The Federal Circuit has explained that "when an accused infringer asserts that a prior art

Appendix E

patent anticipates specific patent claims, the infringer enjoys a presumption that the anticipating disclosure also enables the claimed invention.” *Impax Labs., Inc. v. Aventis Pharms., Inc.*, 545 F.3d 1312, 1316 (Fed Cir. 2008); *see also Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 314 F.3d 1313, 1355 (Fed. Cir. 2003) (deciding an accused infringer is entitled to have the district court presume the enablement of material in a prior art patent). A patentee can overcome this presumption by showing the asserted prior art patent does not enable the claimed invention. *Id.*

Assuming the jury instructions were erroneous, Defendants are not entitled to a new trial. Under Fifth Circuit law, a party must show two requirements before the court grants a new trial based on an erroneous jury instruction. First, the party must demonstrate that “the charge as a whole creates substantial and ineradicable doubt whether the jury has been properly guided in its deliberations.” *Hartsell v. Dr. Pepper Bottling Co.*, 207 F.3d 269, 272 (5th Cir. 2000) (citation omitted). Second, even if the jury instructions were erroneous, the instruction must have affected the outcome of the case. *Id.* Defendants asserted two anticipatory prior art patents against the ’884 Patent, Johnson and Hashimoto. Defendants neither have demonstrated how the charge as a whole creates “substantial and ineradicable doubt” nor have shown how the Court’s error affected the outcome of the case. In fact, Plaintiff presented evidence that Johnson and Hashimoto do not disclose all of the claimed limitations of the ’884 Patent. This evidence alone could have led to the jury’s verdict of infringement rather than one of invalidity, meaning enablement may not have been

Appendix E

a material issue for the jury. Thus, Defendants do not meet the Fifth Circuit's high burden for a new trial, and the Court denies Defendants' motion on this argument.

Defendants then argue the Court omitted an instruction on marking and notice under 35 U.S.C. § 287, which entitled them to a new trial on damages. District courts have considerable latitude when crafting jury instructions. The refusal to give a requested instruction warrants a new trial if the instruction “1) was a substantially correct statement of law, 2) was not substantially covered in the charge as a whole, and 3) concerned an important point in the trial such that the failure to instruct the jury on the issue seriously impaired the [party's] ability to present a given [claim].” *Kanida v. Gulf Coast Med. Pers. LP*, 363 F.3d 568, 578 (5th Cir. 2004) (alteration in original) (quotation marks omitted). Here, the requested instruction on marking and notice is irrelevant because the parties offered little or no evidence to warrant such an instruction. And even if the Court's decision to exclude the requested instruction was erroneous, it would not rise to the level of reversible error as set out by the Fifth Circuit. *Hartsell*, 207 F.3d at 272 (outlining the requirements a party must meet before the court grants a new trial based on erroneous jury instructions).

Accordingly, the Court denies Defendants' motion for a new trial based on the jury instructions.

99a

Appendix E

CONCLUSION

It is therefore **ORDERED** that Defendants' Rule 50(b) Motion for Judgment as a Matter of Law and/or Rule 59 Motion for a New Trial (Dkt. #337) is **DENIED**.

SIGNED this 27th day of April, 2017.

/s/ Amos L. Mazzant
AMOS L. MAZZANT
UNITED STATES DISTRICT
JUDGE

100a

**APPENDIX F — DENIAL OF REHEARING OF
THE UNITED STATES COURT OF APPEALS FOR
THE FEDERAL CIRCUIT, FILED APRIL 18, 2019**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2018-1923

IMPERIUM IP HOLDINGS (CAYMAN), LTD.,

Plaintiff-Appellee,

v.

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG
ELECTRONICS AMERICA, INC., SAMSUNG
SEMICONDUCTOR, INC.,

Defendants-Appellants.

Appeal from the United States District Court for
the Eastern District of Texas in No. 4:14-cv-00371-ALM,
Judge Amos L. Mazzant, III.

**ON PETITION FOR PANEL REHEARING
AND REHEARING EN BANC**

Before PROST, *Chief Judge*, NEWMAN, LOURIE,
DYK, MOORE, O'MALLEY, REYNA, WALLACH,
TARANTO, CHEN, HUGHES, and STOLL, *Circuit
Judges.*

PER CURIAM.

101a

Appendix F

ORDER

Appellee Imperium IP Holdings (Cayman), Ltd. filed a combined petition for panel rehearing and rehearing en banc. A response to the petition was invited by the court and filed by Appellants Samsung Electronics Co., Ltd., Samsung Electronics America, Inc. and Samsung Semiconductor, Inc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on April 25, 2019.

FOR THE COURT

April 18, 2019

Date

/s/Peter R. Marksteiner

Peter R. Marksteiner
Clerk of Court

102a

**APPENDIX G — DENIAL OF REHEARING OF
THE UNITED STATES COURT OF APPEALS FOR
THE FEDERAL CIRCUIT, FILED APRIL 18, 2019**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2017-2107, 2017-2133

IMPERIUM IP HOLDINGS (CAYMAN), LTD.,

Plaintiff-Cross-Appellant,

v.

SAMSUNG ELECTRONICS CO., LTD.,
SAMSUNG ELECTRONICS AMERICA, INC.,
SAMSUNG SEMICONDUCTOR, INC.,

Defendants-Appellants.

Appeals from the United States District Court for
the Eastern District of Texas in No. 4:14-cv-00371-ALM,
Judge Amos L. Mazzant, III.

**ON PETITION FOR PANEL REHEARING
AND REHEARING *EN BANC***

Before PROST, *Chief Judge*, NEWMAN, LOURIE, DYK,
MOORE, O'MALLEY, REYNA, WALLACH, TARANTO, CHEN,
HUGHES, and STOLL, *Circuit Judges*.

PER CURIAM.

103a

Appendix G

ORDER

Cross-Appellant Imperium IP Holdings (Cayman), Ltd. filed a combined petition for panel rehearing and rehearing *en banc*. A response to the petition was invited and filed by Appellants Samsung Electronics Co., Ltd., Samsung Electronics America, Inc. and Samsung Semiconductor, Inc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing *en banc* was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing *en banc* is denied.

The mandate of the court will issue on April 25, 2019.

FOR THE COURT

APRIL 18, 2019

Date

/s/ Peter R. Marksteiner

Peter R. Marksteiner

Clerk of Court