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**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

OPTIS WIRELESS TECHNOLOGY, LLC, OPTIS
CELLULAR TECHNOLOGY, LLC, UNWIRED
PLANET, LLC, UNWIRED PLANET
INTERNATIONAL LIMITED, AND PANOPTIS
PATENT MANAGEMENT, LLC,

Civil Action No. 2:19-cv-66-JRG

Plaintiffs,

v.

APPLE INC.,

Defendant.

APPLE INC.'S PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

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I. INTRODUCTION.

As a function of how the jury and bench trials were structured—which, in turn, was a function of decisions made by Plaintiffs in pleading and prosecuting this case—the jury was not informed that the original owner of each of the asserted patents had committed to license those patents on Fair, Reasonable, and Non-Discriminatory (“FRAND”) terms. Instead, Plaintiffs presented a damages case to the jury that ignored the constraints imposed by FRAND, and argued that Apple was a willful violator because Apple never asked permission to use patents that the prior owners had irrevocably agreed to grant permission for all to use on FRAND terms. The premise underlying this trial structure was that (1) in the bench phase, Plaintiffs would try to show that Apple had “forfeited” the benefits of the FRAND commitments applicable to the patents-in-suit; and (2) the jury need not know about these FRAND commitments if they had been forfeited, such that Plaintiffs could present arguments and evidence inconsistent with these commitments.

The bench trial demonstrated that no such forfeiture occurred—or even could occur. There is no dispute that (1) the patents-in-suit are subject to a FRAND obligation made by both the original owners of the patents-in-suit (“Original Patent Owners”) and Plaintiffs, (2) the Original Patent Owners declared their FRAND commitment irrevocable, and (3) Plaintiffs assumed, and are bound by, the irrevocable FRAND commitments made by the Original Patent Owners. ■■■■■

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No pre-suit

conduct by Apple could relieve Plaintiffs of their irrevocable FRAND obligations under any theory that they have offered or at all. Accordingly, Apple was entitled to have damages measured, and its alleged willfulness judged, in the context of the irrevocable commitment to license these patents on FRAND terms.

The bench trial also showed that the patents-in-suit are unenforceable based on the failure of the Original Patent Owners to disclose their intellectual property rights to the European Telecommunications Standards Institute (“ETSI”) in accordance with the requirements of ETSI’s governing intellectual property rights (“IPR”) policy—a breach of their duty of disclosure that conveyed unjust benefits both to the Original Patent Owners of the patents-in-suit and Plaintiffs. Throughout the jury trial, Plaintiffs constantly used the purported essentiality of the patents to support their infringement theory and promote the patents’ value. But the relevant standard setting body did not hear about the patent applications during the standard setting process, as it should have, and therefore lacked important information when selecting from among several competing proposals for the relevant standardized features. Further, Plaintiffs used the essentiality declarations of the patents-in-suit as a sword to persuade the jury of both infringement and value, while at the same time enjoying the benefit of a shield against any mention of the patents’ FRAND encumbrances. Because Apple never “forfeited” its right to rely on the irrevocable FRAND declarations, the FRAND commitments still apply, and the jury should have heard, and been instructed on, the effect of those FRAND commitments applicable to each patent.

II. FINDINGS OF FACT.

A. The Parties.

FF1. Plaintiff Optis Wireless Technology, LLC (“Optis Wireless”) is a limited liability company organized and existing under the laws of the State of Delaware and maintains its principal

[REDACTED]

place of business at 7160 Dallas Parkway, Suite 250, Plano, TX 75024. ECF 26 [Pls.’ First Am. Compl.] ¶3.

FF2. Plaintiff Optis Cellular Technology, LLC (“Optis Cellular”) is a limited liability company organized and existing under the laws of the State of Delaware, and maintains its principal place of business at 7160 Dallas Parkway, Suite 250, Plano, TX 75024. *Id.* ¶4.

FF3. Plaintiff PanOptis Patent Management, LLC (“PanOptis”) is a limited liability company organized and existing under the laws of the State of Delaware, and maintains its principal place of business at 7160 Dallas Parkway, Suite 250, Plano, TX 75024. *Id.* ¶5.

FF4. Plaintiff Unwired Planet, LLC (“Unwired Planet”) is a limited liability company organized and existing under the laws of Nevada, and is located at 7160 Dallas Parkway, Suite 250, Plano, TX 75024. *Id.* ¶6.

FF5. Plaintiff Unwired Planet International Limited (“Unwired Planet International”) is a company organized under the laws of Ireland, and is located at Unit 32, Hyde Bldg., The Park, Carrickmines, Dublin 18, Ireland. *Id.* ¶7.

FF6. Optis Wireless, Optis Cellular, PanOptis, Unwired Planet, and Unwired Planet International (collectively, “Plaintiffs”) own patents that they acquired from Ericsson, LG, Panasonic, and Samsung. 8/4/20 AM Tr. [Blasius] at 255:9-11; *see also* ECF 26 [Pls.’ First Am. Compl.] ¶¶25-28. None of the five Plaintiffs produces any products or conducts any research and development. 8/4/20 AM Tr. [Blasius] at 286:11-22.

FF7. Defendant Apple is a California corporation with its principal place of business in Cupertino, California. Apple designs, manufactures, uses, imports into the United States, sells, and/or offers to sell in the United States certain smartphones, tablet computers, and watches that

[REDACTED]

support and are interoperable with LTE networks. ECF 110 [Apple Inc.’s Answer] ¶8; ECF 26 [Pls.’ First Am. Compl.] ¶8.

B. The Patents-in-Suit.

FF8. U.S. Patent No. 8,019,332 (“332 patent”) is entitled “Method for Transmitting and Receiving Control Information through PDCCH” and issued on September 13, 2011. ECF 26 [Pls.’ First Am. Compl.] ¶14; PX-0002 [’332 patent]. The ’332 patent was originally owned by LG Electronics, which assigned the patent to Optis Cellular Technology. PX-5263. Plaintiffs claimed that the ’332 patent includes functionality “described in the LTE Standard, including but not limited to in 3GPP TS 36.201 sections 1 and 4,” and that Apple’s “LTE Accused Products” infringed “by virtue of their compatibility with and practice of the LTE Standard.” ECF 26 [Pls.’ First Am. Compl.] ¶68.

FF9. U.S. Patent No. 8,385,284 (“284 patent”) is entitled “Control Channel Signaling Using a Common Signaling Field for Transport Format and Redundancy Version” and issued on February 26, 2013. ECF 26 [Pls.’ First Am. Compl.] ¶15; PX-0003 [’284 patent]. The ’284 patent was originally owned by Panasonic, which assigned the patent to Optis Wireless Technology. PX-5265. Plaintiffs claimed that the ’284 patent includes functionality “described in the LTE Standard, including but not limited to in 3GPP TS 36.201 §§ 1, 4.1,” and that Apple’s “Accused Products” infringed “by virtue of their compatibility with and practice of the LTE Standard.” ECF 26 [Pls.’ First Am. Compl.] ¶80.

FF10. U.S. Patent No. 8,411,557 (“557 patent”) is entitled “Mobile Station Apparatus and Random Access Method” and issued on April 2, 2013. ECF 26 [Pls.’ First Am. Compl.] ¶16; PX-0004 [’557 patent]. The ’557 patent was originally owned by Panasonic, which assigned the patent to Optis Wireless Technology. PX-5265. Plaintiffs claimed that the ’557 patent includes functionality “described in the LTE Standard, including but not limited to in 3GPP TS 36.201

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sections 1 and 4,” and that Apple’s “Accused Products” infringed “by virtue of their compatibility with and practice of the LTE standard.” ECF 26 [Pls.’ First Am. Compl.] ¶95.

FF11. U.S. Patent No. 9,001,774 (“774 patent”) is entitled “System and Method for Channel Estimation in a Delay Diversity Wireless Communication System” and issued on April 7, 2015. ECF 26 [Pls.’ First Am. Compl.] ¶17; PX-0005 [’774 patent]. The ’774 patent was originally owned by Samsung Electronics, which assigned the patent to Unwired Planet International. PX-5262. Plaintiffs claimed that the ’774 patent includes functionality “described in the LTE Standard, including but not limited to in 3GPP TS 36.213 section 7.2, 3GPP TS 36.211 section 6.3.4, and 3GPP TS 36.331 section 6.3.2,” and that Apple’s “Accused Products” infringed “by virtue of their compatibility with and practice of the LTE standard.” ECF 26 [Pls.’ First Am. Compl.] ¶106.

FF12. U.S. Patent No. 8,102,833 (“833 patent”) is entitled “Method for Transmitting Uplink Signals” and issued on January 24, 2012. ECF 26 [Pls.’ First Am. Compl.] ¶18; PX-0006 [’833 patent]. The ’833 patent was originally owned by LG Electronics, which assigned the patent to Optis Cellular Technology. PX-5263. Plaintiffs claimed that the ’833 patent includes functionality “described in the LTE Standard, including but not limited to in 3GPP TS 36.201 sections 1 and 4, and 3GPP TS 36.212 section 5.2.2,” and that Apple’s “Accused Products” infringed “by virtue of their compatibility with and practice of the LTE standard.” ECF 26 [Pls.’ First Am. Compl.] ¶116.

C. The Role of the ETSI IPR Policy at ETSI and 3GPP.

FF13. Friedhelm Rodermund is an expert in the ETSI Intellectual Property Rights Policy (“ETSI IPR Policy”) and its application, including at Third Generation Partnership Project (“3GPP”) proceedings. 8/11/20 Tr. [Rodermund] at 25:18-27:4.



FF14. Mr. Rodermund worked at Mannesmann Mobilfunk from 1993 to 1998, where he began work as a standards delegate and attended standard setting meetings at ETSI. *Id.*; DTX-2061 [Mr. Rodermund's CV] at 3. From 1998 to 2004, Mr. Rodermund worked at ETSI as a Project Manager where he attended standard setting meetings, served as Secretary for various working groups, edited technical specifications, compiled meeting reports, and managed the work plan. DTX-2061 at 2-3.

FF15. From 2005 to 2014, Mr. Rodermund worked at Vodafone as a Project Manager for Mobile Broadcast Standards, Vice Chairman of Device Management, and Senior Standards Strategist. *Id.* During that time, Mr. Rodermund was involved in standard work with ETSI, 3GPP, and other standards setting organizations. *Id.*; 8/11/20 Tr. [Rodermund] at 25:18-27:04.

FF16. Since 2014, Mr. Rodermund has been an expert consultant and has extensively used ETSI and 3GPP resources. He has remained active in ETSI and 3GPP policies, procedures, and working methods. 8/11/20 Tr. [Rodermund] at 25:18-27:04; DTX-2061 at 1.

FF17. In sum, Mr. Rodermund has been a participant at ETSI for 20 years. 8/11/20 Tr. [Rodermund] at 25:18-27:04; DTX-2061 at 1-3. His role at ETSI included guiding groups and advising chairs regarding 3GPP working methods and procedures, ensuring delegates were aware of companies' obligations, and ensuring Calls for IPRs were made at each meeting. 8/11/20 Tr. [Rodermund] at 25:18-27:04; DTX-2061 at 1-3. Since 2017, Mr. Rodermund has been a member of ETSI's IPR Special Committee where he has been responsible for maintenance of ETSI's IPR Policy. 8/11/20 Tr. [Rodermund] at 25:18-27:04; DTX-2061 at 1.

FF18. In contrast, Johanna Dwyer, the witness who testified on behalf of Plaintiffs, lacks the requisite qualifications to reliably render an opinion on the scope and requirements of the ETSI

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IPR Policy. Ms. Dwyer has never worked for ETSI or 3GPP. 8/11/20 Tr. [Dwyer] at 157:23-158:13. Ms. Dwyer has never had any role in creating or overseeing 3GPP or ETSI policy. *Id.*

FF19. ETSI is a standard-setting organization based in France. ECF 178-02 [Rebuttal Expert Report of Vernon Valentine Palmer Regarding French Contract Law (“Palmer Rep.”)] ¶14.

FF20. ETSI adopted an IPR Policy that sets out rules and obligations for ETSI members. 8/11/20 Tr. [Rodermund] at 28:3-9; DTX-0068 [ETSI IPR Policy].

FF21. ETSI members are obligated to follow the ETSI IPR Policy. 8/11/20 Tr. [Rodermund] at 28:14-17; 8/11/20 Tr. [Dwyer] at 158:14-21; Ex. A [4/17/20 Deposition of Raymond Warren] at 89:20-23.

FF22. ETSI is one of seven Standards Development Organizations or organizational partners of the Third Generation Partnership Project, which was founded in 1998 to develop cellular standards. Initial Expert Report of Jean-Sébastien Borghetti (“Init. Borghetti Rep.”) ¶10; 8/11/20 Tr. [Rodermund] at 27:18-21, 28:1-2.

FF23. 3GPP developed the Long-Term Evolution standard (“LTE”). 8/4/20 Sealed PM Tr. [Mahon] at 9:15-22 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

FF24. 3GPP does not have its own IPR policy, and participants at 3GPP are expected to follow the IPR policies of the organizational partners to which they belong. 8/11/20 Tr. [Rodermund] at 27:22-25; 8/11/20 Tr. [Dwyer] at 158:14-21 (“Q. And you agree that individual members participating in 3GPP are bound by the IPR policy of their respective organizational partners, correct? A. That’s correct. Q. And so an ETSI member that participates in 3GPP

technical meetings is expected to abide by the ETSI IPR policy, correct? A. That's correct."); Ex. A [4/17/20 Deposition of Raymond Warren] at 89:20-23.

i. The FRAND Requirement.

FF25. Clause 6.1 of the ETSI IPR Policy addresses the availability of licenses on FRAND terms:

When an ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION is brought to the attention of ETSI, the Director-General of ETSI shall immediately request the owner to give within three months an undertaking in writing that it is prepared to grant irrevocable licences on fair, reasonable and non-discriminatory terms and conditions under such IPR to at least the following extent:

- MANUFACTURE, including the right to make or have made customized components and sub-systems to the licensee's own design for use in MANUFACTURE;
- sell, lease, or otherwise dispose of EQUIPMENT so MANUFACTURED;
- repair, use, or operate EQUIPMENT; and
- use METHODS.

The above undertaking may be made subject to the condition that those who seek licences agree to reciprocate.

DTX-0068 [ETSI IPR Policy] 1-2 § 6.1. The ETSI Guide on Intellectual Property Rights summarizes the Obligations and rights of ETS Members:

Obligations	Rights
<ul style="list-style-type: none"> • to inform ETSI about their own, and other people's Essential IPRs (<i>clause 4.1</i>). • owners of Essential IPRs are requested to undertake to grant licenses on fair, reasonable and non-discriminatory terms and conditions (<i>clause 6.1</i>). • owners of Essential IPRs who refuse to grant license when no alternative is available, are requested to reconsider 	<ul style="list-style-type: none"> • no obligation to conduct IPR searches (<i>clause 4.2</i>). • to refuse the inclusion of own IPRs in standards (<i>clauses 8.1 and 8.2</i>). • to be granted licenses on fair, reasonable and non-discriminatory terms and conditions in respect of a standard (<i>clause 6.1</i>).

<p>their position and provide the Director-General with a justification (<i>clause 8.1</i>).</p> <ul style="list-style-type: none"> • to abstain from claiming copyright on standards documentation (text, graphics etc., of the standard itself) on behalf of the member itself and its employees (<i>clause 9.1</i>). 	<ul style="list-style-type: none"> • to make copies of standards documentation (clause 11) free of charge. • to use IPRs owned by ETSI free of charge (<i>clause 9.3</i>). • to have confidential information within a Technical Body respected until publication of the relevant Deliverable (<i>clause 10</i>).
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DTX-1640 [ETSI Guide on IPRs] at 6 (exhibit pending admission). The Guide further states that “the ETSI IPR Policy is only binding on ETSI Members. Third parties do not have any legal OBLIGATIONS under the Policy.” *Id.* However, Third parties do have “certain RIGHTS under the ETSI IPR Policy … as users of ETSI standards or documentation,” including the right “To be granted licenses on fair, reasonable and non-discriminatory terms and conditions in respect of a standard at least to manufacture, sell, lease, repair, use and operate, (*clause 6.1*).” *Id.* at 6-7.

FF26. The ETSI IPR Policy does not define the meaning of FRAND. DTX-0068 [ETSI IPR Policy]; 8/11/20 Tr. [Mewes] at 79:23-80:1. There are, however, established principles to assess whether a royalty is FRAND. “Fair and reasonable” is generally understood to mean that the royalty should capture the actual value of the technology itself, and not the value of the standard. That assessment can be made “by looking at the value before the standard was adopted and, in particular, focusing on the relative improvement compared to alternatives that were available before the standard was adopted.” 8/11/20 Tr. [Perryman] at 84:1-11. The FRAND licensing requirement keeps owners of so-called standard essential patents (“SEPs”) from demanding more for a license than the patent is truly worth. *Id.* at 86:13-21.

FF27. “Non-discriminatory” means that the SEP owner should give similarly situated companies similar licensing terms and should make licenses available to any company in the supply chain. *Id.* at 86:6-13.

ii. The Disclosure Requirement.

FF28. Clause 4.1 of the ETSI IPR Policy imposes the following intellectual property right disclosure requirements on ETSI members:

[E]ach MEMBER shall use its reasonable endeavours in particular during the development of a STANDARD or TECHNICAL SPECIFICATION where it participates, to inform ETSI of ESSENTIAL IPRs in a timely fashion. In particular, a MEMBER submitting a technical proposal for a STANDARD or TECHNICAL SPECIFICATION shall, on a bona fide basis, draw the attention of ETSI to any of that MEMBER’s IPR which might be ESSENTIAL if that proposal is adopted.

DTX-0068 [ETSI IPR Policy] at § 4.1; 8/11/20 Tr. [Rodermund] at 28:4-29:21.

FF29. The ETSI IPR Policy defines an IPR as follows:

“IPR” shall mean any intellectual property right conferred by statute law including applications therefor other than trademarks. For the avoidance of doubt rights relating to get-up, confidential information, trade secrets or the like are excluded from the definition of IPR.

DTX-0068 [ETSI IPR Policy] at 6; 8/11/20 Tr. [Rodermund] at 28:4-29:21.

FF30. The ETSI IPR Policy defines ESSENTIAL as follows:

“ESSENTIAL” as applied to IPR means that it is not possible on technical (but not commercial grounds), taking into account normal technical practice and the state of the art generally available at the time of standardization, to make, sell, lease, otherwise dispose of, repair, use or operate EQUIPMENT or METHODS which comply with a STANDARD without infringing that IPR. For the avoidance of doubt in exceptional cases where a STANDARD can only be implemented by technical solutions, all of which are infringements of IPRs, all such IPRs shall be considered ESSENTIAL.

DTX-0068 [ETSI IPR Policy] at 6; 8/11/20 Tr. [Rodermund] at 28:4-29:21.

FF31. Clause 4.1 establishes two independent requirements to disclose relevant IPRs: (1) a general obligation to disclose when a member becomes aware of essential IPRs (under the first sentence of Clause 4.1) and (2) a specific obligation to promptly disclose any IPRs that might be essential when a member submits a technical proposal relating to that IPR (under the second sentence of Clause 4.1). DTX-0068 [ETSI IPR Policy] at § 4.1; 8/11/20 Tr. [Rodermund] at 28:22-29:9 (“[T]he disclosure obligation consists of two parts. The first one is the generic part where a member becomes aware of any potentially essential IPR. In that case, it has to declare such IPR in a timely fashion. And the second sentence says for the specific case where a member submits a technical contribution, and in that case, it has to declare any IPR which is related to that technical contribution prior to the adoption of a proposal.”).

FF32. In a March 22, 2005 letter to the European Commission (DG Competition), ETSI emphasized the existence of these “general” and “specific” disclosure obligations: “the current text creates an important general ongoing disclosure obligation as well as an additional specific disclosure obligation when a member contributes to the development of a standard.” DTX-0970 [Proposed Modification to Article 4.1 of the ETSI IPR Policy] at 5; 8/11/20 Tr. [Rodermund] at 29:22-31:16; DTX-1640 [ETSI Guide on IPRs] at 16 (“[T]o the extent that a member is not participating in an ETSI standards development committee/working group but becomes aware of certain essential IPRs, a general obligation to inform ETSI of the essential IPRs remains”) (exhibit pending admission). The ETSI Guide on Intellectual Property Rights explains that “[t]he [ETSI IPR] Policy is intended to ensure that IPRs are identified in sufficient time to avoid wasting effort on the elaboration of a Deliverable which could subsequently be blocked by an Essential IPR.” DTX-1640 [ETSI Guide on IPRs] at 5. The Guide further explains:

“Intentional Delay” has arisen when it can be demonstrated that an ETSI Member has deliberately withheld IPR disclosures

[REDACTED]

significantly beyond what would be expected from normal considerations of “Timeliness”.

This description of ‘Intentional Delay’ should be interpreted in a way that is consistent with the current ETSI IPR Policy. In complying with the requirements of timeliness under section 4.1 of the IPR Policy, Members are recommended to make IPR disclosures at the earliest possible time following their becoming aware of IPRs which may be Essential.

Id. at 7-8; *see also id.* at 17 (“Intentional non-disclosure of EIPR generally occurs in two instances: 1) when a representative participating in a Technical Body on behalf of a Member has actual knowledge of EIPR, and yet the Member holds back notification; or, 2) when a member fosters an atmosphere of ignorance amongst its employees participating at ETSI with the intent to avoid its EIPR disclosure and FRAND licensing obligations.”).

FF33. As to the “specific disclosure obligation,” ETSI has directed that the timing of disclosure for a member making a proposal can be judged from the time the proposal is made. For example, in the March 22, 2005 letter to the European Commission, ETSI stated:

In the current text, timeliness of a disclosure in the general case is measured from the point of awareness by a Member that an IPR is essential to a standard. ***In the specific case***, timeliness may additionally be measured from the Member’s submission of a contribution. This sets standards for disclosure by which a Member can be judged to have or have not met its obligations to ETSI.

DTX-0970 [Proposed Modification to Article 4.1 of the ETSI IPR Policy] at 5 (emphasis added); 8/11/20 Tr. [Rodermund] at 30:11-18 (“[I]t says here in this letter on the left-hand side in the highlighted text, that in the specific case, which is when a member submits a technical proposal, timeliness may additionally be measured from the member’s submission of the contribution.”).

FF34. To be timely, the IPR disclosure should be made at the time of the technical submission. 8/11/20 Tr. [Rodermund] at 30:19-31:10 (“[W]hat is your understanding about the timing requirement for IPR disclosures when a member submits a technical proposal to 3GPP? A.

[REDACTED]

So the sentence above is related to the second sentence of the IPR policy. It explains -- in line with the second sentence, and my understanding is that the obligation for disclosure attaches to the submission of a technical contribution. Q. So does that mean at the time of the technical solution -- submission, sorry? A. Absolutely, yeah.”).

FF35. The last date that a member can disclose the IPR is the date the relevant technical specification is adopted, known as the Stage 3 freeze date. 8/11/20 Tr. [Rodermund] at 31:5-16 (“Q. And when is the last date that the member can submit the IP rights declaration? A. So the declaration still happens at the latest – prior to the adoption of the standard. . . . And the -- the last level of adoption is the Stage 3 case -- the Stage 3 freeze date. Q. Okay. Let me see if I can break that down. Which date do you believe is -- or which date is the date that the standard is adopted? A. That’s the Stage 3 freeze date.”); *id.* at 54:7-24 (“Q. (By Ms. Sooter) Mr. Rodermund, why did you use a Stage 3 freeze date and not the ETSI formal adoption date in your analysis of the deadline for IP right disclosures? A. The Stage 3 freeze date is the most important date in the standards development process, as that’s the date when the functional scope of the standard is frozen. So no new features are supposed to be added after that. And that gives a clear indication of stability of the standard to the industry to implement this standard. The ETSI adoption date is very irrelevant to the industry. It’s just a formality with the ETSI and the other organization partners. They adopt a freeze date to make freeze standards, but for the work in the industry, the ETSI adoption date is not relevant at all. And -- yeah, and also I just had a look at the last standards set from June. It

took just one week from the IP approval to the ETSI adoption. So there's often not even a big time difference.”).¹

FF36. An ETSI presentation made in April 2007 by ETSI’s Legal Advisor Michael Frohlich about the ETSI IPR Policy underscores that one of the “main characteristics” of the ETSI IPR policy is “[e]arly identification of essential IPRs.” DTX-985 [The interface between Standards and IPRs – The ETSI IPR Policy] at 6. Further, the presentation described the “[i]mportance of obtaining knowledge of [the] IPR-landscape before lock-in of [the] standard”:



World Class Standards

EARLY DISCLOSURE

- ❑ **Importance of obtaining knowledge of IPR-landscape before lock-in of standard:**
 - Increasing transparency
 - Ability to take informed decisions in standards making process
 - Being in a position to clarify the question of availability of licences under FRAND conditions
- ↳ **Strong obligation to inform ETSI on essential IPRs in a timely fashion**
 - But, no obligation on Members to conduct IPR searches
 - No patent landscaping by ETSI
- ❑ **Public visibility of declared essential IPRs through the ETSI IPR Database**
 - Users/Implementers of Standards can easily access information on essential IPRs at <http://webapp.etsi.org/IPR/home.asp>

Dr. Michael Fröhlich
ETSI Legal Adviser

The Standards Edge Conference, Beijing, 17-18 April 2007

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¹ During the bench trial, Plaintiffs’ counsel read into the record Apple’s first response to Interrogatory No. 9. However, Plaintiffs’ counsel did not read Apple’s amended response to Interrogatory No. 9 into the record, which was served on January 17, 2020. Apple’s supplemental response to Interrogatory No. 9 states that the proper freeze date for the relevant technical standards is December 11, 2008. *See* 8/11/20 Sealed Tr. at 142:1-11 [REDACTED]

Ex. B [Excerpt of 1/17/20 Apple’s Supplemental Response to Interrogatory No. 9] at 56, 60-61, 65, 68, 71, 74.

[REDACTED]

Id. at 7.

FF37. Patent disclosures are often made before the standard is determined. Ex. A [4/17/20 Deposition of Raymond Warren] at 92:14-93:4.

FF38. 3GPP requires a “Call for IPR” at the start of each technical meeting. DTX-0976 [Call for IPR (Meetings)] at 1. Specifically, “[d]uring each 3GPP meeting (TSG or WG) the Chairman of the group shall make the following call for IPRs:”

“I draw your attention to your obligations under the 3GPP Partner Organizations’ IPR policies. Every Individual Member organization is obliged to declare to the Partner Organization or Organizations of which it is a member any IPR owned by the Individual Member or any other organization which is or is likely to become essential to the work of 3GPP.

Delegates are asked to take note that they are thereby invited:

to investigate whether their organization or any other organization owns IPRs which were, or were likely to become Essential in respect of the work of 3GPP.

to notify their respective Organizational Partners of all potential IPRs, e.g., for ETSI, by means of the IPR Information Statement and the Licensing declaration forms”

This oral IPR call shall be reflected as follows in the meeting report:

“The attention of the delegates to the meeting of this Technical Specification Group was drawn to the fact that 3GPP Individual Members have the obligation under the IPR Policies of their respective Organizational Partners to inform their respective Organizational Partners of Essential IPRs they become aware of.

The delegates were asked to take note that they were thereby invited:

to investigate whether their organization or any other organization owns IPRs which were, or were likely to become Essential in respect of the work of 3GPP.

to notify their respective Organizational Partners of all potential IPRs, e.g., for ETSI, by means of the IPR Information Statement and the Licensing declaration forms[.]”

DTX-0976 [Call for IPR (Meetings)] at 1; 8/11/20 Tr. [Rodermund] at 34:5-12. The Call for IPR is “made at the beginning of every meeting, clearly indicating that IPR disclosure obligation and reminder is related to the ongoing standardization work.” *Id.* Regarding the Call for IPR, the ETSI Guide on IPRs states:

Members participating in Technical Bodies should respond at the earliest possible time to the Call for IPRs performed by Technical Body Chairmen at the beginning of each meeting, based on the working knowledge of their participants.

Furthermore, the call for IPRs acts as a reminder of the Member’s obligations under the IPR Policy and is performed to foster the disclosure of Essential IPRs in a timely fashion.

Members having IPR portfolios should improve their internal IPR co-ordination processes to ensure, as far as possible, that their participants in Technical Bodies are aware of any alleged-essential IPR the company may have (related to the on-going work on a particular ETSI Standard or Technical Specification), that they understand their obligations, and that they know how to discharge them.

Members are encouraged to make general IPR undertakings/licensing declarations that they will make licenses available for all their IPRs under FRAND terms and conditions related to a specific standardization area and then, as soon as feasible, provide (or refine) detailed disclosures. This process reduces the risk of the standards making process being blocked due to IPR constraints.

DTX-1640 [ETSI Guide on IPRs] at 8 (exhibit pending admission); *see also id.* at 9-10 (describing the obligations of the chairman with respect to the Call for IPRs).

FF39. In his report, which the Court requested be submitted on paper in lieu of testimony, Mr. Rodermund provided multiple examples of the standard setting body taking into account the extent to which a technical proposal was covered by IPRs. For example, Mr. Rodermund witnessed “on various occasions that IPR matters were playing a role in the discussion about which proposal to adopt for fulfilling a specific requirement. Some of these discussions also surfaced to

the email reflectors Other examples from the email archives include an email sent via the TSG-SA email reflector mentioning ‘Ex. Ante disclosures on IPR,’ and an email sent via the TSG-RAN WG1 email reflector mentioning ‘quadratic permutation polynomials (QPP) . . . being considered in 3GPP LTE’ and praising it as a ‘basic idea and structure [that] is patent-free.’”

5/6/20 Expert Report of Friedhelm Rodermund at ¶¶1-21, 73-77, 243 (excerpts submitted to the Court describing examples of ETSI members’ consideration of technical proposals); 8/11/20 Tr. at 37:2-37:8 (Court explaining that “[g]iven that this is before the bench, I think you should identify the sections of his report that cover this discussions -- these discussions with the Apple personnel that you identified, Mr. Sheasby. And then you should print or itemize that section of the report and give it to me. I can certainly exclude what’s hearsay, and I can certainly consider what’s appropriate.”); 8/11/20 Sealed Tr. at 142:12-17 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Likewise, when Apple made a proposal for eSIM technology and disclosed that it had related patents, it was “approached by others who asked us to make our -- in exchange for support, whether we would make our patents available on a royalty-free basis,” a request to which Apple agreed. 8/11/20 Tr. [Mewes] at 58:23-59:25.

D. Late Disclosure of the Patents-in-Suit to ETSI.

1. Late Disclosure of the ’284 Patent Family.

FF40. The ’284 patent lists Christian Wengerter, Akihiko Nishio, Hidetoshi Suzuki, Joachim Loehr, and Katsuhiko Hiramatsu as inventors and Panasonic Corporation as the assignee. DTX-0026 [’284 patent] at 1. The ’284 patent claims priority to EP07024829, which was filed on

December 20, 2007. *Id.*; PX-1846 [EP07024829]; 8/4/20 Sealed PM Tr. [Mahon] at 11:24-25

[REDACTED]).

FF41. Panasonic representatives, including the named inventors of the '284 patent family, intended that the '284 patent family would be essential to the LTE standard if their proposals were adopted. The earliest filed application in the '284 patent family explicitly describes "3GPP specific exemplary embodiments." PX-1846 [EP07024829] at 46. The application states that "the concept of the invention may be . . . readily used in the LTE RAN currently discussed by the 3GPP." *Id.*; 8/11/20 Tr. [Rodermund] at 39:21-41:6.

FF42. Panasonic was a member of ETSI during the relevant timeframe. 8/11/20 Tr. [Rodermund] at 28:10-13 ("Q. Were the original owners of the five patents you analyzed in this case, Panasonic, LG and Samsung, members of ETSI during the time frame you analyzed? A. Yes."); 8/11/20 Tr. [Dwyer] at 158:22-24 (testifying that Samsung, LG, and Panasonic are members of ETSI).

FF43. Panasonic representatives presented proposal R1-080129, "Joint Transport Format and RV signaling on PDCCCH uplink assignments," which Plaintiffs allege reflects the technical solution described in the '284 patent family, to the 3GPP committee at 3GPP TSG RAN WG1 #51bis in January 14-18, 2008. 8/4/20 Sealed PM Tr. [Mahon] at 22:16-23:2 ("[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]; *id.* at 23:7-24:4; PX-1990 [R1-080129, "Joint Transport Format

[REDACTED]

and RV signaling on PDCCH uplink assignments” by Panasonic, 3GPP TSG RAN WG1 #51bis in Jan. 14-18, 2008]; DTX-0934 [“Draft Report of 3GPP TSG RAN WG1 #51bis v0.1.0 (Sevilla, Spain, 14 – 18 January, 2008)”] at 19 (stating that R1-080129 was presented by Panasonic); 8/11/20 Tr. [Rodermund] at 39:21-41:6.

FF44. Panasonic representatives also submitted proposal R1-080591, “Joint Transport Format and Redundancy Version signaling with explicit NDI,” which Plaintiffs allege reflects the technical solution described in the ’284 patent family, at 3GPP TS RAN WG1 Meeting #51bis in January 14-18, 2008. 8/4/20 Sealed PM Tr. [Mahon] at 22:16-23:02, 23:7-24; PX-1743 [R1-080591, “Joint Transport Format and Redundancy Version signaling with explicit NDI” by Panasonic, 3GPP TSG RAN WG1 #51bis in Jan. 14-18, 2008]; 8/11/20 Tr. [Rodermund] at 39:21-41:6; DTX-2053A [Pls.’ First Supplemental Interrogatory Responses] at 37 (citing to R1-080591 as evidence of Panasonic’s participation in relevant standard setting).

FF45. Additionally, Mr. Wengerter, a named inventor of the ’284 patent, presented proposal R1-080973, “Joint Transport Format and Redundancy Version signaling with explicit NDI,” which Plaintiffs allege reflects the technical solution described in the ’284 patent family, to the 3GPP committee at 3GPP TSG RAN WG1 Meeting #52 in February 11-15, 2008. 8/11/20 Tr. [Rodermund] at 39:21-41:6; DTX-0120 [R1-080973, “Joint Transport Format and Redundancy Version signaling with explicit NDI” by Panasonic et al., 3GPP TSG WG1 #52 in Feb. 11-15, 2008]; DTX-0121 [R1-081166, “Report of 3GPP TSG RAN #52 v1.0.0 (Sorrento, Italy, 11 – 15 February, 2008)”] at 19 (“[R1-080973] was presented by Christian Wengerter from Panasonic and proposes the following RV and NDI PDCCH signaling scheme for uplink and for downlink assignments . . .”); DTX-2053A [Pls.’ First Supplemental Interrogatory Responses] at 6-7 (citing to R1-080129 as evidence of Panasonic’s participation in relevant standard setting).

FF46. Calls for IPR were made at 3GPP TS RAN WG1 Meeting #51bis and 3GPP TSG RAN WG1 Meeting #52. For example, during 3GPP TSG RAN WG1 Meeting #52, which Panasonic representatives attended, “[t]he Chairman drew attention to Members’ obligations under the 3GPP Partner Organizations’ IPR policies. Every Individual Member organization is obliged to declare to the Partner Organization or Organizations of which it is a member any IPR owned by the Individual Member or any other organization which is or is likely to become essential to the work of 3GPP.” DTX-0121 [R1-081166, “Report of 3GPP TSG RAN #52 v1.0.0 (Sorrento, Italy, 11 – 15 February, 2008)’] at 5; 8/11/20 Tr. [Rodermund] at 39:21-41:6; DTX-0934 [“Draft Report of 3GPP TSG RAN WG1 #51bis v0.1.0 (Sevilla, Spain, 14 – 18 January, 2008)’] at 5 (providing record of Call for IPR made at RAN WG1 #51bis).

FF47. Named inventors of the ’284 patent family, including Mr. Wengerter and Mr. Suzuki, were listed as attendees of 3GPP TSG RAN WG1 Meeting #52. DTX-0121 [R1-081166, “Report of 3GPP TSG RAN #52 v1.0.0 (Sorrento, Italy, 11 – 15 February, 2008)’] at 19 (listing Mr. Wengerter from Panasonic presented R1-080973); *id.* at 7 (listing Mr. Suzuki from Panasonic as presenting several technical proposals).

FF48. Panasonic’s disclosure obligations of the ’284 patent family commenced no later than January 18, 2008, the last day of the first ETSI meeting at which Panasonic submitted the alleged technical solution in the ’284 patent family for inclusion in the LTE standard. DTX-0068 (ETSI IPR Policy) at § 4.1; 8/11/20 Tr. [Rodermund] 28:22-29:13, 30:19-31:16, 39:18-40:22, 46:15-23; PX-1990 [R1-080129, “Joint Transport Format and RV signaling on PDCCH uplink assignments” by Panasonic, 3GPP TSG RAN WG1 #51bis, Jan. 14-18, 2008].

FF49. Panasonic did not declare the ’284 patent family to ETSI until October 25, 2010, when it declared EP07024829 essential to technical specifications 3GPP TS 36.211, 3GPP TS

36.212, and 3GPP TS 36.213. DTX-0036 [10/25/10 IPR Information Statement and Licensing Declaration] at 8; 8/11/20 Tr. [Rodermund] at 39:21-41:6; 8/4/20 Sealed PM Tr. [Mahon] at 79:20-80:17 (identifying October 2010 declaration as when “Panasonic disclosed its invention to industry through the ETSI standard . . .”); PX-1525 [10/25/10 IPR Information Statement and Licensing Declaration] at 8.

FF50. As listed on the 3GPP website, the freeze date for each of 3GPP TS 36.211, 3GPP TS 36.212, and 3GPP TS 36.213 was December 11, 2008. DTX-0173 [3GPP Specification Set: LTE] at 14; 8/11/20 Tr. [Rodermund] at 39:21-41:6. The December 11, 2008 freeze date was the adoption date for these technical specifications, as “adoption” is used in the second sentence of Clause 4.1 of the ETSI IPR Policy. 8/11/20 Tr. [Rodermund] at 30:11-31:16, 54:7-20.

FF51. At the time the 3GPP committee was considering Panasonic’s proposal, the working group considered alternative proposals, which the committee did not adopt. 8/4/20 Sealed PM Tr. [Mahon] at 82:25-83:8.

FF52. Companies other than Panasonic were also involved in standardization and presented technical solutions that could have been adopted in place of the accused feature of the standard. Specifically, Dr. Michael Buehrer explained there were at least three different viable alternatives for the relevant portion of the LTE standard, including proposals from Qualcomm, Samsung, and Ericsson. 8/6/20 PM Tr. [Buehrer] at 719:25-720:18; DTX-0115 [R1-080035, “Remaining issues on PDCCH content” by Samsung, 3GPP TSG RAN WG1 #51bis, Jan. 14-18, 2008]; DTX-0119 [R1-080869, “Summary of email discussion on DL control signaling” by Ericsson, 3GPP TSG-RAN Working Group 1 #52, Feb. 11-15, 2008]; DTX-0428 [R1-074951, “PDCCH Formats and Contents” by Qualcomm Europe, 3GPP TSG RAN WG1 #51, Nov. 5-9, 2007].

[REDACTED]

2. Late Disclosure of the '557 Patent Family.

FF53. The '557 patent lists Daichi Imamura, Sadaki Futagi, Atsushi Matsumoto, Takashi Iwai, and Tomofumi Takata as inventors and Panasonic Corporation as the assignee. DTX-0027 ['557 patent] at 1. The '557 patent claims priority to JP 2006-076995, which Panasonic filed on March 20, 2006. *Id.*; DTX-1648 [Translation of JP 2006-076995] at 1-2.

FF54. Panasonic representatives, including the named inventors of the '557 patent family, intended that the '557 patent family would be essential to the LTE standard if their proposals were adopted. The earliest filed application explicitly states that the technology is related to the Random Access Channel in “3GPP RAN LTE (Long Term Evolution).” DTX-1648 [Translation of JP 2006-076995] at 6; 8/11/20 Tr. [Rodermund] at 41:7-42:11 (“[I]t mentions here that this invention can be used in connection with the 3GPP RAN LTE. So it was clearly titled as the LTE standard.”).

FF55. Panasonic was a member of ETSI during the relevant timeframe. 8/11/20 Tr. [Rodermund] at 28:6-17 (“Q. Were the original owners of the five patents you analyzed in this case, Panasonic, LG and Samsung, members of ETSI during the time frame you analyzed? A. Yes.”); 8/11/20 Tr. [Dwyer] at 158:22-24 (testifying that Samsung, LG, and Panasonic are members of ETSI).

FF56. Panasonic representatives submitted proposal R1-060792, “Random access burst evaluation in E-UTRA uplink,” which Plaintiffs allege reflects the technical solution described in the '557 patent family, to the 3GPP committee at 3GPP TSG RAN WG1 Meeting #44bis in March 27-31, 2006. DTX-0211 [R1-060792, “Random access burst evaluation in E-UTRA uplink” by Panasonic, 3GPP TSG-RAN WG1 #44bis, Mar. 27-31, 2006]; 8/11/20 Tr. [Rodermund] at 41:7-42:11 (“On March 20, 2006, Panasonic filed an application in Japan, as can be seen in DTX-1648. Just one week after, there was a RAN1 meeting 3GPP from March 27 through 31st, 2006, during

which Panasonic proposed a technical contribution related to the patent, as can be seen in DTX-0211.”); DTX-0313 [R1-061641, “Approved Report of 3GPP TSG RAN WG1 #44bis meeting in Athens”] at 39, 55; DTX-2053A [Pls.’ First Supplemental Interrogatory Responses] at 23 (stating that in contrast to Panasonic’s proposal R1-060792 to 3GPP, “none of the prior art methods recognized that ‘the choice of preamble pattern itself indicates the signaling.’ R1-060792; ’557 Pat. at Figs 4-6, 8-9, 11.”).

FF57. Dr. Madisetti testified that [REDACTED]

[REDACTED] . 8/5/20 Sealed

AM Tr. [Madisetti] at 13:25-14:8. Specifically, he stated that [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] *Id.*; PX-1722 [R1-061766, “Random access burst design for E-UTRA” by Panasonic, 3GPP TSG RAN WG1 LTE Ad Hoc, June 27-30, 2006].

FF58. Calls for IPR were made at these meetings. For instance, during 3GPP TSG RAN WG1 #44bis, which Panasonic representatives attended, “[t]he Chairman drew attention to Members’ obligations under the 3GPP Partner Organizations’ IPR policies. Every Individual Member organization is obliged to declare to the Partner Organization or Organizations of which it is a member any IPR owned by the Individual Member or any other organization which is or is likely to become essential to the work of 3GPP.” DTX-0313 [R1-061641, “Approved Report of 3GPP TSG RAN WG1 #44bis meeting in Athens”] at 5; 8/11/20 Tr. [Rodermund] at 41:7-42:11; DTX-0976 [Call for IPR (Meetings)] at 1.

FF59. Mr. Imamura, one of the named inventors of the '557 patent family, is listed as an attendee of 3GPP TSG RAN WG1 #44bis. DTX-0313 [R1-061641, "Approved Report of 3GPP TSG RAN WG1 #44bis meeting in Athens"] at 45 (listing Mr. Imamura as an attendee of 3GPP TSG RAN WG1 #44bis as a representative of Matsushita Electric Industrial [Panasonic]).

FF60. Panasonic's disclosure obligations commenced no later than March 31, 2006, the last date of the first ETSI meeting at which Panasonic submitted the alleged technical solution in the '557 patent family for inclusion in the LTE standard. DTX-0068 [ETSI IPR Policy] at § 4.1; 8/11/20 Tr. [Rodermund] 28:22-29:13, 30:19-31:16, 41:7-42:3, 46:15-23; DTX-0211 [R1-060792, "Random access burst evaluation in E-UTRA uplink" by Panasonic, 3GPP TSG RAN WG1 #44bis, Mar. 27-31, 2006].

FF61. Panasonic did not disclose the '557 patent family to ETSI until March 16, 2010, when it declared Appl. No. 12/293,530 essential to 3GPP TS 36.321, 3GPP TS 36.211, and 3GPP TS 36.331. DTX-0035 [3/16/10 IPR Information Statement and Licensing Declaration] at 6-7; 8/11/20 Tr. [Rodermund] at 41:7-42:11; 8/5/20 Sealed AM Tr. [Madisetti] at 32:25-33:12 (testifying that [REDACTED]); PX-1009 [3/16/10 IPR Information Statement and Licensing Declaration] at 1, 2, 6-7.

FF62. As listed on the 3GPP website, the freeze date for each of TS36.211, TS36.321, and TS36.331 was December 11, 2008. DTX-0173 [3GPP Specification Set: LTE] at 14-15; 8/11/20 Tr. [Rodermund] at 41:7-42:11. The December 11, 2008 freeze date was the adoption date for these technical specifications, as "adoption" is used in the second sentence of Clause 4.1 of the ETSI IPR Policy. 8/11/20 Tr. [Rodermund] at 30:11-31:16, 54:7-24.

FF63. At the time the 3GPP committee was considering Panasonic's proposal related to the '557 patent, the working group considered other alternatives. Dr. Madisetti testified that

[REDACTED]
[REDACTED]
[REDACTED] 8/5/20 Sealed AM Tr. [Madisetti]

at 14:9-12. Dr. Madisetti referred to [REDACTED]

[REDACTED] *Id.*; PDX2.162; PX-1768 [R2-062107, “Content of initial Unsynchronized RACH access and contention resolution” by Texas Instruments Inc., 3GPP TSG RAN WG2 #54, Aug. 28–Sept. 1, 2006]; PX-1769 [R2-062456, “Email discussion ‘Information of preamble for unsynchronized random access’” by LG Electronics (rapporteur), 3GPP TSG RAN WG2 #54, Aug. 28–Sept. 1, 2006]; PX-1720 [R1-061184, “Random Access Channel Structure for E-UTRA Uplink” by NTT DoCoMo, Fujitsu, Mitsubishi Electric, NEC, Sharp, Toshiba Corporation, 3GPP TSG RAN WG1 Meeting #45, May 8-12, 2006].

FF64. Companies other than Panasonic were involved in standardization and presented technical solutions that could have been adopted in place of the accused standard specification. For example, Mark Lanning identified that [REDACTED]

[REDACTED] 8/7/20 Sealed AM Tr. [Lanning] at 39:18-40:17. Mr. Lanning presented other potential solutions: R1-060226 and R2-083830. *Id.*; DTX-0419 [R1-060226, “EUTRA RACH preambles” by Huawei, 3GPP TSG RAN WG1 LTE Ad Hoc, Jan. 23-25, 2006]; DTX-0213 [R2-083830, “Report of 3GPP TSG RAN WG2 #62bis, Warsaw, Poland, June 31-July 4, 2008”] at 87 (referring to an alternative proposal by Ericsson).

3. Late Disclosure of the ’332 Patent Family.

FF65. The ’332 patent lists Dae Won Lee, Ki Jun Kim, Dong Wook Roh, Yu Jin Noh, Joon Kui Ahn, and Jung Hoon Lee as inventors and LG Electronics Inc. as the assignee. DTX-0024 [’332 patent] at 1. The ’332 patent claims priority to Provisional Application No. 61/037,000, which LG filed on March 17, 2008. *Id.*; DTX-0997 [Prov. Appl. No. 61/037,000] at 1, 10.

FF66. LG representatives, including the named inventors of the '332 patent family, intended that the '332 patent family would be essential to the LTE standard if their proposal was adopted. The application explicitly states that the "Related Technical Field" was "LTE." *Id.*; 8/11/20 Tr. [Rodermund] at 42:12-43:13 ("So you can see here in the highlighted part of the application that the related technical field is LTE."). The application also states that the "Organization for Standardization" is "3GPP TSG RAN WG1" and that the "Conference scheduled for Presentation" is "3GPP TSG RAN WG1 #52bis." DTX-0997 [Prov. Appl. No. 61/037,000] at 10; 8/11/20 Tr. [Rodermund] at 42:12-43:13.

FF67. LG was a member of ETSI during the relevant timeframe. 8/11/20 Tr. [Rodermund] at 28:6-17 ("Q. Were the original owners of the five patents you analyzed in this case, Panasonic, LG and Samsung, members of ETSI during the time frame you analyzed? A. Yes."); 8/11/20 Tr. [Dwyer] at 158:22-24 (testifying that Samsung, LG, and Panasonic are members of ETSI).

FF68. LG representatives submitted proposal R1-081567, "Randomization Function for PDCCH search space," which Plaintiffs allege reflects the technical solution described in the '332 patent family, to the 3GPP committee at 3GPP TSG RAN WG1 #52bis in March 31-April 4, 2008. DTX-0994 [R1-081567, "Randomization Function for PDCCH search space" by LG Electronics, 3GPP TSG RAN WG1 #52bis, Mar. 31–Apr. 4, 2008]; 8/11/20 Tr. [Rodermund] at 42:12-43:13 ("The prior owner of the '332 patent filed a related application in -- on March 17th, 2008, as can be seen in DTX-0997. Then just a short time after, there was a RAN1 3GPP meeting March 31st to April 4, 2008, during which LGE proposed a technical contribution related to the '332 patent, as can be seen in DTX-0994."); DTX-0776 [R1-081711, "Final Report of 3GPP TSG RAN WG1 #52bis v1.0.0"] at 29 (noting LG Electronics' proposal); DTX-2053A [Pls.' First Supplemental

[REDACTED]

Interrogatory Responses] at 32 (stating that the RAN1 meeting participants “ultimately agreed to LGE’s proposed way forward, [R1-081567] excerpted above. *See* R1-81711, the meeting report for the March/April 2008 Shenzhen meeting #52bis, pp. 27-28, 30”).

FF69. Dr. Madisetti testified that the technical solution described in the ’332 patent family was presented by the inventors to 3GPP during the LTE standard setting process. 8/4/20 PM Tr. [Madisetti] at 165:2-19 (“Q. Did this ’332 invention end up in the LTE standard? A. Yes, it did.”). In particular, with reference to R1-081567, Dr. Madisetti testified that “Dr. Lee and his colleagues at LG proposed this invention to the 3GPP committee for an option. And as you can see on the left, they proposed this in 2008. They proposed it as part of a technical proposal” *Id.*; PX-1760 [R1-081567, “Random Function for PDCCH search space” by LG Electronics, 3GPP TSG RAN WG1#52bis, Mar. 31–Apr. 4, 2008].

FF70. The Call for IPR was made at 3GPP TSG RAN WG1#52bis when LG Electronics made its proposal. During this meeting, which LG Electronics representatives attended, “[t]he Chairman drew attention to Members’ obligations under the 3GPP Partner Organizations’ IPR policies. Every Individual Member organization is obliged to declare to the Partner Organization or Organizations of which it is a member any IPR owned by the Individual Member or any other organization which is or is likely to become essential to the work of 3GPP.” DTX-0776 [R1-081711, “Final Report of 3GPP TSG RAN WG1 #52bis v1.0.0”] at 1, 6; 8/11/20 Tr. [Rodermund] at 42:12-43:13.

FF71. LG’s disclosure obligations of the ’332 patent family commenced no later than April 4, 2008, the last day of the first ETSI meeting at which LG submitted the alleged technical solution in the ’332 family for inclusion in the LTE standard. DTX-0068 [ETSI IPR Policy] at § 4.1; 8/11/20 Tr. [Rodermund] 28:22-29:13, 30:19-31:16, 42:12-43:8, 46:15-23; DTX-0994 [R1-

081567, “Randomization Function for PDCCH search space” by LG Electronics, 3GPP TSG RAN WG1 #52bis, Mar. 31–Apr. 4, 2008].

FF72. LG Electronics did not disclose the '332 patent family to ETSI until March 12, 2009, when it declared Appl. No. 12/252,270 essential to TS36.213. DTX-0033 [3/12/09 IPR Information Statement and Licensing Declaration] at 16-17; 8/11/20 Tr. [Rodermund] at 42:12-43:13 (“[T]he '332 patent family was declared essential to ETSI on March 12th, 2009.”); 8/5/20 Sealed AM Tr. [Madisetti] at 32:25-33:12 (testifying that [REDACTED]

[REDACTED]; PX-1791 [3/12/09 IPR Information Statement and Licensing Declaration] at 1, 2, 16-17.

FF73. As listed on the 3GPP website, the freeze date for TS36.213 is December 11, 2008. DTX-0173 [3GPP Specification Set: LTE] at 14; 8/11/20 Tr. [Rodermund] at 42:12-43:13 (“Then we have the freeze date on December 11, 2008, as can be seen in DTX-0173.”). The December 11, 2008 freeze date was the adoption date for these technical specifications, as “adoption” is used in the second sentence of Clause 4.1 of the ETSI IPR Policy. 8/11/20 Tr. [Rodermund] at 30:11-31:16, 54:7-24.

FF74. At the time the 3GPP committee was considering LG Electronics’ proposal related to the '332 patent, the working group considered other alternatives. Dr. Madisetti testified, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] 8/4/20 Sealed PM Tr. [Madisetti] at 165:20-25 [REDACTED]

[REDACTED] PX-1754 [R1-081212, “UE-specific search space,” by Samsung, 3GPP

TSG RAN WG1 Meeting #52bis, Mar. 31–Apr. 4, 2008]; PX-1756 [R1-081289, “PDCCH Search Space Assignment Hashing Function,” by Motorola, 3GPP TSG RAN WG1 #52bis, Mar. 31–Apr. 4, 2008], PX-1757 [R1-081406, “PDCCH Allocation Based on Hashing Function Generation Method for PDCCH Blind Decoding,” by NTT DoCoMo, 3GPP TSG RAN WG1 #52bis, Mar. 31–Apr. 4, 2008]; PX-1758 [R1-081481, “Remaining issues on PDCCH search space definitions,” by Qualcomm Europe, 3GPP TSG RAN WG1 #52bis, Mar. 31–Apr. 4, 2008]; PX-1759 [R1-081504, “Analysis of search space design for PDCCH blind decoding,” by Philips, 3GPP TSG RAN WG1 #52bis, Mar. 31–Apr. 4, 2008]; PX-1883 [R1-081447, “PDCCH decoding complexity and associated hashing functions,” by Nokia, Nokia Siemens Networks, 3GPP TSG RAN WG1 #52bis, Mar. 31–Apr. 4, 2008].

FF75. Companies other than LG Electronics were involved in standardization and presented technical solutions that could have been adopted in place of the accused standard specification for the '332 patent. Mr. Lanning testified that [REDACTED]

[REDACTED] 8/7/20 Sealed AM Tr. [Lanning] at 39:18-40:17.

Mr. Lanning identified [REDACTED]. *Id.* [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]; DTX-0403 [R1-081212, “UE-specific search space,” by Samsung, 3GPP TSG RAN WG1 #52bis, Mar. 31–Apr. 4, 2008]; DTX-0404 [R1-081481, “Remaining issues on PDCCH search space definitions,” by Qualcomm Europe, 3GPP TSG RAN WG1 #52bis, Mar. 31–Apr. 4, 2008]. Mr. Lanning explained that “[REDACTED]

[REDACTED] 8/7/20 Sealed AM Tr. [Lanning] at 39:18-40:17.

[REDACTED]

4. Late Disclosure of the '774 Patent Family.

FF76. The '774 patent lists Farooq Khan as the inventor and Samsung Electronics Co., Ltd. as the assignee. DTX-0028 ['774 patent] at 1. The '774 patent claims priority to Provisional Application No. 60/673,574, Provisional Application No. 60/673,674, and Provisional Application No. 60/679,026. *Id.*

FF77. Samsung was a member of ETSI during the relevant timeframe. 8/11/20 Tr. [Rodermund] at 28:6-17 (“Q. Were the original owners of the five patents you analyzed in this case, Panasonic, LG and Samsung, members of ETSI during the time frame you analyzed? A. Yes.”); 8/11/20 Tr. [Dwyer] at 158:22-24 (testifying that Samsung, LG, and Panasonic are members of ETSI).

FF78. Samsung representatives submitted proposal R1-050889, “UPC-MIMO: MIMO for Long Term Evolution” to the 3GPP committee at 3GPP TSG RAN WG1 #42 in August 29-September 2, 2005. DTX-1088 [R1-050889, “UPC-MIMO: MIMO for Long Term Evolution” by Samsung, 3GPP TSG RAN WG1 #42, Aug. 29–Sept. 2, 2005] (exhibit pending admission); DTX-0320 [R1-051290, “Approved Report of 3GPP TSG RAN WG1 #42,” Aug. 29–Sept. 2, 2005] at 43 (noting consideration of R1-050889 “[p]resented by Dr. Juho Lee”); *id.* at 55 (listing Dr. Khan in attendance as a representative of Samsung Electronics Co., Ltd.); 8/11/20 Tr. [Rodermund] at 43:14-45:8 (“[O]n August 29 to September 2nd, 2005, a RAN1 3GPP meeting took place, during which Samsung proposed a technical contribution [i.e., R1-050889] related to the '774 patent”).

FF79. The Call for IPR was made at 3GPP TSG RAN WG1 Meeting #42. During this meeting, which Samsung representatives attended, “[t]he Chairman drew attention to Members’ obligations under the 3GPP Partner Organizations’ IPR policies. Every Individual Member organization is obliged to declare to the Partner Organization or Organizations of which it is a

[REDACTED]

member any IPR owned by the Individual Member or any other organization which is or likely to become essential to the work of 3GPP.” DTX-0320 [R1-051290, “Approved Report of 3GPP TSG RAN WG1 #42 in London”] at 1, 4; 8/11/20 Tr. [Rodermund] at 43:14-45:8.

FF80. The named inventor of the ’774 patent, Dr. Khan, is listed as an attendee of 3GPP TSG RAN WG1 #42. DTX-0320 [R1-051290, “Approved Report of 3GPP TSG RAN WG1 #42,” Aug. 29–Sept. 2, 2005] at 55 (listing Dr. Khan in attendance as a representative of Samsung Electronics Co., Ltd.).

FF81. Samsung representatives, including the named inventors of the ’774 patent family, intended that the ’774 patent family would be essential to the LTE standard if their proposal was adopted. On April 21, 2005, Samsung filed Provisional Application No. 60/673,574. DTX-1058 [Prov. Appl. No. 60/673,574] at 1, 3 (exhibit pending admission). The application states that there is an “anticipated disclosure to a standards body or committee” and specifically states that the alleged invention would be disclosed to “3GPP TSG RAN WG#1” on May 9, 2005, though no such disclosure was made at that time. *Id.* at 4. The application further states that the “specific plans” for the alleged invention’s use are for the “present 3GPP Evolved UTRA System.” *Id.*; 8/11/20 Tr. [Rodermund] at 43:14-45:8 (“So [from] this document [it] can be seen that -- it was anticipated to disclosure -- this invention to a standards body on May 9, 2005, and the standards body [is] 3GPP RAN1.”); 8/4/20 Sealed PM Tr. [Mahon] at 49:14-19 (testifying that [REDACTED]

[REDACTED] On May 9, 2005, Samsung filed Provisional Application No. 60/679,026. DTX-1000 [Prov. Appl. No. 60/679,026] at 1-2. The application states that “[i]f the proposal is adopted in the standards, Samsung will benefit from collecting royalty and/or cross-licensing from the patent.” *Id.* at 16; 8/11/20 Tr. [Rodermund] at 43:14-45:8.

FF82. Samsung's disclosure obligations commenced no later than September 2, 2005, the last day of the first ETSI meeting at which Samsung submitted the alleged technical solution in the '774 patent family for inclusion in the LTE standard. DTX-0068 [ETSI IPR Policy] at § 4.1; 8/11/20 Tr. [Rodermund] 28:22-29:13, 30:19-31:16, 43:14-44:13, 45:4-8, 46:15-23; DTX-0320 [R1-051290, "Approved Report of 3GPP TSG RAN WG1 #42"].

FF84. As listed on the 3GPP website, the freeze date for TS36.211 was December 11, 2008. DTX-0173 [3GPP Specification Set: LTE] at 14; 8/11/20 Tr. [Rodermund] at 43:14-45:8 (“The freeze date was the next date I considered, December 11, 2008, as can be seen in DTX-0173.”). The December 11, 2008 freeze date was the adoption date for these technical specifications, as “adoption” is used in the second sentence of Clause 4.1 of the ETSI IPR Policy. 8/11/20 Tr. [Rodermund] at 30:11-31:16, 54:7-24.

FF85. At the time the alleged invention of the '774 patent was considered by the 3GPP committee, other alternatives were available. Dr. Wells explained that the LTE standard contains "a lot of different DCI formats that are allowed within LTE," and he further confirmed that these formats are alternatives to the accused DCI format of the '774 patent. 8/7/20 AM Tr. [Wells] at

797:2-798:18; DTX-0083 [3GPP TS 36.213 v8.8.0 (2009-09)] at 20 (showing alternatives of DCI format 2A in transmission mode 3).

5. Late Disclosure of the '833 Patent Family.

FF86. The '833 patent lists Dae Won Lee, Bong Hoe Kim, Young Woo Yun, Ki Jun Kim, Dong Wook Roh, Hak Seong Kim, and Hyun Wook Park as inventors and LG Electronics Inc. as the assignee. DTX-0025 ['833 patent] at 1. The '833 patent claims priority to Provisional Application No. 60/972,244, which LG filed on September 13, 2007. *Id.*; DTX-0617 [Prov. Appl. No. 60/972,244] at 1. 8/11/20 Tr. [Rodermund] at 45:9-46:14 (“[T]he first date is September 13th, 2007, when LG Electronics filed its patent application, which can be seen in DTX-0617. Then on November 13th, 2007, LG Electronics filed another patent application, as can be seen in DTX-0618.”).

FF87. LG representatives, including the named inventors of the '833 patent family, intended that the '833 patent family would be essential to the LTE standard if their proposal was adopted. Provisional Application No. 60/972,244 states that the “Standards Organization” is “3GPP TSG RAN WG1,” the “Related Technology Field” is “LTE,” and the “Related Standard Specification” is “TS 36.211.” DTX-0617 [Prov. Appl. No. 60/972,244] at 35.

FF88. LG was a member of ETSI during the relevant timeframe. 8/11/20 Tr. [Rodermund] at 28:6-17 (“Q. Were the original owners of the five patents you analyzed in this case, Panasonic, LG and Samsung, members of ETSI during the time frame you analyzed? A. Yes.”); 8/11/20 Tr. [Dwyer] at 158:22-24 (testifying that Samsung, LG, and Panasonic are members of ETSI).

FF89. LG representatives presented proposal R1-080267, “PUSCH multiplexing of data, control, and ACK/NACK information,” which Plaintiffs allege reflects the technical solution described in the '833 patent family, to the 3GPP committee at 3GPP RAN WG1 #51bis. DTX-

0430 [R1-080267, “PUSCH multiplexing of data, control, and ACK/NACK information” by LG Electronics, 3GPP TSG-RAN WG1 Meeting #51bis, Jan. 14-18, 2008]; 8/11/20 Tr. [Rodermund] at 45:9-46:14 (“[F]rom January 14 to 18, 2008, there was a 3GPP RAN1 meeting during which LG Electronics proposed a technical contribution related to the ’833 patent, and as can be seen in DTX-0430.”); DTX-0934 [“Draft Report of 3GPP TSG RAN WG1 #51bis v0.1.0 (Sevilla, Spain, 14 – 18 January, 2008)”, at 28 (noting presentation of R1-080267); DTX-2053A [Pls.’ First Supplemental Interrogatory Responses] at 33-34 (claiming that other proposals were rejected in favor of R1-080267).

FF90. Dr. Madisetti testified that [REDACTED]

[REDACTED] . 8/4/20 Sealed PM

Tr. [Madisetti] at 180:20-181:16 (“[REDACTED]

[REDACTED] Specifically, [REDACTED], Dr. Madisetti testified that [REDACTED]

[REDACTED] . *Id.* at 165:2-19, 180:24-181:12; DTX-0430 [R1-080267, “PUSCH multiplexing of data, control, and ACK/NACK information” by LG Electronics, 3GPP TSG RAN WG1 #51bis, Jan. 14-18, 2008].

FF91. The Call for IPR was made at 3GPP TSG WG1 Meeting #51bis when LG Electronics made its proposal. During this meeting, which LG Electronics representatives attended, “[t]he Chairman drew the attention to Members’ obligations under the 3GPP Partner Organizations’ IPR policies. Every Individual Member organization is obliged to declare to the Partner Organization or Organizations of which it is a member any IPR owned by the Individual Member or any other organization which is or likely to become essential to the work of 3GPP.”

DTX-0934 [“Draft Report of 3GPP TSG RAN WG1 #51bis v0.1.0 (Sevilla, Spain, 14 – 18 January, 2008)’] at 5; 8/11/20 Tr. [Rodermund] at 34:5-12, 45:9-46:14.

FF92. The named inventors of the ’833 patent family were listed as attendees of 3GPP TSG RAN WG1 Meeting #51bis. DTX-0934 [“Draft Report of 3GPP TSG RAN WG1 #51bis v0.1.0 (Sevilla, Spain, 14 – 18 January, 2008)’] at 59; DTX-1014 (“Annex A” to “Draft Report of 3GPP TSG RAN WG1 #51bis v0.1.0 (Sevilla, Spain, 14 – 18 January, 2008)’) (exhibit pending admission).

FF93. LG’s disclosure obligations commenced no later than January 18, 2008, the last day of the first ETSI meeting at which LG submitted the alleged technical solution in the ’833 patent family for inclusion in the LTE standard. DTX-0068 [ETSI IPR Policy] at § 4.1; 8/11/20 Tr. [Rodermund] 28:22-29:13, 30:19-31:16, 45:9-46:8, 46:15-23; DTX-0934 [“Draft Report of 3GPP TSG RAN WG1 #51bis v0.1.0” (Sevilla, Spain, January 14-18, 2008)].

FF94. LG Electronics did not disclose the ’833 patent family to ETSI until March 12, 2009, when it declared the application of the ’833 patent essential to 3GPP TS 36.211. DTX-0034 [3/12/09 IPR Information Statement and Licensing Declaration] at 17; 8/11/20 Tr. [Rodermund] at 45:9-46:14 (“[T]he ’833 patent family was declared as essential to ETSI on March 12th, 2009”); 8/5/20 Sealed AM Tr. [Madisetti] at 32:25-33:12 (testifying that [REDACTED]

[REDACTED]; PX-1791 [3/12/09 IPR Information Statement and Licensing Declaration] at 1, 2, 17.

FF95. As listed on the 3GPP website, the freeze date for 3GPP TS 36.211 was December 11, 2008. DTX-0173 [3GPP Specification Set: LTE] at 14; 8/11/20 Tr. [Rodermund] at 45:9-46:14 (“[T]he next date is the freeze date, again, December 11, 2008, in DTX-0173.”). The December 11, 2008 freeze date was the adoption date for these technical specifications, as

“adoption” is used in the second sentence of Clause 4.1 of the ETSI IPR Policy. 8/11/20 Tr. [Rodermund] at 30:11-31:16, 54:7-20.

FF96. At the time the 3GPP committee was considering LG Electronics’ proposal related to the ’833 patent, the working group considered other alternatives. Dr. Madisetti testified, [REDACTED]

[REDACTED] 8/4/20 Sealed PM Tr. [Madisetti] at 180:20-181:16 [REDACTED]

[REDACTED] PX-1747 [R1-

080871, “Summary of email discussion of UL control signaling” by Ericsson, 3GPP TSG RAN WG1 #52, Feb. 11-15, 2008]; PX-1742 [R1-080483, “Details of control and data multiplexing in PUSCH” by Qualcomm Europe, 3GPP TSG RAN WG1 #51bis, Jan. 14-18, 2008]; PX-1745 [R1-080678, “Multiplexing ACK/NAK in the PUSCH” by Samsung, 3GPP TSG RAN WG1 #52, Feb. 11-15, 2008].

FF97. Companies other than LG Electronics were involved in standardization and presented technical solutions that could have been adopted in place of the accused standard specification for the ’833 patent. Dr. Wells testified that there were at least “two alternatives that were proposed to the 3GPP organization prior to the ’833 patent being put together -- or being filed.” 8/7/20 AM Tr. [Wells] at 817:19-24; DTX-0431 [R1-080483, “Details of control and data multiplexing in PUSCH” by Qualcomm Europe, 3GPP TSG RAN WG1 #51bis, Jan. 14-18, 2008]; DTX-0432 [R1-080678, “Multiplexing ACK/NAK in the PUSCH” by Samsung, 3GPP TSG RAN WG1 #52, Feb. 11-15, 2008].

FF98. For each of the asserted patents, the lack of timely disclosure of the IPRs associated with the asserted patents prevented 3GPP participants from confronting whether they would have decided to forego the accused functionality altogether if made aware of the Original Patent Owners' claim to own patent rights allegedly covering that functionality.

E. Apple's Conduct Regarding ETSI Disclosures and the Development of the LTE Standard.

FF99. Plaintiffs appear to claim that Apple should be foreclosed from obtaining equitable relief for the Original Patent Owners' late disclosure because Apple also did not disclose certain patents/applications to ETSI in a timely manner. Apple's alleged conduct is irrelevant; in any event, Plaintiffs' apparent factual arguments are incorrect.

FF100. ETSI imposes a general obligation to disclose intellectual property that an entity knows might be essential. DTX-0068 [ETSI IPR Policy] at § 4.1 ("[E]ach MEMBER shall use its reasonable endeavours to timely inform ETSI of ESSENTIAL IPRs it becomes aware of."). Plaintiffs have presented no evidence that Apple failed to disclose any intellectual property at a time Apple knew the intellectual property might be essential, or otherwise violated the ETSI IPR Policy.

FF101. Ms. Mewes explained Apple's policy for declaring patents and patent applications essential to industry standard: "[Apple] declare[s] patents that may be essential according to whatever the standard is in the appropriate organization on a timely basis." 8/11/20 [Mewes] Tr. at 58:15-59:4, 59:14-19. For example, Apple made a proposal related to eSIM technology and disclosed that technology to the appropriate organization. *Id.*

FF102. Ms. Mewes also testified that Apple acquired two large portfolios of standard essential patents in 2011 from Nortel and recently from Intel. *Id.* at 60:1-7. Apple declared those

[REDACTED]

patents essential after acquiring them. *Id.* Plaintiffs presented no evidence that Apple did not timely disclose those portfolios upon acquiring them.

FF103. The second sentence of Clause 4.1 of the ETSI IPR Policy applies when a member makes a proposal that might become essential. DTX-0970 [Proposed Modification to Article 4.1 of the ETSI IPR Policy] at 3; 8/11/20 Tr. [Dwyer] at 162:14-17. Specifically, it states that “a MEMBER submitting a technical proposal for a STANDARD or TECHNICAL SPECIFICATION shall, on a bona fide basis, draw the attention of ETSI to any of that MEMBER’s IPR which might be ESSENTIAL if that proposal is adopted.” DTX-0068 [ESTI IPR Policy] at § 4.1. Under these circumstances, the disclosure must be made before adoption.

FF104. There is no evidence that Apple submitted any technical proposals for Release 8 or Release 9 of the LTE Standard. 8/11/20 Tr. [Dwyer] at 164:22-165:1, 165:5-8 (testifying that Apple did not contribute to the standardization of Release 8 or 9 of the LTE Standard). Apple did not participate in Release 8 or Release 9 of the LTE Standard. *Id.* at 164:19-21. Accordingly, Apple was not, like the Original Patent Owners, subject to the second requirement of Clause 4.1 of the ETSI IPR Policy.

FF105. There is no evidence that Apple has ever asserted an allegedly standard essential patent related to LTE (timely disclosed or otherwise) in litigation. *Id.* at 165:9-12 (“[Y]ou have no evidence that Apple has ever asserted any of the patents set forth in your chart in litigation, correct? A. I don’t know that.”).

F. The Original Patent Owners’ Irrevocable Commitments To License the Patents-in-Suit and Plaintiffs’ Other SEPs on FRAND Terms and Conditions.

FF106. The Original Patent Owners each ultimately submitted an IPR Information Statement and Licensing Declaration to ETSI (“IPR Declaration”), in the form required by the ETSI Rules of Procedure, in which they agreed “to grant irrevocable licences” to the patents-in-

suit and other declared SEPs “on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy.” PX-1009 [Panasonic Declaration]; PX-1525 [Panasonic Declaration]; PX-1791 [LG Electronics Declaration]; PX-1893 [Samsung Electronics Declaration]; ECF 26 [Pls.’ First Am. Compl.] ¶142 (“The original assignee of the Plaintiffs’ standard essential patents—for example, whether it be LG, Panasonic, Ericsson, or Samsung—voluntarily declared that they are prepared to grant licenses on terms that are fair, reasonable, and non-discriminatory (‘FRAND’), in compliance with ETSI IPR Policy. These declarations formed a contract (‘FRAND contract’) under French law.”).

FF107. Panasonic submitted an IPR Declaration covering the '557 patent and other declared SEPs on or about March 16, 2010. PX-1009; 8/5/20 AM Sealed Tr. [Madisetti] at 32:25-33:12; 8/5/20 PM Tr. [Dwyer] at 493:9-494:5; 8/11/20 Tr. [Dwyer] at 131:13-20, 133:1-23. Panasonic’s declaration included the follow IPR licensing declaration:

IPR LICENSING DECLARATION

In accordance with Clause 6.1 of the ETSI IPR Policy the Declarant and/or its AFFILIATES hereby irrevocably declares the following (***check one box only, and subordinate box, where applicable***):

- To the extent that the IPR(s) disclosed in the attached *IPR Information Statement Annex* are or become, and remain ESSENTIAL in respect of the ETSI Work Item, STANDARD and/or TECHNICAL SPECIFICATION identified in the attached *IPR Information Statement Annex*, the Declarant and/or its AFFILIATES are prepared to grant irrevocable licences under this/these IPR(s) on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy.
- This irrevocable undertaking is made subject to the condition that those who seek licences agree to reciprocate (***check box if applicable***).

PX-1009 at 1.

FF108. Panasonic submitted an IPR Declaration covering the '284 patent and other declared SEPs on or about October 25, 2010. PX-1525; 8/4/20 Sealed PM Tr. [Mahon] at 79:20-

80:17; 8/5/20 PM Tr. [Dwyer] at 493:9-494:5; 8/11/20 Tr. [Dwyer] at 131:13-20; 132:2-11.

Panasonic's declaration included the follow IPR licensing declaration:

IPR LICENSING DECLARATION

In accordance with Clause 6.1 of the ETSI IPR Policy the Declarant and/or its AFFILIATES hereby irrevocably declares the following (***check one box only, and subordinate box, where applicable***):

- To the extent that the IPR(s) disclosed in the attached *IPR Information Statement Annex* are or become, and remain ESSENTIAL in respect of the ETSI Work Item, STANDARD and/or TECHNICAL SPECIFICATION identified in the attached *IPR Information Statement Annex*, the Declarant and/or its AFFILIATES are prepared to grant irrevocable licences under this/these IPR(s) on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy.
- This irrevocable undertaking is made subject to the condition that those who seek licences agree to reciprocate (***check box if applicable***).

PX-1525 at 1.

FF109. LG Electronics submitted an IPR Declaration covering the '332 and '833 patents and other declared SEPs on or about March 12, 2009. PX-1791; 8/5/20 Sealed Tr. [Madisetti] at 32:25-33:12; 8/5/20 PM Tr. [Dwyer] at 493:9-494:5; 8/11/20 Tr. [Dwyer] at 131:13-132:1, 134:2-14. LG Electronics' declaration included the follow IPR licensing declaration:

IPR LICENSING DECLARATION

In accordance with Clause 6.1 of the ETSI IPR Policy the Declarant and/or its AFFILIATES hereby irrevocably declares the following (***check one box only, and subordinate box, where applicable***):

- To the extent that the IPR(s) disclosed in the attached *IPR Information Statement Annex* are or become, and remain ESSENTIAL in respect of the ETSI Work Item, STANDARD and/or TECHNICAL SPECIFICATION identified in the attached *IPR Information Statement Annex*, the Declarant and/or its AFFILIATES are prepared to grant irrevocable licences under this/these IPR(s) on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy.

PX-1791 at 1.

FF110. Samsung Electronics submitted an IPR Declaration covering the '774 patent and other declared SEPs on or about December 30, 2008. PX-1893; 8/4/20 Sealed PM Tr. [Mahon] at

80:18-81:1; 98:22-25; 8/5/20 PM Tr. [Dwyer] at 493:9-494:5; 8/11/20 Tr. [Dwyer] at 131:13-132:1; 134:2-14. Samsung Electronics' declaration included the follow IPR licensing declaration:

IPR licensing declaration

The SIGNATORY has notified ETSI that it is the proprietor of the IPRs listed in the attached *IPR information statement annex* and has informed ETSI that it believes that the IPRs may be considered ESSENTIAL to the Standards listed above.

The SIGNATORY and/or its AFFILIATES hereby declare that they are prepared to grant irrevocable licences under the IPRs on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy, in respect of the STANDARD, to the extent that the IPRs remain ESSENTIAL.

This undertaking is made subject to the condition that those who seek licences agree to reciprocate the same in respect of the STANDARD in accordance with Clause 6.1 of the ETSI IPR Policy (delete this paragraph if this condition is not required).

PX-1893 at 1.

G. Plaintiffs' Acquisition of the Patents-in-Suit and Other SEPs.

FF111. On February 23, 2014, Panasonic assigned the '557 and '284 patent to Optis Wireless Technology, along with other patents and patent applications. PX-5265 [2/23/14 Panasonic assignment of '557 patent and '284 patent to Optis Wireless Technology] at 33-34. [REDACTED]

[REDACTED]
[REDACTED]. 8/11/20 Sealed Tr. [Born Deposition] at 70:11-21; *see also* DTX-0007 [REDACTED] (exhibit pending admission). [REDACTED]

[REDACTED]
[REDACTED]” 8/4/20 AM Tr. [Blasius] at 309:6-14, 309:19-310:12, 312:8-13. [REDACTED]
[REDACTED]
[REDACTED] DTX-0007 [REDACTED] at § 3 (exhibit pending admission).

FF112. On February 23, 2014, LG Electronics assigned the '833 and '332 patents to Optis Cellular Technology, LLC. PX-5263 [2/23/14 LG Electronics assignment of '332 and '833 patents to Optis Cellular Technology] at 16-17. [REDACTED]

[REDACTED]
[REDACTED] 8/11/20 Sealed Tr. [Ware Deposition] at 72:8-17; *see also* DTX-0005 [REDACTED]

[REDACTED] (exhibit pending admission). [REDACTED]
[REDACTED]

[REDACTED] 8/4/20 AM Tr. [Blasius] at 312:17-314:11. [REDACTED]

[REDACTED]
[REDACTED] . DTX-0005 [REDACTED] at § 3 (exhibit pending admission); *see also* 8/11/20 Sealed Tr. [Ware Deposition] at 72:13-17. [REDACTED]

[REDACTED]
[REDACTED] 8/11/20 Sealed Tr. [Ware Deposition] at 72:18-73:16.

FF113. On February 1, 2017, Samsung Electronics assigned the '154 patent and '774 patent to Unwired Planet International Limited. PX-5262 [2/1/17 Samsung Electronics assignment of '774 patent to Unwired Planet International] at 6. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] 8/4/20 AM Tr. [Blasius] at 255:23-256:6, 306:16-307:21, 308:5-16, 308:22-309:1.

FF114. PanOptis has an [REDACTED]

[REDACTED] *Id.* at 255:9-14. [REDACTED]

[REDACTED] *Id.* at 333:22-334:3.

FF115. PanOptis has [REDACTED]

[REDACTED] *Id.* at 281:17-282:2.

H. Plaintiffs Committed to Irrevocably License Their Declared SEPs, Including the Patents-in-Suit, on FRAND Terms and Conditions.

FF116. Plaintiffs, as successors in interest to the patents-in-suit, PX-5262 [Samsung Electronics assignment of '774 patent to Unwired Planet International], PX-5263 [LG Electronics assignment of '332 and '833 patents to Optis Cellular Technology], PX-5265 [Panasonic assignment of '557 and '284 patents to Optis Wireless Technology], and other patents acquired from Samsung Electronics, LG Electronics, Panasonic, and Ericsson, admit that they have made a “commitment to license their essential patents on FRAND terms and conditions pursuant to ETSI and ETSI’s IPR Policy,” and that they are bound by the “FRAND contract” formed by the declarations submitted by the Original Patent Owners of the patents-in-suit. ECF 26 [Pls.’ First Am. Compl.] ¶¶142, 143.

FF117. Under ETSI’s IPR Policy, the irrevocable undertakings made by the Original Patent Owners to license on FRAND terms and conditions are binding on Plaintiffs. Since March 2013, Clause 6.1bis of the ETSI IPR Policy has stated as follows:

FRAND licensing undertakings made pursuant to Clause 6 shall be interpreted as encumbrances that bind all successors-in-interest. Recognizing that this interpretation may not apply in all legal jurisdictions, any Declarant who has submitted a FRAND undertaking according to the POLICY who transfers ownership of ESSENTIAL IPR that is subject to such undertaking shall include appropriate provisions in the relevant transfer documents to ensure that the undertaking is binding on the transferee and that the transferee will similarly include appropriate provisions in the event of future transfers with the goal of binding all successors-in-interest. The undertaking shall be interpreted as binding on successors-in-interest regardless of whether such provisions are included in the relevant transfer documents.

DTX-1047 at 6.

FF118. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] :

[REDACTED]

DTX-0005 [REDACTED] at § 6.9 (exhibit pending admission).

[REDACTED]

DTX-0007 [REDACTED] at § 6.9 (exhibit pending admission).

FF119. In their First Amended Complaint, Plaintiffs admitted that, “in conformance with ETSI’s IPR Policy,” “they are prepared to grant Apple an irrevocable license to their standard essential patents, including the Patents-in-Suit, on terms that are Fair, Reasonable, and Non-Discriminatory (‘FRAND’).” ECF 26 [Pls.’ First Am. Compl.] ¶30.

FF120. All the SEPs in Plaintiffs’ patent portfolios that Plaintiffs have sought to license to Apple have been subject to a FRAND licensing commitment at all relevant times. [REDACTED]

[REDACTED]
[REDACTED] 8/11/20 Sealed Tr. [Perryman] at 87:1-4; PX-0548 [REDACTED]

[REDACTED] DTX-0004 at 1 [REDACTED]

[REDACTED], 2 [REDACTED]

I. Benefits Obtained from the Claimed Essentiality of the Patents-in-Suit.

1. Plaintiffs Have Benefitted From Licenses to the Patents-in-Suit.

FF121. Plaintiffs claim to have “thoroughly reviewed the patents [it received from Panasonic, Samsung, and LG] to make sure that [it was] getting very high quality patents from those companies.” 8/4/20 AM Tr. [Blasius] at 271:18-25.

FF122. [REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Born Deposition] at 70:18-25 [REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Ware Deposition] at 74:5-9 [REDACTED]

FF123. [REDACTED]

[REDACTED] . *Id.* at 278:4-6, 278:13-20 [REDACTED]

[REDACTED] 278:25-
279:20, 320:10-22 (testifying that [REDACTED]

FF124. Specifically, Plaintiffs sent claim charts that mapped the asserted patent claims to specifications in the LTE standard to ZTE, Kyocera, BlackBerry, and Huawei, and those companies all paid for a license to Plaintiffs' portfolio, including the asserted patents. 8/4/20 AM Tr. [Blasius] at 273:22-276:1. Additionally, Plaintiffs have licensed their patent portfolios, including the asserted patents, to HTC, Samsung, and other entities. *Id.* at 272:16-18. Further, Google has a license to one of the asserted patents. *Id.* at 358:15-359:8.

FF125. According to Plaintiffs, over 600 million devices per year are licensed to Plaintiffs' patents and 60 percent of the worldwide cellular market is licensed to Plaintiffs' patents. *Id.* at 334:6-23.

FF126. Plaintiffs have relied on assertions of essentiality to the LTE standard in order to command substantial and unfair royalties. ECF 450 [Pls.' Proffer Regarding Evidence of Other Litigations Involving the Patents-In-Suit] at 1-3, 5; DTX-0059 [REDACTED]

[REDACTED] DTX-0060 [REDACTED]

[REDACTED] DTX-
0469 [REDACTED]

2. Plaintiffs Have Benefitted From Litigations Regarding the Patents-in-Suit.

FF127. “[REDACTED]

[REDACTED] ECF 450 [Pls.’ Proffer Regarding Evidence of Other Litigations

Involving the Patents-In-Suit] at 1. Plaintiffs filed the following lawsuits against ZTE, Blackberry, Kyocera, and Huawei, each involving at least one of the patents-in-suit, and each accusing LTE-compliant devices of infringement based on their use of LTE:

- *Optis Wireless Technology, LLC & PanOptis Patent Management, LLC v. ZTE Corporation & ZTE (USA) Inc.*, Case No. 2:15-cv-300 (E.D. Tex.) (involving ’557 patent);
- *PanOptis Patent Management, LLC & Optis Cellular Technology, LLC v. Kyocera Communications, Inc., Kyocera Corporation, Kyocera International, Inc., Blackberry Corporation, Blackberry Ltd., & ZTE Corporation*, Case No. 2:16-cv-00059 (E.D. Tex.) (involving ’833 and ’322 patents); and
- *Optis Wireless Technology LLC, PanOptis Patent Management, LLC & Optis Cellular Technology, LLC v. Huawei Technologies Co., Ltd., Huawei Device USA Inc. & Huawei Device (Shenzen) Co., Ltd.*, Case No. 2:17-cv-00123 (E.D. Tex.) (involving ’284 patent).

Id.

FF128. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] ECF 450 at 1. In the *Huawei* case, [REDACTED]

[REDACTED] *Id.* at 2. [REDACTED]

[REDACTED]. *Id.*

FF129. At trial against Apple, Plaintiffs sought and obtained damages of \$506.2 million for sales of accused products since February 2019. ECF 483 [Verdict Form] at 7. Should the damages verdict be permitted to stand (although it should not, *see infra* CL ¶124), Plaintiffs would receive a further unjust benefit from Apple.

FF130. Plaintiffs have relied on assertions of essentiality to the LTE standard in order to unfairly obtain substantial jury verdicts and to command substantial royalties. ECF 450 [Pls.' Proffer Regarding Evidence of Other Litigations Involving the Patents-In-Suit] at 1-3, 5; DTX-0059 [REDACTED]

DTX-0060 [REDACTED]

DTX-0469 [REDACTED]

3. Plaintiffs Were Acquired by Brevet Capital Management LLC.

FF131. [REDACTED]

[REDACTED]. 8/11/20 Sealed Tr. [Ware Deposition] at 75:2-12.

FF132. [REDACTED]

[REDACTED]. *Id.* at 74:22-75:1.

J. Apple's Approach to Negotiating Portfolio Licenses for Declared-Essential Cellular Patents.

FF133. Apple has entered approximately 30 licenses to patents declared to be essential to cellular standards, such as LTE. *See* 8/11/20 Tr. [Mewes] at 60:10-12 (“Q. How many licenses has Apple entered, to patents declared essential to similar standards like LTE? A. About 30.”); *see, e.g.*, DTX-0663 [REDACTED]; DTX-0672 [REDACTED]; DTX-0782 [REDACTED]; DTX-0852 [REDACTED]; DTX-0853 [REDACTED]; DTX-0858 [REDACTED]; DTX-0898 [REDACTED]; DTX0901 [REDACTED]; DTX-0926 [REDACTED]; DTX-2116 [REDACTED].

FF134. In negotiating licenses to declared-essential patents, Apple employs “two major policies.” 8/11/20 Tr. [Mewes] at 61:4-10. First, Apple applies “a valuation framework,” known as the FRAND framework or the “cellular framework” for cellular patents, and second, Apple

considers “the merits of the patents.” *Id.* at 61:4-13; *see also id.* at 65:16-22 (“Q. Does Apple consider the merits of the patents? A. Of course, yes.”).

FF135. Apple has employed its FRAND framework since at least as early as 2012, and makes that framework available to the public. *See* 8/11/20 Tr. [Mewes] at 57:14-15, 61:14-18, 61:24-25; *see also* DTX-2107 [Apple’s Statement on FRAND Licensing of SEPs].

FF136. Under Apple’s FRAND framework, Apple begins with a common royalty base. *See* 8/11/20 Tr. [Mewes] at 62:6-17; DTX-2107 [Apple’s Statement on FRAND Licensing of SEPs] at 3 (“There should be a common FRAND royalty base that applies equally to all SEP licensors and SEP licensees.”). Under Apple’s approach, “[t]he common royalty base for SEPs should be no more than the smallest salable unit where all or substantially all of the inventive aspects of the SEP are practiced.” DTX-2107 [Apple’s Statement on FRAND Licensing of SEPs]. In the case of declared-essential cellular patents, because cellular devices are “sold at very different price points, but [are] all using effectively the same cellular technology … they should be treated similarly.” 8/11/20 Tr. [Mewes] at 62:17-21. Accordingly, Apple applies “the smallest salable unit, which in the case of cellular, is the baseband chipset.” *Id.* at 62:22-63:1; *see also* DTX-2107 [Apple’s Statement on FRAND Licensing of SEPs] at 3 (“For cellular standards, the smallest salable unit should be at most the baseband chip.”).

FF137. The second step in Apple’s FRAND framework is to determine the rate to apply to the base by starting with “the pro rata share . . . of the declared standard essential patents.” 8/11/20 Tr. [Mewes] at 63:14-25; DTX-2107 [Apple’s Statement on FRAND Licensing of SEPs] at 3 (“A FRAND royalty rate should be proportional among SEP licensors and comparable among SEP licensees.”); *id.* (“A SEP licensor’s pro rata share of declared SEPs is an objective reference point in a FRAND negotiation.”). Apple uses the pro rata share to ensure that it is treating all

holders of declared-essential patents fairly, to account for the problem of royalty stacking, and to apply an objective measure. 8/11/20 Tr. [Mewes] at 64:1-20 (“It is a very difficult undertaking to determine what is actually essential. And I think when we’ve seen studies or efforts to do this, you see that no one is very satisfied about the results. And so our approach is to start with the declared SEPs. People have similar motivations, and we think that at least reflects a fair starting point in our framework.”); DTX-2107 at 3 (“An objective reasonable royalty rate protects against SEP licensors being unjustly enriched through excessive royalties (royalty stacking) to the detriment of both SEP licensees and other SEP licensors and contributors, as well as consumers . . . [and] protects SEP licensees from cumulative, excessive royalties.”).

FF138. Royalty stacking is an important consideration for declared-essential patents to ensure that the total aggregate royalties for such patents does not become infeasible. 8/7/20 Tr. [Perryman] at 9:13-10:16 (explaining that royalty stacking poses “a very big problem with respect to the cellular SEPs”).

FF139. After determining the common base and appropriate rate, Apple then “look[s] at the past units, and . . . forecasts that are publicly available for future units,” including “whether or not some of those units may be licensed, whether in part or in whole,” to determine “an upfront lump-sum payment.” 8/11/20 Tr. [Mewes] at 65:23-66:16.

FF140. Apple is not alone in its approach to FRAND licensing. Other companies, including Cisco, Intel, and Samsung, apply approaches similar to Apple’s FRAND framework. 8/11/20 Tr. [Mewes] at 66:17-67:14; *see also* 8/7/20 Tr. [Perryman] at 11:9-25; 8/6/20 AM Tr. [Kennedy] at 7:9-8:24; DTX-1047 [2/13/15 Samsung’s Response to DG Enterprise Questionnaire Patents and Standards] (“Notwithstanding the unique circumstances of each negotiation and the case-by-case nature of the FRAND determination, the following elements ought to guide the

process The value that the claims of the SEP contribute to the smallest saleable unit that practices that claim, in light of the value contributed by all SEPs for the same standard practiced in that smallest saleable product. The importance of the SEPs relative to the pertinent standard as a whole ought to be considered[.]”).

FF141. [REDACTED]

[REDACTED] 8/11/20 Tr.

[Mewes] at 4:11-19.

K. Apple’s Conduct During The Parties’ Licensing Negotiations.

FF142. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PX-0548.

FF143.

8/11/20

Sealed Tr. [Mewes] at 13:7-11

DTX-0015

FF144

. 8/11/20 Tr. [Mewes] at 57:16-58:2;

8/11/20 Sealed Tr. [Mewes] at 9:6-9; 8/11/20 Sealed Tr. [Blasius] at 100:8-101:24 (describing

FF145.

8/11/20 Tr.

[Mewes] at 58:3-5, 60:10-14.

. *Id.* at 60:15-21. [REDACTED]

61:3; *see also* 8/11/20 Sealed Tr. [Mewes] at 35:8-11 (explaining that

DTX-2116 [REDACTED] at 2, 19.

FF146.

8/11/20 Sealed Tr. [Mewes] at 9:10-14.

Id. at 8:5-25.

FF147.

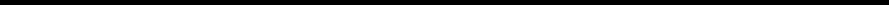
See, e.g., DTX-0065

at

see also 8/11/20 Sealed Tr. [Mewes] at 18:18-19:1

FF148.

8/11/20 Sealed Tr. [Mewes] at 26:22-28:4; DTX-0848

L. 

FF150. [REDACTED]

8/11/20 Sealed Tr. [Mewes] at 9:20-24, 10:5-8, 23:10-15; *see also* DTX-0046

FF151. [REDACTED]

See 8/11/20 Sealed Tr. [Mewes] at 23:16-24:12; see also DTX-0046

at 3-6.

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price of \$20 as the royalty base. 8/11/20 Sealed Tr. [Mewes] at 24:17-22; DTX-0046 [REDACTED]

[REDACTED]

[REDACTED] 8/11/20 Sealed Tr.

[Mewes] at 24:23-25:1; DTX-0046 [REDACTED]

[REDACTED]

[REDACTED]; *see In re Innovatio*, 2013 WL 5593609, at *38 (“[B]y taking the profit margin on the sale of a chip for a chip manufacturer as the maximum potential royalty, it accounts for both the principle of non-discrimination and royalty stacking concerns in RAND licensing.”).

FF152. [REDACTED]

[REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Mewes] at 26:4-12; DTX-0046 [REDACTED]

[REDACTED] at 4, 6 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Mewes] at 26:14-17; DTX-0046

[REDACTED]

[REDACTED]

[REDACTED]

FF153. [REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Mewes] at 26:18-28:20 [REDACTED]

[REDACTED] DTX-0046 [REDACTED]

[REDACTED] *see also* 8/11/20

Sealed Tr. [Perryman] at 53:7-54:3 [REDACTED]

[REDACTED] DTX-0848

[REDACTED] DTX-0847 [REDACTED]

[REDACTED] at 3-6 [REDACTED]; DTX-0783 [REDACTED]

FF154. [REDACTED]

[REDACTED] 8/11/20 Sealed Tr.

[REDACTED] [Mewes] at 28:9-25; DTX-0046 [REDACTED]

[REDACTED] 6.

FF155. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] 8/11/20 Sealed Tr. [Mewes] at 29:15-30:8; DTX-0049 [REDACTED]

FF156. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Mewes] at 30:23-31:19; *see, e.g.*, DTX-0663
[REDACTED] DTX-0672 [REDACTED]; DTX-0852 [REDACTED]; DTX-0898 [REDACTED]; DTX-0901
[REDACTED]; DTX-2116 [REDACTED].

FF157. [REDACTED]

[REDACTED] 8/11/20 Tr. [Mewes] at 31:20-32:5; *see also id.* at 37:15-19 (“Q. [REDACTED]
[REDACTED]
[REDACTED]

FF158. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] *Id.* at 32:9-33:7; *see also* DTX-0672 [REDACTED]
[REDACTED] at § 4.3; DTX-2106 [REDACTED]
[REDACTED]
[REDACTED]

² 8/11/20 Tr. [Perryman] at 65:12-24 [REDACTED]

FF159. [REDACTED]

[REDACTED]. 8/11/20 Tr. [Mewes] at 33:8-12.

FF160. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED].

8/11/20 Sealed Tr. [Mewes] at 34:2-25; *see also* DTX-2116 [REDACTED]

[REDACTED] at § 9.1; DTX-2106 [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]. 8/11/20 Sealed Tr. [Mewes] at

34:18-23; DTX-2116 [REDACTED]

[REDACTED] at §§ 1.6, 2.1 [REDACTED]

FF161. [REDACTED]

[REDACTED] 8/11/20 Tr.

[Mewes] at 35:2-7.

FF162. [REDACTED]

[REDACTED]. 8/11/20 Sealed Tr. [Perryman] at 54:14-20, 59:12-17. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] *Id.* at 59:12-23.

FF163. [REDACTED] . 8/11/20 Sealed Tr.

[Perryman] at 57:5-20. [REDACTED]
[REDACTED] . *Id.* at 57:24-59:10.

M. Apple Made No Misrepresentations to Plaintiffs.

FF164. Through the testimony of their expert David Kennedy, Plaintiffs alleged that

[REDACTED]
[REDACTED] 8/11/20 Sealed Tr. [Kennedy] at 112:21-113:2. [REDACTED]
[REDACTED]
[REDACTED] *Id.* at 129:6-8. [REDACTED]

[REDACTED] . *Id.* at 128:24-129:5
[REDACTED]
[REDACTED]
[REDACTED]

1. [REDACTED]

FF165. Mr. Kennedy incorrectly alleged that [REDACTED]

[REDACTED] *Id.*

at 113:5-9.

FF166. Mr. Kennedy alleged that [REDACTED]

[REDACTED] . *See id.* at 113:11-17; PDX5.26 (citing PX-0541). As set forth in PDX5.26, Mr. Kennedy pointed to [REDACTED]

FF167. As Mr. Kennedy conceded,

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8/11/20 Sealed Tr. [Kennedy] at 130:18-23.

FF168. [REDACTED]

[REDACTED] PX-0541 at 2. [REDACTED]

[REDACTED] . 8/11/20 Sealed Tr.

[Kennedy] at 131:7-10 (“[REDACTED]

[REDACTED] Thus, there is nothing in

the first sentence that constitutes a misrepresentation, let alone a material misrepresentation.

FF169. [REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Mewes] at 26:14-17 [REDACTED]

[REDACTED] . Accordingly,

there was no misrepresentation in this statement.

FF170. Further, Ms. Mewes testified [REDACTED]

[REDACTED] 8/11/20

Sealed Tr. [Mewes] at 25:11-14.

FF171. In sum, [REDACTED]

[REDACTED]
[REDACTED] .

See PX-0541 at 2-4.

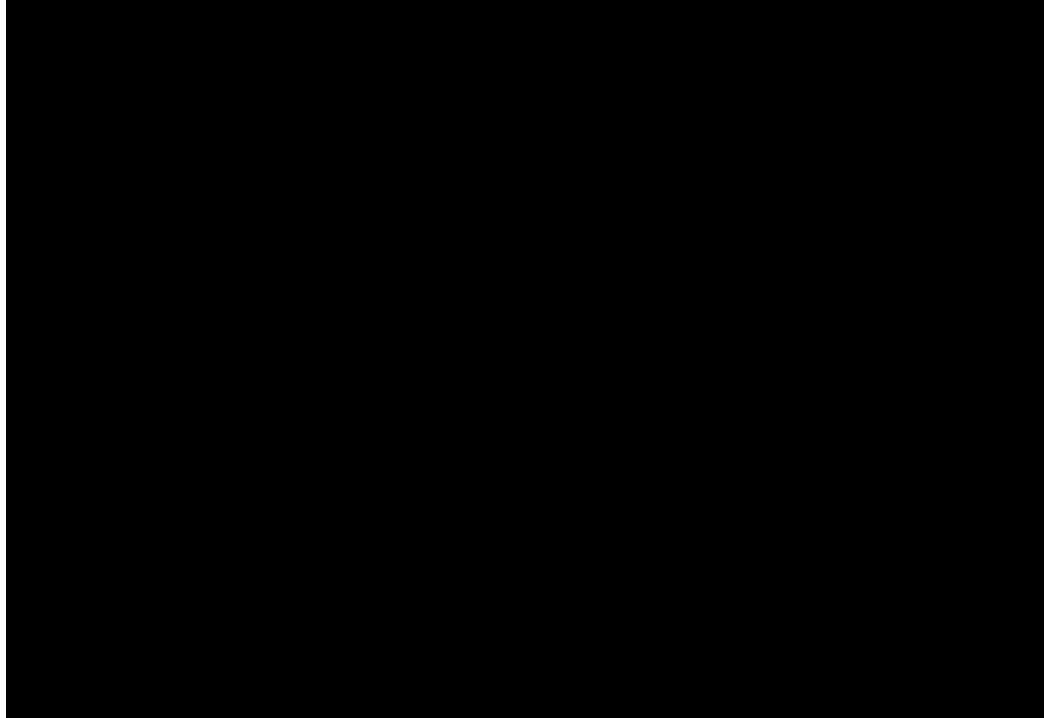
FF172. [REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Kennedy] at

113:11-17. The evidence on which Mr. Kennedy relied does not support his contention, including because it does not provide a reliable indication of what Apple pays in royalties, is outdated, is taken out of context, and/or is irrelevant to the allegation.

FF173. [REDACTED]

[REDACTED]



FF174. The meaning of the slide is ambiguous, and Plaintiffs chose not to question Ms. Mewes about what it shows. Instead, in a demonstration of its ambiguity, Plaintiffs' experts offered differing interpretations. [REDACTED]

[REDACTED] 8/11/20

Sealed Tr. [Dwyer] at 77:4-14. [REDACTED]

[REDACTED] 8/11/20 Tr. [Kennedy] at

113:24-114:5. [REDACTED]

See PX-0495

at 1. As Ms. Mewes

testified, although Apple’s general approach to FRAND licensing has remained consistent during her eight years at Apple, “it’s evolved, as we’ve seen new decisions out of the courts.” 8/11/2014 Tr. [Mewes] at 57:14-15, 61:14-18; *see, e.g., VirnetX, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1327-28 (Fed. Cir. 2014) (“Where the smallest salable unit is, in fact, a multi-component product containing several non-infringing features with no relation to the patented feature (as VirnetX claims it was here), the patentee must do more to estimate what portion of the value of that product is attributable to the patented technology.”); *Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1227 (Fed. Cir. 2014) (“[C]ourts must insist on a more realistic starting point for the royalty calculations by juries—often, the smallest salable unit and, at times, even less.”).

FF175.

[REDACTED]

PX-0495 at 7.

FF176. [REDACTED]

[REDACTED] 8/11/20 Tr. [Kennedy] at 114:6-12. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Id. at 138:1-10.

¹¹ See *infra* FF ¶¶234-38.

FF177. Third, Mr. Kennedy pointed to a

8/11/20 Tr. [Kennedy] at 114:13-23.

██████████ does not mean that Apple could not advocate for using the profit of the baseband chip as the appropriate royalty base in negotiations with Plaintiffs and others. Indeed, as Plaintiffs' French law expert, Jean-Sébastien Borghetti, recognizes, ETSI has made an "affirmative representation that '[t]he basic principle of the ETSI IPR regime remains FRAND with no specific preference for any licensing model.'" Init. Borghetti Rep. ¶18 (quoting ETSI Guide on Intellectual Property Rights (IPRs), Version Adopted by Board # 94 (Sept. 19, 2013), Background). Moreover, the letter from Apple to ETSI and ETSI's response are not confidential and, thus, could have been considered by Plaintiffs in assessing how to evaluate Apple's position on the appropriate royalty base. See PX-0481 [3/20/12 Apple submission on Transparent and Consistent Application of FRAND Licensing], PX-1146 [11/17/15 Draft Summary minutes, decisions and actions from the 65th ETSI General Assembly Meeting].

FF178.

[REDACTED] . 8/11/20 Tr. [Kennedy] at 114:24-115:5.

8/11/20 Tr. [Mewes] at 35:20-36:12; 8/6/20 AM Sealed Tr. [Blevins] at 77:5-78:25.

FF179.

8/6/20 Tr. [Blevins] at 75:12-76:14.

Id.

[Blevins] at 78:5-9; *see also* PX-0387

at 1 (

FF180.

PX-0387 at 1

see also PX-0484

at 97-117 PX-0484

at 108-17

FF181. [REDACTED]

8/11/20 Sealed

Tr. [Kennedy] at 115:6-10. [REDACTED]

0482 at 3.

For more information, contact the Office of the Vice President for Research and the Office of the Vice President for Student Affairs.

DTX-0782

at 9 ¶ 2.4

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FF182.

. PX-0482 at 3.

PX-1612

at 32.

8/11/20 Sealed Tr. [Kennedy] at 115:18-116:3.

FF183. Mr. Kennedy's contention that it was a material misrepresentation for Apple to say that it uses the baseband chip as the royalty base ignores that Apple's position is consistent with the views of others in the industry on FRAND licensing, including Samsung, the prior owner of the '774 patent. In a 2015 regulatory submission, Samsung advocated that when making a FRAND determination, the "following elements ought to guide the process," including:

- "The value that the functionality of the claimed invention in a given SEP contributes to the value of the relevant functionality of the smallest saleable unit that practices the claims of the SEP. Where small elements of multi-component products relate to the claim[ed] invention embodied in the SEP at hand, calculating a royalty on the entire end-product carries a risk that the patentee will be improperly compensated for non-infringing components of that product[.]"
- "Further, where the smallest saleable unit is, in fact, a multi-component product containing several non-infringing features with no relation to the patented feature of the SEP, further apportionment must be done to estimate what portion of the value of that unit is attributable to the patented technology[.]"

DTX-1047 [2/13/15 Samsung Response to DG Enterprise Questionnaire – Patents and Standards) at 10-11; *see also* 8/11/20 Tr. [Mewes] at 67:1-14 (referencing Samsung's approach in DTX-1047). Cisco and Intel also use a framework for FRAND licensing similar to Apple's. *Id.* at 66:17-22.

2. Apple Did Not Make Any Misrepresentation

FF184. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] 8/11/20 Sealed Tr. [Kennedy] at 116:4-19.

FF185. [REDACTED]

[REDACTED]
PDX5.33 (quoting PX-0550, PX-0541). [REDACTED]

[REDACTED] See PX-0550 [REDACTED]

[REDACTED] at 2-3. [REDACTED]

[REDACTED] PX-0550 at 1 [REDACTED]

[REDACTED]; *see also* PX-0541 at 2 [REDACTED]

FF186. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

8/11/20 Sealed Tr. [Mewes] at 4:20-5:3.

FF187. [REDACTED]

8/11/20 Sealed Tr. [Kennedy] at 133:1-5. [REDACTED]

[REDACTED]. See DTX-0011 [REDACTED]

[REDACTED] at 13 § 7.1 [REDACTED]

[REDACTED] DTX-0012 [REDACTED]

[REDACTED] at 9 § 5.1(a) [REDACTED]

[REDACTED] DTX-0059 [REDACTED]

[REDACTED] at 6 § 5.1 [REDACTED]

FF189. [REDACTED]

[REDACTED] 8/11/20 Tr. [Mewes] at 4:11-19.

FF190. [REDACTED]

See

supra FF ¶¶158-61.

FF191. [REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Kennedy] at 127:2-5, 133:16-18 [REDACTED]

FF192. [REDACTED]

[REDACTED]. 8/11/20 Sealed Tr. [Kennedy] at 119:19-120:9, 121:7-13.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] *See supra* FF ¶¶178-79.

FF193. [REDACTED]

[REDACTED] 8/11/20 Tr. [Kennedy] at 138:17-19 [REDACTED]

[REDACTED] PX-

0457 [REDACTED]

[REDACTED] at 9 § 2.2 [REDACTED]

[REDACTED] *id.* at 4 § 1.11

[REDACTED]
[REDACTED] . 8/11/20

Sealed Tr. [Kennedy] at 138:20-25 (“Q. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] . PX-0457 [REDACTED]

[REDACTED] at

Exhibit F-1 (PX-0457 at 39-40) [REDACTED]

FF194. [REDACTED]

FF195. [REDACTED]

3. Apple Did Not Make Any Misrepresentation [REDACTED]

8/11/20 Sealed Tr. [Kennedy] at 117:5-13.

FF196. [REDACTED]

[REDACTED] :

PX-0392 [REDACTED] at 1-2.

FF197. [REDACTED]

[REDACTED]. 8/11/20 Sealed Tr.

[Mewes] at 14:21-15:5.

FF198. [REDACTED]

FF199. [REDACTED]. 8/11/20 Sealed Tr.

[Mewes] at 15:6-10. [REDACTED]

DTX-0012 [REDACTED]

[REDACTED] *id.* at 2 § 1.3. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] DTX-0469 [REDACTED]
[REDACTED]
[REDACTED] at 12 § 6.1(b)(ii).

FF200. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] DTX-0012 [REDACTED]
[REDACTED] at 9 § 5.1(b); *id.*

at 2 § 1.3; DTX-0469 [REDACTED]

[REDACTED] at 12 § 6.1(b)(ii). [REDACTED]

4. **Apple Did Not Make Any Misrepresentation Related [REDACTED]**

FF201. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8/11/20 Sealed Tr. [Kennedy] at 117:14-118:4.

FF202. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

FF203. Apple uses parties' shares of declared SEPs because it provides an objective measure and it can be difficult to accurately assess how many SEPs are actually essential:

Q. Why does Apple use the pro rata share of declared SEPs instead of the share of patents that are actually essential?

A. So the -- there is a database of declared SEPs. So that's sort of an objective fact that is available to everybody. It is a very difficult undertaking to determine what is actually essential. And I think when we've seen studies or efforts to do this, you see that no one is very satisfied about the results.

And so our approach is to start with the declared SEPs. People have similar motivations, and we think that at least reflects a fair starting point in our framework.

8/11/20 Tr. [Mewes] at 64:9-20.

FF204. [REDACTED]

[REDACTED] *See DTX-1092* [REDACTED]

[REDACTED] at 7 [REDACTED] 8/11/20 Tr.

[Dwyer] at 101:15-103:18 (applying Mr. Justice Birss's methodology and using 800 SEPs as denominator).

FF205. Mr. Justice Birss did not independently determine the amount of actually essential SEPs. Mr. Justice Birss picked 800 SEPs as a midpoint between Huawei and Unwired Planet's competing claims about the number of actually essential patents:

The significant overstatement in the HPA is the number produced for the total pool of Relevant SEPs. The number for 4G handsets is 1812 and is much too high. The corresponding number in the Revised MNPA is 355 but that number is much too low if it is to represent all Relevant SEPs. I think both values are out by about a factor of two. Half of 1812 is 906 while twice 355 is 710. Splitting the difference takes one to 800. Standing back, about 800 is fair and in my judgment an appropriate figure for the pool of 4G/LTE patents.

DTX-1625 [Approved Judgment in *Unwired Planet International Ltd. and Huawei Technologies Co. Ltd.*, [2017] EWHC 2988 (Pat)] at 83-84 ¶377. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8/11/20 Sealed Tr. [Perryman] at 51:25-52:10.

5. Plaintiffs Presented No Evidence That They Were Actually Deceived by Apple's Alleged Misrepresentations.

FF206. Despite making these serious allegations of misrepresentations, Plaintiffs presented no evidence that they relied on or were deceived by Apple's purported material misrepresentations. In particular, Mr. Blasius—the only fact witness to testify for Plaintiffs—did not address any of the purported misrepresentations identified by Mr. Kennedy, let alone suggest that they had any impact on Plaintiffs.

FF207. [REDACTED]

[REDACTED] 8/11/20 Sealed Tr.

[Blasius] at 101:25-102:6; *see also id.* [Mewes] at 16:7-25 (describing that [REDACTED]

[REDACTED] DTX-0777 [REDACTED]

[REDACTED] DTX-0892 [REDACTED]

[REDACTED] DTX-0911

[REDACTED] DTX-0775 [REDACTED]

[REDACTED] DTX-0903 [REDACTED]

[REDACTED] DTX-0902 [REDACTED]

DTX-0676 [REDACTED]

FF208. [REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Blasius] at 102:7-17. [REDACTED]

N. [REDACTED]

FF209. [REDACTED], PX-0548, [REDACTED]

[REDACTED]. 8/11/20 Tr. [Misiag] at 92:1-93:11; 8/11/20 Sealed Tr. [Mewes] at 10:15-11:24, 12:20-13:1, 15:11-16:6, 17:1-18:3, 20:14-20,

20:25- 23:7; DTX-0004 [REDACTED]

DTX-0686 [REDACTED]

at 1 [REDACTED]

DTX-1092 [REDACTED]

[REDACTED] at 1, 2-14

FF210. [REDACTED] PX-0548, [REDACTED]

[REDACTED]. 8/11/20 Tr. [Misiag] at 92:17-24.

2. [REDACTED]

FF211. [REDACTED]

[REDACTED] 8/11/20 Sealed Tr.

[Mewes] at 9:1-5, 15-19.

FF212. [REDACTED]

[REDACTED] . 8/11/20 Sealed Tr.

[Mewes] at 10:15-11:24. [REDACTED]

[REDACTED] . *Id.*

at 10:15-11:24, 12:20-13:1; DTX-0686; DTX-0910.

FF213. [REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Mewes] at 15:11-16:6, 17:1-18:3, 20:14-20,

22:21-23:04; DTX-0004 at 1.

FF214. [REDACTED]

[REDACTED]

DTX-0044 at 1.

FF215. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DTX-0044 at 2.

FF216. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Mewes] at 20:25-23:7; DTX-1092.

FF217. [REDACTED]

[REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Mewes] at 10:15-11:24, 12:20-13:1, 15:11-16:6, 17:1-18:3, 20:14-20, 20:25- 23:7; 8/11/20 Sealed Tr. [Perryman] at 47:11-23; DTX-0004; DTX-0686; DTX-0910; DTX-1092.

FF218. [REDACTED]

[REDACTED]. 8/11/20 Sealed Tr. [Perryman] at 47:8-23.

3. [REDACTED]

FF219. [REDACTED]. 8/11/20

Sealed Tr. [Mewes] at 10:9-11, 10:15-11:24, 12:20-13:1, 15:11-16:6, 17:1-18:3, 20:14-20, 20:25- 23:7; *see also* 8/11/20 Sealed Tr. [Blasius] at 103:12-16 [REDACTED]

[REDACTED]

[REDACTED]

FF220. [REDACTED]

[REDACTED]. 8/11/20 Sealed Tr. [Mewes] at 9:25-10:4, 10:9-11, 10:15-11:24, 12:20-13:1, 15:11-16:6, 17:1-18:3, 20:14-20, 20:25-23:7.

4. **Plaintiffs Failed to Demonstrate Comparability of Their License Offers to Any of Plaintiffs' Actual Licenses.**

FF221. [REDACTED]

[REDACTED]

[REDACTED]. DTX-0004; DTX-0044; DTX-0686; DTX-1092; PX-0548.

FF222. [REDACTED]

[REDACTED]

[REDACTED] DTX-0004; DTX-0044; DTX-0686; DTX-1092; PX-0548.

FF223. [REDACTED]

[REDACTED]

[REDACTED] DTX-0004 at 4; 8/11/20 Sealed Tr. [Mewes] at 14:24-15:5. [REDACTED]

[REDACTED]

[REDACTED] DTX-0004; 8/11/20 Sealed Tr. [Mewes] at 14:24-15:10.

FF224. [REDACTED]

[REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Mewes] at 14:24-15:10; PX-0392.

FF225. [REDACTED]

[REDACTED]

[REDACTED] . 8/11/20 Sealed Tr. [Ware Deposition] at 75:13-16.

FF226. [REDACTED]

[REDACTED] . 8/11/20

Tr. [Misiag Deposition] at 94:2-9.

FF227. At trial, Plaintiffs never identified any company to which they had offered to license Plaintiffs' patents on terms similar to those that Plaintiffs demanded Apple accept.

FF228. At trial, Plaintiffs never identified any company that agreed to license Plaintiffs' patents on the terms that Plaintiffs demanded Apple accept.

FF229. At trial, Plaintiffs never suggested that the license offers they made to Apple were similar to those made to any other party.

FF230. At trial, Plaintiffs never suggested that the license offers they made to Apple were at royalty rates similar to those they had entered with any other party.

FF231. At trial, Plaintiffs offered no evidence that the license offers they made to Apple were at royalty rates similar to those they had entered with any other party.

FF232. At trial, Plaintiffs never identified any license they had ever entered on FRAND terms.

FF233. At trial, Plaintiffs offered no evidence that they had ever licensed their patents on FRAND terms.

5. Plaintiffs Failed to Demonstrate Comparability of Their License Offers to Any Real-World Licenses.

FF234. Plaintiffs did not identify any real-world license between any parties that would support their demands or render them FRAND.

FF235. [REDACTED]

[REDACTED].
DTX-0004; DTX-0044; DTX-0686; DTX-1092; PX-0548.

FF236. [REDACTED]

[REDACTED]. DTX-0004;
DTX-0044; DTX-0686; DTX-1092; PX-0548.

FF237. [REDACTED]

FF238. At trial, Plaintiffs did not identify any real-world license on terms similar to those that Plaintiffs demanded Apple accept.

6. The Plaintiffs' License Offers Were Not FRAND.

FF239. [REDACTED]

FF240. First, the average sales price of Apple phones is more than four times as high as the Huawei phones at issue in the *Unwired Planet v. Huawei* UK decision. *See* DTX-1625 [Approved Judgment in *Unwired Planet International and Huawei Technologies Co. Ltd.*, [2017] EWHC 2988 (Pat)] at 109 ¶517 (assuming average sales price for Huawei products of \$164 to \$185); 8/11/20 Sealed Tr. [Perryman] at 48:12-19 [REDACTED]

[REDACTED]; DTX-0044 [REDACTED]

As a result, the methodology of that decision would result in Apple paying a royalty more than four times as much for the same functionality. Mr. Justice Birss recognized in his decision that “Apple’s selling prices per unit are very high and so a low rate expressed as a percentage of selling price may not readily equate to a percentage of another company’s selling price.” DTX-1625 [Approved Judgment in *Unwired Planet International and Huawei Technologies Co. Ltd.*, [2017] EWHC 2988 (Pat)] at 97 ¶457.

FF241. Second, although Mr. Justice Birss computed a rate based on Ericsson's comparable licenses, he acknowledged that Apple's 2008 license agreement with Ericsson was not comparable because of Apple's higher average sales price. *Id.* Accordingly, he concluded that analysis of Apple's 2008 license agreement with Ericsson was not one "on which any weight can be placed." *Id.*; 8/11/20 Sealed Tr. [Perryman] 51:10-17 [REDACTED]

[REDACTED].

FF242. [REDACTED]

[REDACTED]. 8/11/20 Sealed Tr. [Perryman] 51:25-52:10. As a result, [REDACTED]

[REDACTED].

FF243. [REDACTED]

[REDACTED]. 8/11/20 Sealed Tr. [Perryman] at 47:24-49:5, 51:10-54:12, 60:24-61:21; DTX-1625, ¶¶ 377, 456-57; DTX-0782; DTX-0783; DTX-2106.

FF244. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Perryman] at 53:18-55:14.

FF245. [REDACTED]

[REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Perryman] at 55:23-56:16.

FF246. [REDACTED]

[REDACTED]

[REDACTED] . 8/11/20 Sealed Tr.

[Perryman] at 56:17-23, 67:25-68:4.

O. Procedural History of This Litigation.

FF247. On February 25, 2019, Plaintiffs filed their Original Complaint against Apple, alleging infringement of U.S. Patent Nos. 8,005,154 (“154 patent”), 8,989,290 (“290 patent”), the ’332 patent, the ’284 patent, the ’557 patent, the ’774 patent, and the ’833 patent. ECF 1 [Pls.’ Original Compl.] ¶1.

FF248. The Complaint alleges “[t]here is a dispute between Plaintiffs and Apple concerning whether Plaintiffs’ history of offers to Apple for a global license to Plaintiffs’ essential patents complies with Plaintiffs’ commitment to license their essential patents on FRAND terms and conditions pursuant to ETSI and ETSI’s IPR Policy.” *Id.* ¶139. Further, the Complaint indicates that Plaintiffs are also seeking relief in the United Kingdom regarding the parties’ licensing negotiations:

In light of this dispute, the Plaintiffs are seeking relief in the United Kingdom (“UK”) (more precisely, in the High Court of England and Wales, which has already determined FRAND terms including royalty rates for part of the Plaintiffs’ patents with respect to another company) in respect of Apple’s infringement of certain UK patents.

[REDACTED]

As part of those proceedings the Plaintiffs have requested the UK Court to make a determination as to the FRAND license terms in respect of the Plaintiffs' worldwide portfolio (the 'UK FRAND Proceedings'). Accordingly, the UK FRAND Proceedings will determine FRAND terms for Plaintiffs' worldwide portfolios.

Id. ¶140.

FF249. The Complaint includes a declaratory judgment claim (Count VIII) requesting relief to the extent it is not provided in the UK FRAND Proceedings:

To the extent necessary beyond the UK FRAND Proceedings, the Plaintiffs request a declaratory judgment in this Court that negotiations toward a FRAND license with Apple were conducted in good faith, comply with the ETSI IPR Policy, and were consistent with competition law requirements. This request by the Plaintiffs is not duplicative or inconsistent with the UK FRAND Proceedings, and, to the extent necessary to avoid any duplication or inconsistency, should be subordinate to the UK FRAND Proceedings.

Id. at ¶141.

FF250. On May 13, 2019, following an Apple motion to dismiss Count VIII (ECF 16), Plaintiffs filed their First Amended Complaint (ECF 26). Plaintiffs continued to allege infringement of the patents-in-suit and amended certain allegations in Count VIII. Plaintiffs continued to seek declaratory relief regarding their negotiations with Apple that they claim should be "subordinate" to the UK FRAND Proceedings:

To the extent necessary beyond the UK FRAND Proceedings, the Plaintiffs request a declaratory judgment in this Court that negotiations toward a FRAND license with Apple were conducted in good faith, comply with the ETSI IPR Policy, and were consistent with competition law requirements. This request by the Plaintiffs is not duplicative or inconsistent with the UK FRAND Proceedings, and, to the extent necessary to avoid any duplication or inconsistency, should be subordinate to the UK FRAND Proceedings.

As an example, the Plaintiffs request a declaratory judgment in this Court that because Plaintiffs negotiated in good faith, Plaintiffs have no US liability based on their conduct, including under US

competition law, and that Apple, because of its bad-faith conduct, its policy of hold-out, and its refusal to accept performance, may no longer raise a FRAND defense in the US. This request by the Plaintiffs is not duplicative or inconsistent with the UK FRAND Proceedings, and, to the extent necessary to avoid any duplication or inconsistency, shall not be used in any way to alter the results or determinations of the UK FRAND Proceedings. This declaration instead protects Plaintiffs from US liability based on US law.”

ECF 26 [Pls.’ First Am. Compl.] ¶¶144-45.

FF251. As to Apple’s conduct, Plaintiffs alleged:

- “Plaintiffs maintain that Apple has acted in bad faith, has participated in hold-out and has rejected Plaintiff’s performance, and therefore can no longer raise a FRAND defense in this case.” *Id.* ¶143.
- “Apple, because of its bad-faith conduct, its policy of hold-out, and its refusal to accept performance, may no longer raise a FRAND defense in the US.” *Id.* ¶146.

FF252. On May 28, 2019, Apple moved to dismiss Count VIII of the First Amended Complaint, arguing that it (1) is predicated on an adjudication of rights and obligations as to foreign patents that are outside the operation of U.S. law and the jurisdiction of this Court, and (2) merely requests an advisory opinion from this Court—a declaration that Plaintiffs have “no liability” under some unspecified law(s). ECF 31.

FF253. On March 20, 2020, the Court granted in part and denied in part Apple’s motion to dismiss. The Court granted the motion “as to any request to declare the parties’ rights with respect to any foreign patents or under any foreign laws” but denied it as to “to Plaintiffs’ request to declare the parties’ rights with respect to U.S. patents or under U.S. state or federal law.” ECF 102 at 9.

FF254. On April 7, 2020, Plaintiffs filed their “Answer and Reply” to Apple’s defenses and counterclaims. ECF 131. Plaintiffs purported to respond to Apple’s defense that Plaintiffs had failed to state a claim in Count VIII of Plaintiffs’ First Amended Complaint by pleading new facts and legal theories that were not originally in Claim VIII:



A series of five black rectangular bars of increasing height, decreasing in height again, and then a final short black bar at the bottom. The bars are positioned vertically and are set against a white background. The first bar is the shortest, the second is the tallest, the third is shorter than the second, the fourth is shorter than the third, and the fifth is the shortest of all.

12. The ETSI IPR policy states that a patent owner is to be “prepared to grant” licenses under its declared IPRs on conditions that are consistent with Clause 6.1 of the ETSI IPR Policy. Interpretation of

[REDACTED]

the IPR Policy is governed by French law principles of contract interpretation.

13. Article 1104 of the French Civil Code, which sets forth the fundamental principle that contracts “must be negotiated, formed and performed in good faith,” has been extended beyond performance to other stages in the contractual process, including the negotiation and formation of contracts. The French law duty to negotiate towards a contract in good faith compels parties to act loyally in their negotiations, and penalizes certain types of conduct. Whether a party has violated this duty is assessed by courts on a case-by-case basis, based on an analysis of the party’s behavior in the negotiation.

14. In the context of FRAND licensing specifically, French law compels both the patent owner and the potential licensee to negotiate towards the prospective license in good faith. French court decisions provide guidance as to the type of conduct that constitutes a legal wrong in pre-contractual negotiations. Such conduct would include, for example, not trying to come to an agreement; making proposals that are clearly unacceptable; engaging in delaying tactics; and continuing negotiations when a decision has been made to break them off.

[REDACTED]

ECF 131 ¶¶2-15.

FF255. At the Pre-Trial Conference, the Court granted Apple’s motion to strike the new allegations in Plaintiffs’ Reply, concluding that it was “procedurally flawed. There was no effort to obtain leave of Court, and it is stricken.” 7/27/20 Tr. [Pre-Trial Conference] at 55:12-16; *see*

also ECF 455 at 2

FF256. During the Pre-Trial Conference, Plaintiffs confirmed that it was their expectation that Count VIII would be tried to the bench, rather than the jury. 7/27/20 Tr. [Pre-Trial Conference] at 54:17-55:3. Accordingly, the Court held that the FRAND issues would be tried to the bench and that FRAND would not be addressed at all before the jury:

Optis does not get to try its declaratory judgment action both to the Court and to the jury. It either waives its right to a jury trial and tries them to the Court, or it asserts its right to a jury trial and tries those issues in its declaratory judgment action to a jury.

Here, the joint pre-trial order submitted by both parties and signed off on by counsel for both parties, including counsel for Optis -- this is Document 360 on the Court's docket on Page 4.

Under the heading Agreed Upon Issues to Be Tried to the Jury Or the Bench, it clearly states the issues to be tried to the Court in a bench trial immediately following the jury trial includes, subject to pending motions for summary judgment, subpoint -- first subpoint: Plaintiffs' claim for a declaratory judgment.

So we're going to try the declaratory judgment claims of Count 8 to the bench. We're not going to try them to the jury. And that includes any allegations of bad faith or holdout by Apple. That also includes any issues of whether Optis complied with its FRAND obligations.

Apple has not sought a breach of contract claim asserting a failure to comply with FRAND. And, quite honestly, counsel, I don't want to hear the word "FRAND" or "fair," "reasonable," or "non-discriminatory" in front of the jury.

And -- and Optis chose to structure this trial that way when it chose to submit its declaratory judgment action to a bench trial.

You cannot, Mr. Sheasby, reserve the FRAND issue under your declaratory judgment action for the bench trial but try to get in what you allege are the bad acts and bad faith of Apple to tar and feather it for purposes of your willfulness claim. You don't get to do it both ways.

[REDACTED]

Had the Plaintiff elected to try the declaratory judgment action to the jury, which my understanding is that's their right, then the French law obligations to respond in good faith to a FRAND-obligated offer would have opened the door to the jury to hear about the bad faith that you allege and the holdout that you allege, and all the testimony about whether the damages are or are not FRAND would have come in before the jury.

But when the Plaintiff elects to try its declaratory judgment action to the bench, it doesn't get to selectively take bad acts that relate solely to the FRAND issue and the obligation to act in good faith imposed when a FRAND offer is made to the Defendant and bring them into a trial before a jury where there is no FRAND issue to be decided, but there is very much a willfulness issue to be decided that would be directly and improperly impacted by that evidence.

Id. at 56:10-58:9.

FF257. As a result of Plaintiffs' strategy on how to structure their case, the Court observed that there may be a disconnect between a "damages number that has no relation to FRAND whatsoever" and a finding that Plaintiffs are bound by FRAND, necessitating a new trial on damages:

What bothers me about this, quite honestly, counsel -- and these are your choices, not my choices.

What bothers me about that is we will get a verdict from the jury about what a reasonable royalty damages award is. We'll also get a verdict from the jury about whether or not the Plaintiff -- or, excuse me, the Defendant has been willful.

But, nonetheless, we're going to get a reasonable royalty damages number. Then we're going to have a bench trial on FRAND.

And if the Court finds there is a FRAND obligation and if the Court finds the Plaintiff has not been relieved of that FRAND obligation in some way because of the conduct of the Defendant, then we're going to have a damages number that has no relation to FRAND whatsoever and a bench finding that there's a FRAND obligation on the Plaintiff.

And so I may well have to declare -- I may well have to order a new trial on damages if that's the result of the bench trial.

Id. at 61:3-21.

[REDACTED]

P. Plaintiffs' U.K. Case.

FF258. In February 2019, shortly after the filing of the present litigation against Apple in the United States, Optis Cellular Technology LLC, Optis Wireless Technology LLC, and Unwired Planet International Limited brought an action against Apple Inc., Apple Distribution International Limited, and Apple Retail UK Limited in the High Court of Justice of England and Wales, Chancery Division, Patents Court in the United Kingdom, Case No. HP-2019-000006 ("U.K. Action"). In the U.K. Action, Optis alleges infringement of eight European patents and seeks, among other things, a so-called "FRAND injunction," and a declaration that the offer made to Apple to license Plaintiffs' worldwide portfolio of SEPs is FRAND, or, alternatively, a determination by the U.K. court of the terms of a FRAND license for the combined portfolios of SEPs held by Plaintiffs worldwide. U.K. courts have adopted an approach of granting an injunction in the United Kingdom on an SEP unless the defendant agrees to enter a global license on what a U.K. court determines are FRAND terms. *See Unwired Planet International Ltd. v. Huawei Technologies Co. Ltd.* ¶¶49-62, [2020] UKSC 37.⁵

FF259. According to the First Amended Complaint, "the Plaintiffs have requested the UK Court to make a determination as to the FRAND license terms in respect of the Plaintiffs' worldwide portfolio (the 'UK FRAND Proceedings'). Accordingly, the UK FRAND Proceedings will determine FRAND terms for Plaintiffs' worldwide portfolios." ECF 26 [Pls.' First Am. Compl.] ¶144.

FF260. The worldwide portfolios for which Plaintiffs request the U.K. court to determine the terms of a FRAND license include the five U.S. patents-in-suit for which the jury awarded \$506.2 million in damages. *See id.* ¶144 ("the Plaintiffs have requested the UK Court to make a

⁵ Available at <https://www.supremecourt.uk/cases/docs/uksc-2018-0214-judgment.pdf>.

[REDACTED]

determination as to the FRAND license terms in respect of the Plaintiffs' worldwide portfolio (the 'UK FRAND Proceedings'). Accordingly, the UK FRAND Proceedings will determine FRAND terms for Plaintiffs' worldwide portfolios").

Q. Plaintiffs Demanded and Obtained Non-FRAND Damages at Trial.

FF261. At trial, Plaintiffs sought and obtained damages of \$506.2 million for sales of accused products since February 2019. *See* 8/5/20 Sealed PM Tr. [Kennedy] at 16:25-17:9; 32:5-19, 65:13-66:14; ECF 483 at 7.

FF262. Despite claiming that [REDACTED]

[REDACTED] Plaintiffs did not present any evidence of their own licenses and thus made no showing that the royalties demanded of Apple are fair, reasonable, or non-discriminatory as compared to rates that they have charged others. 8/5/20 Sealed PM Tr. [Kennedy] at 39:6-19; 25:25-26:7. Mr. Kennedy described the [REDACTED] that Plaintiffs' licenses are not comparable [REDACTED] *Id.* at 25:25-26:7. [REDACTED]
[REDACTED].

FF263. The damages that Plaintiffs sought and were awarded for the five patents-in-suit for the period since just February 2019 [REDACTED]

[REDACTED]

- [REDACTED] DTX-0011 [REDACTED]
[REDACTED] at 5, § 1.15; *id.* at 13 § 7.1.
- [REDACTED]
[REDACTED] DTX-0012 [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] at 4 § 1.9; *id.* at 9 § 5.1(a).

- [REDACTED] . DTX-0059 [REDACTED]
[REDACTED] at 3 § 1.8; *id.* at 6 § 5.1.
- [REDACTED] [REDACTED]
[REDACTED] DTX-0469 [REDACTED]
[REDACTED]

at 11-12 § 6.1; *id.* at 6 § 1.1(z); *id.* at 8 § 4.1.

FF264. The damages obtained by Plaintiffs are not—remotely—consistent with market evidence regarding SEP transactions entered into by Apple. [REDACTED]

[REDACTED] *See supra* FF ¶¶156-63. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] 8/6/20 AM Tr. [Blevins] at 632:21-634:11; 8/7/20 Sealed PM Tr. [Perryman] at 5:17-6:16; DTX-0855 [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] 8/7/20 Sealed PM Tr. [Perryman] at 6:18-22. Plaintiffs' damages claim bore no relationship to market rates for SEPs and was not FRAND.

FF265. [REDACTED]

[REDACTED], *supra* FF ¶¶178-80,
[REDACTED] (PX-0387) [REDACTED]

FF266.

(PX-0484)

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FF268. Plaintiffs also sought to capture the value of the LTE standard despite the fact that, for LTE generally and the specific areas of technology supposedly related to the patents-in-suit, there are other contributors to value. [REDACTED]

[REDACTED] 8/6/20 Sealed AM Tr. [Kennedy] at 12:1-19, 20:6-24, 21:5-25. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] . 8/7/20 Sealed PM Tr. [Perryman]

FF269. [REDACTED]

1

[REDACTED]
[REDACTED]
[REDACTED].
8/5/20 Sealed PM Tr. [Kennedy] at 33:18-34:7, 35:25-36:15, 39:23-40:7.

III. CONCLUSIONS OF LAW.

A. Standard Essential Patents.

1. Standards Generally.

CL1. Through standard setting organizations such as ETSI, “companies agree on common technological standards so that all compliant products will work together. Standards lower costs by increasing product manufacturing volume and increase price competition by eliminating the costs for consumers to switch between products manufactured by different firms.”

Apple, Inc. v. Motorola Mobility, Inc., 886 F. Supp. 2d 1061, 1067 (W.D. Wis. 2012).

2. FRAND, Patent Hold-Up, and Royalty Stacking.

CL2. “SEPs pose two potential problems that could inhibit widespread adoption of the standard: patent hold-up and royalty stacking.” *Ericsson Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1209 (Fed. Cir. 2014).

CL3. “[O]nce a standard becomes widely adopted, SEP holders obtain substantial leverage over new product developers, who have little choice but to incorporate SEP technologies into their products. Using that standard-development leverage, the SEP holders are in a position to demand more for a license than the patented technology, had it not been adopted by the SSO, would be worth.” *Microsoft Corp. v. Motorola, Inc.*, 795 F.3d 1024, 1031 (9th Cir. 2015).

i. Patent Hold-Up.

CL4. “Although the standard-setting process has many potential benefits for consumers, there are dangers. After a standard is established, for example, every manufacturer of compliant

products must use the technology stated in the standard. If one particular company owns a patent covering that technology, however, the standard will effectively force all others to buy that company's technology if they want to practice the standard. This requirement allows the company to charge inflated prices that reflect not only the intrinsic value of its technology, but also the inflated value attributable to its technology's designation as the industry standard." *In re Innovatio IP Ventures, LLC Patent Litig.*, MDL No. 2303, 2013 WL 3874042, at *3 (N.D. Ill. July 26, 2013).

CL5. FRAND licensing requirements help "to insure that standards do not allow the owners of essential patents to abuse their market power to extort competitors or prevent them from entering the marketplace." *Apple*, 886 F. Supp. 2d at 1067; *see also Broadcom Corp. v. Qualcomm, Inc.*, 501 F.3d 297, 305 (3d Cir. 2007) (FRAND rules provide "a bulwark against unlawful monopoly").

CL6. The FRAND commitment is intended to mitigate the risk of patent hold-up, "which occurs when the holder of a standard-essential patent demands excess royalties after standard implementers are already locked into using the standard." *In re Innovatio*, 2013 WL 5593609, at *8. "The ability of a holder of [a standard essential patent] to demand more than the value of its patented technology and to attempt to capture the value of the standard itself is referred to as patent 'hold-up.'" *Microsoft Corp. v. Motorola, Inc.*, No. C10-1823, 2013 WL 2111217, at *10 (W.D. Wash. Apr. 25, 2013); *see also Ericsson*, 773 F.3d at 1209 ("Patent hold-up exists when the holder of a SEP demands excessive royalties after companies are locked into using a standard."); *Lotes Co. v. Hon Hai Precision Indus. Co.*, 753 F.3d 395, 400 (2d Cir. 2014) ("Technical standardization also creates 'lock-in' effects and raises the specter of 'patent hold-ups.'"); *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 876 (9th Cir. 2012) (SSOs promulgate RAND standards to "try to

mitigate the threat of patent holdup”); *Broadcom*, 501 F.3d at 310 (“Inefficiency may be injected into the standard-setting process by what is known as ‘patent hold-up.’”).

CL7. “The objective of ETSI’s intellectual property rights policy is to ‘reduce the risk to ETSI, MEMBERS, and others applying ETSI STANDARDS and TECHNICAL SPECIFICATIONS, that investment in the preparation, adoption and application of STANDARDS could be wasted as a result of an ESSENTIAL [intellectual property right] for a STANDARD or TECHNICAL SPECIFICATION being unavailable. In achieving this objective, the ETSI [intellectual property rights policy] seeks a balance between the needs of standardization for public use in the field of telecommunications and the rights of the owners of [intellectual property rights].’” *Apple*, 886 F. Supp. 2d at 1069 (quoting Section 3.1 of ETSI’s Guide on Intellectual Property Rights) (brackets in original). ETSI’s intellectual property rights policy “goes on to state that ETSI ‘shall take reasonable measures to ensure, as far as possible,’ that standards and technical specifications will ‘be available to potential users.’” *Id.* (quoting Section 3.3 of ETSI’s Guide on Intellectual Property Rights).

ii. Royalty Stacking.

CL8. “Royalty stacking can arise when a standard implicates numerous patents, perhaps hundreds, if not thousands. If companies are forced to pay royalties to all SEP licensors, the royalties will ‘stack’ on top of each other and may become excessive in the aggregate.” *Ericsson*, 773 F.3d at 1209.

CL9. Royalty stacking may be a concern in determining a FRAND rate “to ensure that the asserted patents are not overvalued compared to the technological contribution they make to the standard. Practically speaking, that means that the court should consider royalty stacking as a way of checking the accuracy of a proposed [F]RAND royalty’s correspondence to the technical value of the patented invention.” *In re Innovatio*, 2013 WL 5593609, at *10.

CL10. “[T]he concern of royalty stacking requires that the court, to the extent possible, evaluate a proposed [F]RAND rate in the light of the total royalties an implementer would have to pay to practice the standard.” *Id.*

iii. Special Apportionment Principles for SEPs.

CL11. “When dealing with SEPs, there are two special apportionment issues that arise. First, the patented feature must be apportioned from all of the unpatented features reflected in the standard. Second, the patentee’s royalty must be premised on the value of the patented feature, not any value added by the standard’s adoption of the patented technology. These steps are necessary to ensure that the royalty award is based on the incremental value that the patented invention adds to the product, not any value added by the standardization of that technology.”

Ericsson, 773 F.3d at 1232.

CL12. The first apportionment principle is necessary because the royalty must be “apportioned to the value of the patented invention (or at least to the approximate value thereof), not the value of the standard as a whole.” *Id.* at 1233. “Just as we apportion damages for a patent that covers a small part of a device, we must also apportion damages for SEPs that cover only a small part of the standard.” *Id.* at 1232-33.

CL13. The second apportionment principle is necessary in order to differentiate the value of the adoption of the standard from the incorporation of the patented technology into the standard. “[T]he royalty for SEPs should reflect the approximate value of that technological contribution, not the value of its widespread adoption due to standardization.” *Id.* at 1233.

3. ETSI Declarations Create an Irrevocable Contractual Obligation Binding the Patent Holder, But No Reciprocal Obligation On The Potential Licensee To Take A License.

CL14. By submitting an IPR Information Statement and Licensing Declaration (“IPR Declaration”) to ETSI, the Original Patent Owners of Plaintiffs’ patents agreed “to grant

irrevocable licenses” to the patents-in-suit and other declared SEPs “on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy.” *See* FF ¶¶106-10. That commitment is expressly *irrevocable*. *See* Init. Borghetti Rep. ¶16 (“The rule under French law is that an unambiguous provision should not be interpreted. Article 1192 of the French Civil Code (code civil) provides: ‘Clear and unambiguous terms are not subject to interpretation as doing so risks their distortion’.”).

CL15. As Plaintiffs’ First Amended Complaint recognizes, “[t]hese declarations formed a contract (‘FRAND contract’) under French law.” ECF 26 [Pls.’ First Am. Compl.] ¶142. Both parties’ French law experts agree that the ETSI declarations submitted by the prior owners create a legally binding contractual commitment on behalf of the patent owner to license on FRAND terms and conditions. ECF 178-02 [Palmer Rep.] ¶22 (“When a patent holder makes a FRAND declaration to ETSI, it has entered into a contractual obligation to be ‘prepared to grant’ a license on FRAND terms and conditions and thus it creates a contractual obligation on the part of the patent owner.”); Init. Borghetti Rep. ¶12 (“The commitment resulting from a Declaration made pursuant [to] Clause 6.1 is governed by French law and is intended to be legally binding.”).

CL16. Multiple courts have similarly determined that an ETSI IPR declaration creates a binding contractual obligation to license on the part of the patent holder. *See TCL Commc’n Tech. Holdings, Ltd. v. Telefonaktiebolaget LM Ericsson* (“TCL I”), No. 15-CV-2370, 2018 WL 4488286, at *5 (C.D. Cal. Sept. 14, 2018) (“ETSI’s acceptance of a patent holder’s patent as an SEP forms a contract which includes the patent holder’s obligation to license. . . . ETSI is the promisee, the owner of a SEP who submits the IPR licensing declaration is the promisor, and the third-party beneficiaries are prospective licensees who benefit from the stipulation.”), *rev’d in part, vacated in part*, 943 F.3d 1360, 1364 (Fed. Cir. 2019) (“TCL II”) (“For a patent to become

essential to an ETSI standard, ETSI members first submit declarations identifying which of their patents or applications may become essential to the standard. ETSI's acceptance of a member's patent as an SEP forms a contract between ETSI and its members. . . . Ericsson is bound by its contractual FRAND obligation to ETSI to be prepared to offer TCL FRAND-compliant terms to license its SEP portfolio."); *Apple*, 886 F. Supp. 2d at 1085 (confirming the existence of a contract between the patent holder and ETSI).

CL17. Under the ETSI IPR Policy, Plaintiffs are bound by the irrevocable undertakings made by the Original Patent Owners to license on FRAND terms and conditions. *See* FF ¶¶116-20.

CL18. As a matter of law, negotiating back and forth by Apple or any other party cannot give Plaintiffs the right to revoke their irrevocable FRAND obligation. As this Court ruled when considering the same issue on Apple's motion for partial summary judgment in *St. Lawrence Communications LLC v. Apple Inc.*, C.A. No. 2:16-CV-82-JRG:

With regard to Apple's motion for partial summary judgment concerning an obligation to license – Saint Lawrence's obligation to license the patents on FRAND terms, it's the Court's opinion that when the patents-in-suit are contributed to declared essential and made a part of the standard, that *that attaches to the patents an obligation that they are to be licensed on FRAND terms and that that obligation is not extinguished by the back and forth negotiation that may take place between the parties*. So to that extent, I'm granting the summary judgment – the partial summary judgment that determines that Apple is entitled to license and Saint Lawrence is obligated to license the patents on FRAND terms.

This lawsuit is not really, as I see it, about whether these patents should be licensed on FRAND terms. This lawsuit is about what is the proper FRAND rate. There I – to – to put Apple or any Defendant in a position where if they don't readily accept the first offer from a prospective licensor, they forfeit any right to receive a license on FRAND terms is wrong, and the Court rejects that notion.

There is a public right – there is a right that benefits the public by the contribution of these patents to a standard that the public relies

[REDACTED]

on. And the failure of Apple to accept Saint Lawrence's initial offer and the later conduct by offer – Apple to make a counteroffer as to what they viewed to be a proper FRAND rate doesn't extinguish or impact the obligation that the patents-in-suit, because they are part of the standard, are to be licensed on FRAND terms. And the FRAND obligation requires that the resulting license be a FRAND license. And where the parties can't negotiate and agree upon a term that they both mutually accept as a FRAND license rate, then you come to the Court. And this Court effectively judicially arbitrates that dispute about what is the proper FRAND rate. And that's what this lawsuit is about.

So Apple has not forfeited a right to receive a license on FRAND terms. And to that extent, as a matter of law, I grant the partial summary judgment urged by Apple.

ECF 374 [Revised Pre-Trial Conference Tr.] at 20:21-22:9 (E.D. Tex. Mar. 8, 2018) (emphases added).

CL19. “The patent holder’s contractual obligation is a unilateral obligation (meaning an obligation on one side) and must be performed in good faith. The patent owner’s contractual obligation is enforceable either as a *stipulation pour autrui* (third party beneficiary) or as a unilateral engagement.” ECF 178-02 [Palmer Rep.] ¶22; *see also TCL I*, 2018 WL 4488286, at *5 (“Under French law, TCL is entitled to enforce this contract through the doctrine of *stipulation pour autrui*, or stipulation on behalf of a third party. The doctrine is akin to the concept of a third-party beneficiary at common law.” (citation omitted)); *TCL II*, 943 F.3d at 1364 (“Because this obligation is intended to benefit implementers of ETSI standards, the implementers may assert their rights created by the FRAND obligation as third-party beneficiaries.”).

CL20. Thus, while a holder of declared-essential patents is contractually obligated to grant licenses on FRAND terms and conditions to any potential licensee, “[t]he potential licensee is a third-party beneficiary to the patent holder’s FRAND declaration without a reciprocal obligation toward the patent holder and may accept or avail itself of the benefit stipulated in its favor or may decline it.” ECF 178-02 [Palmer Rep.] ¶23; *see also* DTX-1640 [ETSI Guide on IPRs] at 6 (“Third

[REDACTED]

parties do not have any legal OBLIGATIONS under the Policy,” but do have “certain RIGHTS under the ETSI IPR Policy … as users of ETSI standards or documentation,” including the right “To be granted licenses on fair, reasonable and non-discriminatory terms and conditions in respect of a standard at least to manufacture, sell, lease, repair, use and operate, (clause 6.1).”) (exhibit pending admission).

CL21. This Court and others have recognized that the declaration made by a holder of declared-essential patents does not create a reciprocal contractual obligation binding on a potential licensee. For example, in *Core Wireless Licensing S.a.r.l. v. Apple Inc.*, No. 6:12-CV-100-JRG, 2015 WL 4775973, at *4 (E.D. Tex. Aug. 11, 2015), this Court held a patentee’s FRAND commitment does not impose a contractual obligation on a third party such as Apple to negotiate for or take a license. There the holder of FRAND-encumbered patents claimed “that the licensing obligation for ETSI members cuts both ways,” such that “Apple was obligated to ‘negotiate a FRAND royalty in good faith’ on the patents that Core declared standards-essential, regardless of whether the patents were valid and infringed,” relying on the ETSI IPR Policy as creating such a contractual obligation on Apple. *Id.* at *2.

CL22. This Court rejected that argument, finding there was no contractual obligation on Apple—as a potential licensee—to negotiate for or take a license to the patent holder’s declared-essential patents. *Id.* at *4 (dismissing plaintiffs’ “contract claims as to the entire portfolio”); *see also* ECF 286-3 Mot. For Summ. J. Ex. 31 (Order at 1, *Core Wireless*, No. 6:12-CV-100 (E.D. Tex. May 2, 2014), ECF 207 (staying plaintiff’s attempt to adjudicate a portfolio royalty and instead directing the case to proceed focused only on the patents that had been actually asserted)); *Apple Inc. v. Qualcomm Inc.*, No. 317CV00108GPMDD, 2017 WL 3966944, at *10 (S.D. Cal. Sept. 7, 2017) (“Apple, unlike Qualcomm, has not made any binding commitment to ETSI. And

Apple does not have a licensing agreement with Qualcomm. The only contractual rights and obligations implicated by this lawsuit are Apple's rights and obligations as a third-party beneficiary of Qualcomm's promises to ETSI. Stated differently, Apple, unlike . . . Qualcomm, has made no binding commitment that limits the relief that it may seek or how it may enforce that relief. Whereas Qualcomm's negotiations with Apple are constrained by its contractual obligations to ETSI, Apple is free to decline or accept Qualcomm's offer regardless of whether it complies with FRAND."); *Apple Inc. v. Telefonaktiebolaget LM Ericsson, Inc.*, No. 15-CV-00154-JD, 2015 WL 1802467, at *2 (N.D. Cal. Apr. 20, 2015) ("there exists no legal basis upon which Apple may be compelled to take a license for Ericsson's patents on a portfolio-wide basis"); *InterDigital Commc'ns, Inc. v. ZTE Corp.*, Nos. 13-CV-00009-RGA, 13-CV-00010-RGA, 2014 WL 2206218, at *3 (D. Del. May 28, 2014). It is for that reason that Plaintiffs have resorted to relying on the French civil code as imposing obligations on Apple during the parties' negotiations. Init. Borghetti Rep. ¶¶49-51 (citing Article 1104 of French Civil Code). But this Court has already determined that adjudications of "foreign obligations under foreign laws related to foreign patents are best left to the courts of those foreign countries." ECF 102 at 6.

CL23. Plaintiffs' First Amended Complaint identifies no legal obligation imposed by U.S. law on Apple to negotiate a license to Plaintiffs' portfolios of declared-essential patents or forfeit any defenses for failing to do so. Moreover, as discussed in detail below (*infra* CL ¶¶71-82), under U.S. choice of law principles, Plaintiffs' claim that Apple failed to negotiate in good faith is a tort claim that should be adjudicated under U.S. law, not French law. Thus, the question whether Apple's negotiation conduct satisfies a "good faith" standard under the French civil code (it does) should not be adjudicated by this Court.

CL24. Accordingly, Apple had no obligation to agree to a license with Plaintiffs or to make an offer to Plaintiffs.

B. The Court Has No Jurisdiction to Decide Whether Plaintiffs' Offers Were Consistent with FRAND Because Plaintiffs Made No U.S. Offer.

CL25. On May 13, 2019, Plaintiffs filed a First Amended Complaint alleging that “[t]here is a dispute between the Plaintiffs and Apple concerning whether the Plaintiffs' history of offers to Apple for a global license to the Plaintiffs' essential patents complies with Plaintiffs' commitment to license their essential patents on FRAND terms and conditions pursuant to ETSI and ETSI's IPR Policy.” ECF 26 [Pls.' First Am. Compl.] ¶143; *see also id.* ¶1. Count VIII seeks “[a] declaration that Plaintiffs, in their history of negotiations with Apple in regard to a global license to the Plaintiffs' essential patents, have negotiated in good faith and otherwise complied with FRAND” *Id.* at 109.

CL26. On March 2, 2020, the Court granted-in-part and denied-in-part Apple's motion to dismiss Count VIII. In doing so, the Court dismissed “any portion of Count VIII that seeks a declaration that Plaintiffs have complied with their obligations under foreign laws or as they relate to foreign patents, or that Apple may not raise a FRAND defense in a foreign jurisdiction.” ECF 102 at 6. The Court explained: “Like claims for foreign patent infringement, claims asking the Court to pass upon foreign obligations under foreign laws related to foreign patents are best left to the courts of those foreign countries.” *Id.*

CL27. While the Court declined to dismiss Count VIII as to U.S. patents (*id.* at 7), the Court cautioned that “[w]hether or not Plaintiffs can *prove* these allegations in a manner sufficient to allow this Court to issue declaratory relief is a separate issue more appropriately analyzed under Rule 56 or at trial.” *Id.* at 8 (emphasis in original). The Court further concluded that it “remains under ‘a continuing obligation to examine the basis of [its] jurisdiction’ and will not issue an

[REDACTED]

advisory opinion if it becomes clear that there is no justiciable controversy before the Court.” *Id.* (citation omitted).

CL28. Because the evidence at trial proves that Plaintiffs never offered Apple a U.S.-patents-only license to their declared SEPs, *see supra* FF ¶¶219-20, there is no actual case or controversy, and Count VIII of the First Amended Complaint is not justiciable. In other words, there is no justiciable controversy for resolution because the only offers that Plaintiffs made were for a global license.

CL29. The Constitution limits a federal court’s jurisdiction to actual “cases and controversies” and precludes judicial adjudication of cases involving “a difference or dispute of a hypothetical or abstract character” or “one that is academic or moot.” *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 239-241 (1937). A declaratory judgment claimant must demonstrate that “there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.” *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007) (internal quotation marks omitted). “[T]he dispute must be definite and concrete, real and substantial, and admit of specific relief through a decree of a conclusive character.” *Vantage Trailers, Inc. v. Beall Corp.*, 567 F.3d 745, 748 (5th Cir. 2009).

CL30. “A declaratory judgment plaintiff must plead facts sufficient to establish jurisdiction at the time of the complaint, and post-complaint facts cannot create jurisdiction where none existed at the time of filing.” *Microsoft Corp. v. DataTern, Inc.*, 755 F.3d 899, 906 (Fed. Cir. 2014); *see also Innovative Therapies, Inc. v. Kinetic Concepts, Inc.*, 599 F.3d 1377, 1383 (Fed. Cir. 2010) (acts occurring after filing of original complaint “did not establish that an actual controversy existed at that earlier time”); *Benitec Austl., Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340, 1344 (Fed. Cir. 2007) (“The burden is on the party claiming declaratory judgment jurisdiction to

establish that such jurisdiction existed at the time the claim for declaratory relief was filed and that it has continued since.”); *Vantage Trailers*, 567 F.3d at 748 (“The declaratory judgment plaintiff must establish that this requirement was satisfied at the time the complaint was filed—post-filing conduct is not relevant.”).

CL31. The Court has “a continuing obligation to examine the basis of [its] jurisdiction.” ECF 102 at 8 (internal quotation marks omitted); *see Fed R. Civ. P. 12(h)(3)*. “The objection that a federal court lacks subject-matter jurisdiction...may be raised by a party, or by a court on its own initiative, at any stage in the litigation, even after trial and the entry of judgment.” *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 506 (2006). “Lack of subject matter jurisdiction may be found in any one of three instances: (1) the complaint alone; (2) the complaint supplemented by undisputed facts evidenced in the record; or (3) the complaint supplemented by undisputed facts plus the court’s resolution of disputed facts.” *Ramming v. United States*, 281 F.3d 158, 161 (5th Cir. 2001) (citation omitted).

CL32. Plaintiffs’ First Amended Complaint does not allege that Plaintiffs offered a U.S.-patents-only license. It refers only to Plaintiffs’ negotiation of and offers for a “global FRAND license.” ECF 26 [Pls.’ First Am. Compl.] ¶1; *see id.* at 109, ¶37, ¶143. The facts adduced at trial now confirm that Plaintiffs made no offer specific to U.S. patents, leaving nothing left to adjudicate.

CL33. This conclusion is consistent with this Court’s decision in *Optis Wireless Tech., LLC v. Huawei Device USA, Inc.*, where this Court determined after a bench trial that Optis Wireless, Optis Cellular, and PanOptis failed to present any evidence that they offered a U.S.-patents-only license. *See Optis Wireless Tech., LLC v. Huawei Device USA, Inc.*, No. 2:17-CV-00123-JRG, 2019 WL 1244707, at *6-7 (E.D. Tex. Mar. 18, 2019). Because the Court could not

“determine whether [the plaintiff] complied with its FRAND obligations as to the U.S. SEPs in its offer to Huawei,” it concluded that “any declaration by the Court would amount to an advisory opinion” and declined to grant the requested relief. *Id.* at *7. The undisputed facts here indicate that Plaintiffs never made an offer as to U.S. patents only. As in *Huawei*, granting the requested relief would do no more than “inject confusion and uncertainty into this area of both the law and commerce.” *Id.* At trial, Plaintiffs presented no evidence that they offered Apple a U.S.-patents-only license. Instead, Plaintiffs simply multiply their global offer by the “2X uplift” referenced in Mr. Justice Birss’s decision in *Unwired Planet v. Huawei* as an alleged basis for a U.S.-patents-only rate. *See* 8/11/20 Tr. [Dwyer] at 103:19-22 (“Q. (By Ms. Zhong) And what further adjustment did you make? A. So I made a further adjustment for a U.S.-only rate by applying the two times uplift that Justice Birss used.”).

CL34. In support of the “2X uplift,” Plaintiffs presented the following nine lines of testimony from Plaintiffs’ expert Mr. Kennedy:

[REDACTED]

[REDACTED]

8/11/20 Sealed Tr. [Kennedy] at 109:24-110:7.

CL35. However, Plaintiffs provided no evidence to support doubling a *global* license rate, purportedly calculated using Mr. Justice Birss’s methodology (which was based on Plaintiffs’ share of *global* standard essential patents) for Apple, a company with the majority of its sales in the U.S. [REDACTED]

[REDACTED] DTX-1092 [REDACTED]

[REDACTED] at 4. [REDACTED]

[REDACTED] *Id.* at 4-8. [REDACTED]

[REDACTED] *Id.* at 11. [REDACTED]

CL36. Plaintiffs further presented no evidence that it would be appropriate to simply multiply a global rate—calculated using global inputs—by two to derive a U.S. only rate. [REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Kennedy]

at 128:8-11 [REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Perryman] at 61:9-15.

CL37. As this Court previously instructed, the U.S. components of Plaintiffs' global license offers must be "extricated from the foreign components in [a] ***meaningful*** way." ECF 102 at 7 (emphasis added). [REDACTED]

[REDACTED]. As Plaintiffs previously argued, the "Court cannot simply pull out a U.S.-only rate from the offers [the defendants] allege violate FRAND, as

the implicit rate for U.S. patents is bundled with the other rates in the offers.” *Huawei*, 2019 WL 1244707, at *5 (quotation omitted).

C. Plaintiffs’ Conduct Was Inconsistent with FRAND.

1. Plaintiffs’ Licensing Practices and [REDACTED] Were Inconsistent With FRAND.

CL38. “[A]s a matter of French law, to satisfy the FRAND obligation, a SEP-owner must either (1) offer a FRAND license, or (2) negotiate in good faith towards a FRAND license.” *HTC Corp. v. Telefonaktiebolaget LM Ericsson*, 407 F. Supp. 3d 631, 637 (E.D. Tex. 2019), *judgment entered*, No. 6:18-CV-00243-JRG, 2019 WL 4734950 (E.D. Tex. May 22, 2019).

CL39. “[W]hether a license meets the requirements of FRAND will depend on the particular facts of the case, as there is no prescribed methodology for calculating a FRAND license.” *Id.* at 636.

CL40. The parties’ experts agreed that there is no universal definition of FRAND. 8/11/20 Sealed Tr. [Kennedy] at 124:14-20 [REDACTED]

8/11/20 Tr.

[Perryman] at 85:23-86:13 (“Q. . . . Dr. Perryman, what does FRAND mean? A. Well, as I mentioned a moment ago, there’s not a uniform definition, but fair and reasonable, as I just mentioned, kind of has a couple of components to it that -- that you value the technology itself, is the key thing, not the standard. One -- one way to look at that is, what was it worth before the standard was adopted? How did it compare to the alternatives that were available at that time? And then non-discriminatory, in essence, means that -- that people should be treated in a -- in an equitable manner and that similarly situated companies should be expected to receive similar --

similar terms, and that -- that, basically, you should be able to license anyone in the supply chain that's involved in -- in implementing the standard.”).

CL41. Despite the fact that there is no rigid, one-size-fits-all definition of FRAND and that the requirements of FRAND depend on the particular parties to the negotiation, [REDACTED]

[REDACTED] rather than being open to alternative approaches of determining FRAND royalties. *See supra* FF ¶¶209-10.

2. Plaintiffs Failed to Make A FRAND Offer to Apple.

CL42. Plaintiffs failed to make a FRAND offer to Apple. [REDACTED]

[REDACTED] *See supra* FF ¶¶209-18.

CL43. Applying a percentage royalty to the full price of a complex, multifunctional device like an iPhone, iPad, or Apple Watch fails to properly apportion value that bears no relationship to Plaintiffs' cellular SEPs and results in improper and inflated royalties. *See, e.g., Finjan, Inc. v. Blue Coat Sys., Inc.*, 879 F.3d 1299, 1311 (Fed. Cir. 2018) (“[I]f the smallest salable unit—or smallest identifiable technical component—contains non-infringing features, additional apportionment is still required.”); *Commonwealth Sci. & Indus. Research Organisation v. Cisco Sys., Inc.*, 809 F.3d 1295, 1302 (Fed. Cir. 2015) (“[T]he smallest salable patent-practicing unit principle provides that, where a damages model apportions from a royalty base, the model should use the smallest salable patent-practicing unit as the base.”); *id.* (“Where small elements of multi-component products are accused of infringement, calculating a royalty on the entire product carries a considerable risk that the patentee will be improperly compensated for non-infringing components of that product.”) (quoting *LaserDynamics, Inc. v. Quanta Comput., Inc.*, 694 F.3d 51, 67 (Fed. Cir. 2012)); *VirnetX, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1327-28 (Fed. Cir. 2014)

(“Where the smallest salable unit is, in fact, a multi-component product containing several non-infringing features with no relation to the patented feature (as VirnetX claims it was here), the patentee must do more to estimate what portion of the value of that product is attributable to the patented technology. To hold otherwise would permit the entire market value exception to swallow the rule of apportionment.”).

CL44. Mr. Justice Birss himself recognized that Apple’s prices rendered April’s 2008 license agreement with Ericsson not comparable to a license with Huawei. *See supra* FF ¶¶240-41.

CL45. [REDACTED]

[REDACTED] DTX-0688 [REDACTED] *see*

also 8/11/20 Sealed Tr. [Perryman] at 46:4-22.

CL46. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8/11/20 Sealed Tr. [Kennedy] at 125:1-5, 126:4-10, 126:15-19.

CL47. This Court has previously found that “the rates contained in licenses [are] highly probative, given the sophistication of the market and the amount of resources and time that the industry devotes to negotiations.” *HTC Corp. v. Telefonaktiebolaget LM Ericsson*, 407 F. Supp. 3d 631, 638 (E.D. Tex. 2019), *judgment entered*, No. 6:18-CV-00243-JRG, 2019 WL 4734950 (E.D. Tex. May 22, 2019); *see also id.* at 639 (“The Court finds that the comparable licenses provide the best market-based evidence of the value of Ericsson’s SEPs and that Ericsson’s reliance on comparable licenses is a reliable method of establishing fair and reasonable royalty rates that is consistent with its FRAND commitment.”).

CL48. Plaintiffs failed to offer any comparable licenses—either their own, Apple’s, or any other party’s—during negotiations with Apple or at trial to support the reasonableness of their demands. *See supra* FF ¶¶221-38. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]. *See supra* FF ¶188.

CL49. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] on. *See supra* FF ¶¶191-94. Such agreements are not appropriate licenses on which to base a FRAND royalty. *See Motorola*, 795 F.3d at 1044 (affirming district court’s decision to exclude consideration in RAND rate-setting of license “because [the SEP] portfolios were licensed as part of a broader agreement that settled infringement claims,” and another license that was “entered into to resolve an ongoing

[REDACTED]

infringement dispute between the parties, further diminishing its trustworthiness as an indicator of a free-standing RAND rate"). Accordingly, there is no evidence from the market to support Plaintiffs' position that their offers to Apple were FRAND.

CL50. [REDACTED]

[REDACTED] *See supra* FF ¶¶156-63; *see also supra* FF ¶¶133-41. [REDACTED]

[REDACTED] *See supra* FF ¶¶221-33.

CL51. [REDACTED]

[REDACTED], including because the average price of Apple phones is more than four time as high as the price of the Huawei phones at issue in that case, Mr. Justice Birss acknowledged that Apple's 2008 license with Ericsson was not comparable because of Apple's higher average sales price, the number of actually essential patents was not the subject of analysis, and there is no basis for doubling a global license rate to produce a single-country license without evidence that such a license conferred double the value of a global license.

See supra FF ¶¶239-46.

CL52. In addition, the Plaintiffs offered no reliable evidence at trial to demonstrate that Plaintiffs' offer was FRAND. Ms. Dwyer purported to apply Mr. Justice Birss's methodology to show that Plaintiffs' offers to Apple were FRAND but she offered no analysis for why it was appropriate to apply that methodology to a negotiation between Apple and Plaintiffs other than "it is what the Plaintiffs had based their offers on from about September 2017 onwards." 8/11/20 Tr. [Dwyer] at 101:5-20. Indeed, Ms. Dwyer conceded that she is not a patent licensing expert, has no experience assessing patent licenses, did not review any patent licenses in this case, and has not reviewed any patent licenses in any other case. *Id.* at 157:11-22.

CL53. When Mr. Kennedy was asked about [REDACTED]

[REDACTED] 8/11/20 Sealed

Tr. at 119:4-17. But Mr. Kennedy offered no evidence of its application in an actual license. [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] *See supra* FF ¶188.

CL54. Even putting aside the fact that Plaintiffs did not reliably show that it was warranted to apply Mr. Justice Birss's methodology to this case, Ms. Dwyer's application of that methodology was flawed and unreliable. For example, she assumed, without any explanation, that because two out of six of the patents asserted before Mr. Justice Birss "had validity problems," it was appropriate to assume that rate of invalidity (i.e., 1/3) applied broadly across SEPs in the industry as well as the rest of Plaintiffs' portfolio. *See* 8/11/20 Tr. [Dwyer] at 108:19-109:24. Similarly, Ms. Dwyer relied on positions taken by Unwired Planet and Huawei in their U.K. litigation about what percentages of SEPs contain handset claims without any analysis of her own and simply averaged them to determine a rate to use here. *Id.* at 109:25-110:14. Ms. Dwyer also applied the "two times uplift" from Mr. Justice Birss's decision without any explanation for why a license to Plaintiffs' U.S. only patents would command twice the rate as a global license. *See id.* at 110:24-111:6. Similarly, she offered a purported reasonableness check based on an Apple internal document. *Id.* at 112:4-9. In offering her analysis, she used a SEP share percentage for Apple of three percent with no meaningful explanation of how she had calculated that figure. *See* 8/11/20 Sealed Tr. [Dwyer] at 77:15-78:4. Accordingly, Ms. Dwyer's application of Mr. Justice Birss's decision is insufficient to show that Plaintiffs' offers were FRAND.

3. **Plaintiffs' Litigation Conduct Is Inconsistent with FRAND.**

i. **Plaintiffs Obtained Non-FRAND Damages.**

CL55. The \$506.2 million in damages awarded by the jury is not FRAND.

CL56. [REDACTED]

[REDACTED], *see supra* FF ¶267, was improper for FRAND-committed patents. *Ericsson*, 773 F.3d at 1230-31 (“[F]actor 5—‘[t]he commercial relationship between the licensor and licensee’—is irrelevant because Ericsson must offer licenses at a *non-discriminatory* rate” (quoting *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970)); *see also Microsoft*, 2013 WL 2111217, at *18 (“[H]aving committed to license on RAND terms, the patentee no longer may discriminate against its competitors in terms of licensing agreements. Instead, . . . the patent owner is obligated to license all implementers on reasonable terms.”).

CL57. Likewise, Mr. Kennedy’s testimony that Plaintiffs’ other licenses are not comparable because Apple is [REDACTED] *supra* FF ¶262, violates the non-discrimination requirement of FRAND. *Ericsson*, 773 F.3d at 1230-31; *Microsoft*, 2013 WL 2111217, at *18.

CL58. [REDACTED]

[REDACTED], *see supra* FF ¶¶244-46, [REDACTED]. *See Ericsson*, 773 F.3d at 1209, *In re Innovatio*, 2013 WL 5593609, at *10, *Microsoft*, 2013 WL 2111217, at *20 (“With respect to stacking concerns, the parties attempting to reach an agreement would consider the overall licensing landscape in existence vis-à-vis the standard and the implementer’s products. In other words, a RAND negotiation would not be conducted in a vacuum. The parties would instead consider other SEP holders and the royalty rate that each of these patent holders might seek from

the implementer based [on] the importance of these other patents to the standard and to the implementer's products.”).

CL59. [REDACTED]

Ericsson, 773 F.3d at 1209; *Microsoft*, 2013 WL 2111217, at *10.

CL60. [REDACTED], *see supra* FF ¶268, [REDACTED]

[REDACTED]. *See Motorola*, 795 F.3d at 1044 (affirming district court’s decision to exclude consideration in RAND rate setting of license “because [the SEP] portfolios were licensed as part of a broader agreement that settled infringement claims” and another license that was “entered into to resolve an ongoing infringement dispute between the parties, further diminishing its trustworthiness as an indicator of a free-standing RAND rate”).

CL61. Plaintiffs’ attempts to capture the value of the LTE standard, *see supra* FF ¶268, were improper for SEPs, irrespective of whether they are FRAND committed. *Ericsson*, 773 F.3d at 1232 (“When dealing with SEPs, there are two special apportionment issues that arise. First, the patented feature must be apportioned from all of the unpatented features reflected in the standard. Second, the patentee’s royalty must be premised on the value of the patented feature, not any value added by the standard’s adoption of the patented technology.”); *Commonwealth Sci. & Indus. Research Organisation*, 809 F.3d at 1305 (“We therefore reaffirm that reasonable royalties for SEPs generally—and not only those subject to a RAND commitment—must not include any value flowing to the patent from the standard’s adoption.”).

CL62. Having structured their case in such a way that FRAND issues were left to the bench trial, Plaintiffs deprived Apple and the Court of the opportunity to provide important context to

the jury regarding the limitations that FRAND commitments impose on SEPs. As set forth in Apple's Offer of Proof Regarding FRAND, ECF 471, the evidence that Apple would have presented regarding FRAND included:

- [REDACTED] . DTX-0032 [12/30/08 "IPR information statement and licensing declaration" for the '744 patent family] at 1 ("The SIGNATORY and/or its AFFILIATES hereby declare that they are prepared to grant irrevocable licenses under the IPRs on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy, in respect of the STANDARD, to the extent that the IPRs remain ESSENTIAL); DTX-0033 [3/12/09 "IPR Information Statement and Licensing Declaration" for the '332 patent family]; DTX-0034 [3/12/09 "IPR Information Statement and Licensing Declaration" for the '833 patent family]; DTX-0035 [3/16/10 "IPR Information Statement and Licensing Declaration" for the '557 patent family]; DTX-0036 [10/25/10 "IPR Information Statement and Licensing Declaration" for the '284 patent].
- [REDACTED] DTX-0068 [ETSI IPR Policy] at § 6.1 ("When an ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION is brought to the attention of ETSI, the Director-General of ETSI shall immediately request the owner to give within three months an undertaking in writing that it is prepared to grant irrevocable licenses on fair, reasonable and non-discriminatory terms and conditions under such IPR . . .").
- [REDACTED] . *See* Expert Report of M. Ray Perryman PhD ("Perryman Rep.") ¶¶45-58
- [REDACTED] . *See, e.g.*, 8/11/20 Tr. [Mewes] at 61:4-64:20, 65:7-67:14; 8/11/20 Sealed Tr. [Mewes] at 4:11-19; ECF 471-11 [4/24/20 Deposition Tr. of Jayna Whitt] at 101:11-103:6 (describing [REDACTED]; DTX-2107 [Apple's Statement on FRAND Licensing of SEPs].
- [REDACTED]

- o [REDACTED] See, e.g., ECF 471-9 [5/29/20 Deposition Tr. of Joanna Dwyer] at 65:15-66:5 (testifying that [REDACTED]
[REDACTED] id. at 66:6-16 (testifying that [REDACTED]
[REDACTED])
- o [REDACTED]
[REDACTED] See supra FF ¶267.
- o [REDACTED]
[REDACTED] See, e.g., 8/6/20 Sealed AM Tr. [Kennedy] at 33:13-36:1.
- o [REDACTED]. See ECF 471-8 [4/22/20 Deposition Tr. of Heather Mewes] at 300:13-302:15.

CL63. Because the patents-in-suit are subject to FRAND commitments, Plaintiffs' non-FRAND damages verdict must be vacated and a retrial held at least as to damages. As the Court observed at the Pre-Trial Conference, this outcome is the consequence of Plaintiffs' own strategic choice to structure their case with a jury trial followed by a bench trial on their FRAND claim. *See supra* FF ¶¶256-57.

ii. **Plaintiffs' Attempt to Adjudicate the Patents-in-Suit Here and in the United Kingdom Simultaneously Is Improper.**

CL64. Plaintiffs are improperly pursuing relief as to the patents-in-suit in this litigation as well as in their pending case against Apple in the United Kingdom. *See supra* FF ¶¶258-60.

CL65. The “principles of comity,” as the Court has previously recognized, dictate that it should not “interfere with the patent laws of foreign countries” and thus should not adjudicate whether the “Plaintiffs have complied with their obligations under foreign laws or as they relate to foreign patents.” *Optis Wireless Tech., LLC v. Apple Inc.*, No. 2:19-CV-00066-JRG, 2020 WL 999463, at *3 (E.D. Tex. Mar. 2, 2020).

CL66. In the United Kingdom, however, the courts have not shown the same view of comity. In *Unwired Planet International Ltd v. Huawei Technologies Co Ltd* ¶63, [2020] UKSC 37⁶, the U.K. Supreme Court reached the opposite conclusion to this Court’s: “We now turn to the submission (para 51 above) that the English courts have no jurisdiction to determine the terms of a licence involving disputed or potentially disputed foreign patents. We disagree.” In fact, the U.K. Supreme Court explicitly rejected the relevance of an earlier decision by this Court on the same issue of comity: “We were also referred to a District Court judgment in *Optis Wireless Technology LLC v Huawei* Case No 2:17-cv-00123-JRG-RSP but it has no bearing on the matters before us.” *Id.* ¶74.

CL67. Plaintiffs have taken the position in this case that adjudication of FRAND should be “subordinate” to Plaintiffs’ U.K. case. *See supra* FF ¶¶249-50. Accordingly, Plaintiffs have created a situation where—if the U.K. court applies what it believes to be governing law in the United Kingdom and imposes a global license on Apple covering the United States—Plaintiffs will have obtained overlapping, and likely conflicting, relief on the patents-in-suit in two separate courts. Plaintiffs should not be permitted to proceed with the action in this jurisdiction simultaneously seeking overlapping relief from a foreign court.

⁶ Available at <https://www.supremecourt.uk/cases/docs/uksc-2018-0214-judgment.pdf>.

CL68. Accordingly, Plaintiffs are ordered to dismiss this case in favor of proceeding with the United Kingdom case alone (consistent with their claim that this case will be “subordinate” to that case) or, at a minimum, show cause why their actions do not violate their representations that the cases do not conflict, why they should be permitted to pursue two overlapping cases, and how doing so does not undermine this Court’s role either in adjudicating Count VIII or in determining FRAND royalties for the patents-in-suit.

D. Apple’s Conduct Was Reasonable and Consistent with FRAND.

CL69. Count VIII of Plaintiffs’ Amended Complaint states:

As an example, the Plaintiffs request a declaratory judgment in this Court that because Plaintiffs negotiated in good faith, Plaintiffs have no US liability based on their conduct, including under US competition law, and that Apple, because of its bad-faith conduct, its policy of hold-out, and its refusal to accept performance, may no longer raise a FRAND defense in the US.

ECF 26 ¶¶144-45.

CL70. Plaintiffs’ First Amended Complaint identifies no legal obligation imposed by U.S. law on Apple to negotiate a license to Plaintiffs’ portfolios of declared-essential patents or forfeit any defenses for failing to do so. As discussed above (*supra* CL ¶¶22, 26), this Court previously dismissed “any portion of Count VIII that seeks a declaration that Plaintiffs have complied with their obligations under foreign laws or as they relate to foreign patents,” explaining that “claims asking the Court to pass upon foreign obligations under foreign laws related to foreign patents are best left to the courts of those foreign countries.” ECF 102 at 6.

1. French Law Does Not Apply to Plaintiffs’ Allegation that Apple Acted in Bad Faith.

CL71. Before assessing Plaintiffs’ claim that Apple engaged in “bad-faith conduct,” the Court must first determine what law to apply to Plaintiffs’ allegations against Apple.

CL72. “[F]ederal courts are obliged to apply the choice of law rules of the forum state.

Texas courts use the ALI Restatement’s ‘most significant relationship test’ for all choice of law cases except those contract cases in which the parties have agreed to a valid choice of law clause.”

Spence v. Glock, Ges.m.b.H., 227 F.3d 308, 311 (5th Cir. 2000) (citation omitted).

CL73. Although Plaintiffs’ Amended Complaint does not specify what law they seek to have govern their claim that Apple acted in “bad-faith,” Plaintiffs appear to contend that Apple breached the ETSI IPR Policy by failing to negotiate toward a license with Plaintiffs in good faith, and that French law therefore applies to the dispute pursuant to the provision of the ETSI IPR Policy stating that “[t]he POLICY shall be governed by the laws of France.” DTX-0068 [ETSI IPR Policy] §12.

CL74. Although French law governs Plaintiffs’ compliance with their obligations under the FRAND commitments made for Plaintiffs’ patents (which, as discussed above, created a binding contractual obligation on behalf of Plaintiffs), Plaintiffs are incorrect that French law should govern Plaintiffs’ “bad-faith” allegations against Apple. Plaintiffs have not asserted a breach of contract claim against Apple in this case. Nor could they. As discussed above, the prior owners’ ETSI declarations do not create a contractual obligation on behalf of Apple—with either Plaintiffs or with ETSI—to negotiate for or take a license. *See supra* CL ¶¶14-24. Moreover, the ETSI IPR Policy itself does not include a provision requiring a standards implementer to negotiate toward a license in good faith that Apple could be deemed to have breached even if there were such a contractual obligation. Plaintiffs have thus not alleged that Apple breached the ETSI IPR Policy, but instead have alleged that Apple acted in bad faith during the parties’ license negotiations, i.e., Apple has “acted in bad faith, has participated in hold-out and has rejected Plaintiff’s performance.” ECF 26 ¶¶36, 143.

CL75. Because there is no contractual choice of law provision applicable to Apple under U.S. law, Plaintiffs' claim for pre-contractual breach of good faith thus arises, if at all, in tort, not contract. *See Restatement (Second) of Contracts, § 205 cmt. C (1981)* ("remedies for bad faith [in negotiation] in the absence of agreement are found in the laws of tort or restitution"); *see also* ECF 178-02 [Palmer Rep.] ¶35 (explaining that under French law "liability of a party allegedly at fault or in bad faith in negotiating a contract lies *in tort*" (emphasis added)).

CL76. Under Texas choice of law doctrine, Plaintiffs' claim for pre-contractual breach of good faith by Apple arises in tort, "even though the claim is related to the contractual relationship between the parties" based on Apple's status as a third-party beneficiary to Plaintiffs' FRAND commitments to ETSI. *Miller v. KFC Corp.*, No. 3:99-CV-1566D, 2001 WL 585763, at *7 (N.D. Tex. May 24, 2001); *see also* *Thompson & Wallace of Memphis, Inc. v. Falconwood Corp.*, 100 F.3d 429, 433 (5th Cir. 1996) ("The contracts state that the choice-of-law provisions apply to the 'agreement and its enforcement.' . . . Narrow choice-of-law provisions are to be construed narrowly. The tort causes of action are separate from the agreement and its enforcement, and thus the choice-of-law provision does not govern them." (citation omitted)); *Caton v. Leach Corp.*, 896 F.2d 939, 943 (5th Cir. 1990) ("The parties' narrow choice of law clause does not address the entirety of the parties' relationship, however, and hence does not end our inquiry. Caton's other claims for relief involve the tort duty of good faith and fair dealing and a claim for restitution under quantum meruit, and, as such, do not arise out of the contract."); *Stier v. Reading & Bates Corp.*, 992 S.W.2d 423, 433 (Tex. 1999) (holding that choice of law provision that "'agreement shall be interpreted and enforced in accordance with the laws of the State of Texas' . . . by its terms, applies only to the interpretation and enforcement of the contractual agreement. It does not purport to encompass all disputes between the parties or to encompass tort claims.'").

CL77. Accordingly, under Texas choice of law principles, even though Apple is a third-party beneficiary to Plaintiffs' contractual commitment to ETSI, the choice of law provision of the ETSI IPR Policy does not apply to Plaintiffs' allegation that Apple acted in bad faith. *Miller*, 2001 WL 585763, at *7 ("[T]he court will apply the most significant relationship test to this claim rather than defer to a choice of law provision that merely governs the interpretation of the Franchise Agreement.").

CL78. Applying Texas choice of law principles, "[t]he rights and liabilities of the parties with respect to an issue in tort are determined by the local law of the state which, with respect to that issue, has the most significant relationship to the occurrence and the parties . . ." *Spence*, 227 F.3d at 312 (quoting Restatement (Second) of Conflict of Laws § 145). The contacts to be considered include "(a) the place where the injury occurred, (b) the place where the conduct causing the injury occurred, (c) the domicile, residence, nationality, place of incorporation and place of business of the parties, and (d) the place where the relationship, if any, between the parties is centered." *Id.*; *see also Caton*, 896 F.2d at 943 (concluding that plaintiffs' claim for "breach of the alleged tort duty of good faith should be governed by Texas law" where plaintiff resided in Texas and "Texas has a significant interest in remedying civil injury to Texas citizens through tort liability and also in defining the outer limits of tort liability"); *TV-3, Inc. v. Royal Ins. Co. of Am.*, 28 F. Supp. 2d 407, 419-20 (E.D. Tex. 1998) (choice of law analysis for tort claim of "bad faith" was governed by Restatement (Second) of Conflict of Laws § 145).

CL79. Under the "most significant relationship" test, the following facts are relevant. First, the negotiations at issue here occurred between Apple, a California corporation with its principal place of business in California, and Plaintiff PanOptis Patent Management, LLC, a Delaware limited liability company with its principal place of business in Texas. *Supra* FF ¶¶3,

7. [REDACTED]

[REDACTED]. See, e.g., DTX-0044 [REDACTED]

[REDACTED] at 2 [REDACTED]

CL80. [REDACTED]

[REDACTED] See DTX-0015 at 5 [REDACTED]

[REDACTED]
CL81. Accordingly, under the “most significant relationship” test, the laws potentially applicable to Plaintiffs’ allegation that Apple negotiated in bad faith are the laws of Texas, California, or Delaware. However, here it makes no difference which of those laws apply because under the laws of any of these three states, there is no general duty to negotiate in good faith:

- **Texas:** *Gil Ramirez Grp., L.L.C. v. Houston Indep. Sch. Dist.*, 786 F.3d 400, 414 (5th Cir. 2015) (“[T]here is no general duty of good faith in contracts in Texas.”); *cf. John Wood Grp. USA, Inc. v. ICO, Inc.*, 26 S.W.3d 12, 21 (Tex. App. 2000) (“[A]n agreement to negotiate in the future is unenforceable, even if the agreement calls for a ‘good faith effort’ in the negotiations.”);
- **California:** *nSight, Inc. v. PeopleSoft, Inc.*, 296 F. App’x 555, 559-60 (9th Cir. 2008) (without contract there was “no duty of good faith and fair dealing”); *Hackert v. Cigna Health & Life Ins. Co.*, No. 2:15-CV-1248, 2016 WL 6611594, at *4 (E.D. Cal. Nov. 9, 2016) (“[T]he existence of a contractual relationship is a legal and factual predicate of a claim for breach of implied covenant of good faith and fair dealing.”); *Villegas v. Wells Fargo Bank, N.A.*, No. 12-CV-02004, 2012 WL 2931343, at *10 (N.D. Cal. July 17, 2012) (“The covenant [of good faith and fair dealing] is a supplement to an existing contract, and thus does not require parties to negotiate in good faith prior to any agreement.” (internal quotation marks omitted)); *Black & Veatch v. Modesto Irr. Dist.*, No. 11-CV-0695, 2011 WL 2636218, at *4 (E.D. Cal. July 5, 2011) (“There is no obligation to deal fairly or in good faith absent an existing contract provision.”);
- **Delaware:** *Osco Motors Co. LLC v. Marine Acquisition Corp.*, No. 13-868-RGA, 2014 WL 207106, at *1 (D. Del. Jan. 16, 2014) (dismissing claim for breach of duty to negotiate in good faith); *In re Student Fin. Corp.*, No. 02-11620, 2004 WL 609329, at *6 (D. Del. Mar. 23, 2004) (dismissing claim where the “allegations are complaints about Royal’s bad faith in bargaining or negotiation, and therefore, do not fall within the scope of the duty of good faith and fair dealing in contracts. ‘The duty of good faith is . . . not imposed on parties until they have reached agreement and does not bind them during their earlier

[REDACTED]

negotiations.”” (quoting E. Allen Farnsworth, 2 Farnsworth on Contracts § 7.17 (2d ed. 2001)) (citation omitted)); *World Class Wholesale LLC v. Star Indus., Inc.*, No. CVN17C05093MMJCCLD, 2020 WL 1069466, at *10 (Del. Super. Ct. Mar. 5, 2020) (dismissing claim because “there was no contract pursuant to which a duty of good faith and fair dealing could have been breached”).

CL82. Under Texas conflict of law rules, the Court need not determine which of Texas, California, or Delaware law applies, since the result would be the same under any of those states’ laws. *See LHC Nashua P’ship, Ltd. v. PDNED Sagamore Nashua, L.L.C.*, 659 F.3d 450, 456 (5th Cir. 2011) (“Under the conflict rules of Texas, we need not decide whether New Hampshire or Texas law governs if our conclusions would be the same under either state’s law.”).

2. To the Extent French Law Is Applicable, Apple Did Not Violate French Law.

CL83. Plaintiffs contend that Apple has breached its obligation to negotiate in good faith under French law. However, as discussed above, unlike Plaintiffs, Apple has not consented to the choice of law provisions under the ETSI IPR Policy, and thus the “most significant relationship” test applies. Under that test, Plaintiffs’ claim that Apple failed to negotiate in good faith is a tort remedy governed by U.S. law as discussed above. *See supra* CL ¶¶71-82. Moreover, this Court has already declined to “pass upon foreign obligations under foreign laws,” which are “best left to the courts of those foreign countries.” ECF 102 at 6.

CL84. In the alternative, even assessing Apple’s compliance with French law, Apple’s conduct during negotiations with Plaintiffs did not violate any provision of French law.

CL85. The current French Civil Code was enacted in 2016 and is a “restatement of pre-existing rules and principles” under French common law. ECF 178-02 [Palmer Rep.] ¶12.

CL86. Article 1102 of the French Civil Code provides for a broad freedom to negotiate:

Art. 1102. – Everyone is free to contract or not to contract, to choose the person with whom to contract, and to determine the content and form of the contract, within the limits imposed by legislation.

Code Civil [C. civ.] [Civil Code] art. 1102 (Fr.) (English translation available at http://www.textes.justice.gouv.fr/art_pix/THE-LAW-OF-CONTRACT-2-5-16.pdf). Thus, “[t]he commencement, continuation and breaking-off of pre-contractual negotiations are free from control,” provided that they “satisfy the requirements of good faith.” *Id.*, Art. 1112. Under Article 1104 of the French Civil Code, “[c]ontracts must be negotiated, formed and performed in good faith.” *Id.*, Art. 1104.

CL87. “Because French law gives freedom to negotiate such a high priority, French courts place fairly strict conditions on the instances where lack of good faith has been judicially recognized.” ECF 178-02 [Palmer Rep.] ¶30.

CL88. As Professor Palmer explained, liability for failure to negotiate in good faith under Article 1104 will generally be found only where several of the following factors are present:

In evaluating a claim for lack of good faith during negotiations, a French court typically has regard to a certain key factors. Normally when liability has been imposed a number of these factors are in combination. These include: (1) whether the parties had reached an advanced stage of negotiations, as opposed to an early stage; (2) whether the defendant’s conduct was indisputably an abuse of the freedom to negotiate; (3) whether the defendant broke off negotiations for no legitimate reason (*no motif légitime*); (4) whether the defendant had instilled in plaintiff a legitimate belief that a contract would ultimately be reached; and (5) the suddenness or abruptness of breaking off negotiations. These factors are central to the Court of Cassation’s jurisprudence.

ECF 178-02 [Palmer Rep.] ¶31.

CL89. None of those factors is present here.

i. The Negotiations Were in an Early Stage When Plaintiffs Prematurely Terminated Them and Filed a Lawsuit.

CL90. “The Court of Cassation has rejected claims for lack of good faith where based on conduct in the early stages of negotiations. In conjunction with the early stage negotiations, it has

refused to find that the defendant's conduct was a violation of good faith when at the time of the alleged breach the parties were still in deep disagreement on essential elements of the proposed contract." ECF 178-02 [Palmer Rep.] ¶32. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] *See supra* FF ¶¶150-51, 216; *see also* Init. Borghetti Rep. ¶14 ("Royalties will obviously be a central issue in the negotiations.").

CL91. [REDACTED]

[REDACTED].

See 8/11/20 Tr. [Mewes] at 60:15-61:3 (explaining that it is not uncommon for negotiations of licenses to portfolios of declared-essential patents to take two to three years); *see supra* FF ¶145.

[REDACTED]

[REDACTED]. 8/11/20 Tr. [Mewes] at 35:8-11; DTX-2116 [REDACTED]

[REDACTED] at § 9.1. Given that the parties had yet to agree on key terms of the license, the negotiations had not progressed to an advanced stage.

ii. Apple's Conduct Was Not an Abuse of the Freedom to Negotiate.

CL92. "To prevail on a claim for lack of good faith during negotiations, the plaintiff claiming breach has the burden to show there has been a clear abuse of the liberty to negotiate." ECF 178-02 [Palmer Rep.] ¶33. "The practical effect is to limit tort liability to clear-cut circumstances that far exceed the normal 'rough and tumble' of business negotiations." *Id.*

CL93. Plaintiffs have contended that "continuing to negotiate when the party has no intention of voluntarily entering into a contract is an example of bad faith," pointing to the French

Supreme Court's decision in the *Manoukian* case (Cass. Com. 26 November 2003, no. 10243).

Init. Borghetti Rep. ¶52. However, as Professor Palmer explained, the *Manoukian* case illustrates the circumstances for proving bad faith established by the French courts:

In *Manoukian*, the Court of Cassation found a lack of good faith when, in the course of long negotiations over the sale of company shares, and after several preliminary agreements to continue negotiations (*projet d'accord* or *accord de principe*) had been signed, the defendant seller abruptly ended the negotiations without disclosing that, several weeks earlier, it had already sold the shares under negotiation to a third party. Despite having sold the shares, it continued to negotiate with plaintiff, as if a contract were still possible when in fact it was impossible. The defendant was held responsible in tort for the actual damages the plaintiff incurred during the negotiations.

ECF 178-02 [Palmer Rep.] ¶33; *see* Init. Borghetti Rep. ¶52 (“In the famous *Manoukian* case, for example, it was held that a party which had continued negotiating a contract for the sale of shares with a party during two weeks after it had sold the shares to another party had acted in bad faith.”).

CL94. Apple’s conduct during the negotiations at issue here is distinguishable from the circumstances present in the *Manoukian* case. Apple did not continue negotiations with no intention (or ability) to complete a contract. Rather, Apple negotiated in good faith and was willing to license all of Plaintiffs’ patents, which it so indicated by [REDACTED]

[REDACTED] ” 8/11/20 Sealed Tr. [Mewes] at 29:15-30:8; DTX-0049 [REDACTED]. *See supra* FF ¶155.

CL95. [REDACTED]

[REDACTED] *Supra* FF ¶¶147, 150-51. [REDACTED]

[REDACTED] *Id.*

CL96. Under controlling Federal Circuit precedent, the royalty base for multi-component or multi-feature products must be apportioned. “[T]he entire market value rule [“EMVR”] is a narrow exception to this general rule” of apportionment and requires a patentee to “prove that the patented invention drives demand for the accused end product” before “rely[ing] on the end product’s entire market value as the royalty base.” *Commonwealth Sci. & Indus. Research Organisation*, 809 F.3d at 1302 (quoting *LaserDynamics*, 694 F.3d at 67). When a patent covers limited aspects of a multi-component or multi-feature product, a patentee cannot justify using an unapportioned royalty base simply by asserting “a low enough royalty rate.” *Rembrandt Soc. Media, LP v. Facebook, Inc.*, 561 F. App’x 909, 912 (Fed. Cir. 2014) (quotation omitted); *see also LaserDynamics*, 694 F.3d at 67 (“Importantly, the requirement to prove that the patented feature drives demand for the entire product may not be avoided by the use of a very small royalty rate.”); *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1320 (Fed. Cir. 2011) (“The Supreme Court and this court’s precedents do not allow consideration of the entire market value of accused products for minor patent improvements simply by asserting a low enough royalty rate.”).

CL97. Thus, the Federal Circuit has made clear that “courts must insist on a more realistic starting point for the royalty calculations by juries—often, the smallest salable unit and, at times, even less.” *Ericsson*, 773 F.3d at 1227. Indeed, “[w]here the smallest salable unit is, in fact, a multi-component product containing several non-infringing features with no relation to the patented feature ..., the patentee must **do more** to estimate what portion of the value of that product is attributable to the patented technology.” *VirnetX*, 767 F.3d at 1327; *see also Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 904 F.3d 965, 977 (Fed. Cir. 2018) (“Even when a damages theory relies on the smallest salable unit as the basis for calculating the royalty, the patentee must estimate what portion of that smallest salable unit is attributable to the patented

technology when the smallest salable unit itself contains several non-infringing features.”), *cert. denied*, 139 S. Ct. 1265 (2019); *Finjan, Inc. v. Blue Coat Sys., Inc.*, 879 F.3d 1299, 1311 (Fed. Cir. 2018) (“[I]f the smallest salable unit—or smallest identifiable technical component—contains non-infringing features, additional apportionment is still required[.]”).

CL98. Apple further applied a top-down approach adopted by courts in determining FRAND royalties. *Supra* FF ¶¶147, 151. For example, in *In re Innovatio*, 2013 WL 5593609, at *38, the court adopted a top-down approach similar to Apple’s FRAND framework, explaining:

[B]y taking the profit margin on the sale of a chip for a chip manufacturer as the maximum potential royalty, it accounts for both the principle of non-discrimination and royalty stacking concerns in RAND licensing. Considering the profit of the chip manufacturer on the chip, rather than the profit margins of the Manufacturers on the accused products, is appropriate because a RAND licensor such as Innovatio cannot discriminate between licensees on the basis of their position in the market. Thus, the RAND rate that the court determines here should be the same RAND rate that Innovatio could charge to chip manufacturers on its patent portfolio. If the royalty is excessive in comparison to a chip manufacturer’s profit margin on a chip, therefore, the royalty is too high. In the hypothetical negotiation, chip manufacturers facing a demand for a royalty far outstripping their expected profit margin would not agree to take a license on the patents, but would instead exit the chip-making business.

CL99. Apple thus acted reasonably, explaining the basis for its offer, which was supported by several U.S. court decisions. *Supra* FF ¶¶147, 151.

CL100. Moreover, as discussed above, Apple made no misrepresentations during the parties’ negotiations. Apple did no more than advocate for its approach to a FRAND royalty calculation, as Plaintiffs’ damages expert Mr. Kennedy conceded. *Supra* FF ¶167.

iii. Apple Did Not [REDACTED]

CL101. As discussed above, in assessing whether a party to a negotiation failed to comply with its obligation to negotiate in good faith, French courts consider “whether the defendant broke

off negotiations for no legitimate reason” and “the suddenness or abruptness of breaking off negotiations.” ECF 178-02 [Palmer Rep.] ¶31.

CL102. [REDACTED]

[REDACTED]

[REDACTED]

■ *Supra* FF ¶¶142-55.

CL103. Accordingly, Plaintiffs have not established that Apple had acted in bad faith in violation of the French Civil Code, even were it to apply here.

iv. Plaintiffs Presented No Evidence of Damages for Apple’s Alleged Bad Faith Under French Law.

CL104. At trial, Plaintiffs presented no evidence of damages they incurred even if Apple acted in bad faith (though it did not).

CL105. Article 1112 of the French Civil Code expressly excludes all contractual damages in the event of a breach of the duty to negotiate in good faith:

Art. 1112. – The commencement, continuation and breaking-off of precontractual negotiations are free from control. They must mandatorily satisfy the requirements of good faith.

In case of fault committed during the negotiations, the reparation of the resulting loss is *not calculated so as to compensate the loss of benefits which were expected from the contract that was not concluded.*

Code Civil [C. civ.] [Civil Code] art. 1112 (Fr.) (English translation available at http://www.textes.justice.gouv.fr/art_pix/THE-LAW-OF-CONTRACT-2-5-16.pdf).

CL106. Thus, “[t]he liability of a party allegedly at fault or in bad faith in negotiating a contract lies in tort. All contractual damages are expressly excluded by the Civil Code and the jurisprudence of the Court of Cassation.” ECF 178-02 [Palmer Rep.] ¶35. French law therefore excludes “all damages that are calculated on the basis of possible ‘gains’ expected by a party from

the non-concluded contract. The Court of Cassation has explicitly ruled out recovery on the basis of the loss of a chance (*perte de chance*) of realizing the gains anticipated under the contract under negotiation.” *Id.* ¶36.

CL107. For example, the Court of Appeal of Paris ruled in 2018: “As a matter of principle the fault committed in the case of a unilateral rupture of negotiations (*pourparlers*) is not the cause of damage consisting of the chance to realize the gains hoped for by the conclusion of a contract. The damage incurred by the rupture of negotiations only includes the costs (*les frais*) of negotiation and preliminary studies.” *Id.* Damages based on the amount that Plaintiffs could have or would have obtained had the parties reached agreement are therefore prohibited under French law.

CL108. Plaintiffs presented no evidence of any damages that they suffered as a result of Apple’s alleged failure to negotiate in good faith.

3. [REDACTED] **Does Not Impose a Duty to Negotiate in Good Faith Under U.S. Law.**

CL109. As discussed above, the Court struck [REDACTED] [REDACTED] which are no longer at issue in this case. However, even if Plaintiffs were permitted to argue that Apple was obligated to adhere to a particular standard of good faith [REDACTED] [REDACTED] DTX-0015), that argument finds no support in the law.

CL110. [REDACTED] [REDACTED] . *See* DTX-0015 at 5 [REDACTED] [REDACTED] [REDACTED]

CL111. Under Delaware law, there is no obligation to negotiate in good faith absent an express or implied term in the governing agreement. *See Osco Motors Co, LLC v. Marine*

Acquisition Corp., 2014 WL 207106, at *1 (D. Del. Jan. 16, 2014) (dismissing breach of duty to negotiate in good faith claim where plaintiff failed to plead sufficient facts showing contract created an express duty to negotiate in good faith); *Transocean Grp. Holdings Pty Ltd. v. S. Dakota Soybean Processors, LLC*, 663 F. Supp. 2d 731, 742 (D. Minn. 2009) (allowing under Delaware law breach of implied covenant of good faith and fair dealing claim only to the extent it arose out of express contractual promise to negotiate agreement in good faith).

CL112. The [REDACTED] includes no such term requiring Apple to negotiate in good faith or take a license to Plaintiffs' portfolio of declared-essential patents. To the contrary, the agreement expressly states [REDACTED]

[REDACTED]
[REDACTED]

DTX-0015 at 3. "An interpreting court cannot use an implied covenant to re-write the agreement between the parties, and should be most chary about implying a contractual protection when the contract could easily have been drafted to expressly provide for it." *Nationwide Emerging Managers, LLC v. Northpointe Holdings, LLC*, 112 A.3d 878, 897 (Del. 2015) (quotations omitted); *see also Matthew v. Laudamiel*, Civil Action No. 5957-VCN, 2012 WL 605589, at *17 (Del. Ch. Feb. 21, 2012) ("[E]xisting contract terms control . . . such that implied good faith cannot be used to circumvent the parties' bargain, or to create a free-floating duty unattached to the underlying legal documents.").

E. The Patents-in-Suit Are Unenforceable Due to Late Disclosure at ETSI.

1. The Original Patent Owners Breached Their Duty to Timely Disclose.

CL113. Plaintiffs' ability to enforce the patents-in-suit was waived through the Original Patent Owners' violations of the ETSI IPR Policy's disclosure obligations. "A participant in a standards-setting organization may waive its right to assert infringement claims against products

that practice the standard.” *Core Wireless Licensing S.A.R.L. v. Apple Inc.*, 899 F.3d 1356, 1365 (Fed. Cir. 2018). A “court may in appropriate circumstances order patents unenforceable as a result of silence in the face of an SSO [standard-setting-organization] disclosure duty.” *Qualcomm Inc. v. Broadcom Corp.*, 548 F.3d 1004, 1026 (Fed. Cir. 2008). Such a remedy is appropriate “where (1) the patentee had a duty of disclosure to the standard setting organization, and (2) the patentee breached that duty.” *Core Wireless Licensing*, 899 F.3d at 1365 (quoting *Hynix Semiconductor v. Rambus Inc.*, 645 F.3d 1336, 1348 (Fed. Cir. 2011)); *see also Qualcomm*, 548 F.3d at 1011-12.

CL114. The first step in this analysis is to “determine whether the written [SSO] IPR policies impose any disclosure obligations on participants.” *Qualcomm*, 548 F.3d at 1012. Here, the first sentence of Clause 4.1 of the ETSI IPR Policy addresses a general duty to disclose IPR, requiring only that “each MEMBER shall use its reasonable endeavours, in particular during the development of a STANDARD or TECHNICAL SPECIFICATION where it participates, to inform ETSI of ESSENTIAL IPRs in a timely fashion.” DTX-0068 [ETSI IPR Policy] at § 4.1. The second sentence imposes a “particular” duty on a member making a technical proposal, requiring disclosure of any IPR that “*might*” be essential “*if*” a proposal is adopted: “In particular, a MEMBER submitting a technical proposal for a STANDARD or TECHNICAL SPECIFICATION shall, on a bona fide basis, draw the attention of ETSI to any of that MEMBER’s IPR which might be ESSENTIAL if that proposal is adopted.” *Id.* In other words, the second sentence of Clause 4.1 requires a member making a technical proposal to ETSI disclose any potentially essential IPR at the time of the technical proposal, and before adoption of the standard. *See Core Wireless Licensing*, 899 F.3d at 1367 (“ETSI’s intellectual property rights policy states that the disclosure requirement attaches to a member ‘submitting a technical proposal’ if that party

has intellectual property that ‘*might*’ be essential ‘*if* that proposal is adopted.’”); *id.* (“[A]n ETSI member’s duty to disclose a patent application on particular technology attaches *at the time of the proposal* and is not contingent on ETSI ultimately deciding to include that technology in an ETSI standard.” (emphasis added)); *Apple*, 886 F. Supp. 2d at 1086 (“By using the terms ‘*might*’ and ‘*if*,’ the [ETSI IPR Policy] clearly requires members to make efforts to disclose intellectual property rights *before* a standard is adopted.”).

CL115. ETSI has confirmed this plain meaning of the second sentence of Clause 4.1. As described above in paragraph FF36, ETSI has directed that one of the “main characteristics” of the ETSI IPR Policy is “[e]arly identification of essential IPRs” and that it is “[i]mportan[t] [to] obtain[] knowledge of [the] IPR-landscape before lock-in of [the] standard.” DTX-0985 [The interface between Standards and IPRs – The ETSI IPR Policy] at 6-7.

CL116. Further, ETSI and 3GPP underscore the importance of disclosure *during* the standard-setting process by requiring the chairperson presiding over each technical meeting to perform a “call for IPR.” *See supra* FF ¶¶37-39.

CL117. As discussed above, at paragraphs FF40-98, each of the patents-in-suit describes a technical solution that was proposed by the Original Patent Owners to 3GPP during the LTE standard setting proceedings. Those disclosures triggered a duty of the Original Patent Owners to disclose the asserted patents/applications at the time they made their relevant technical proposals—i.e., well before the December 11, 2008 freeze date for the LTE standard—and no later than the adoption of the standard. *See supra* FF ¶¶28-98.

CL118. The second step in the analysis is to determine whether the patentee breached its duty of disclosure. *Core Wireless Licensing*, 899 F.3d at 1365 At the time the Original Patent Owners made the relevant technical proposals to ETSI and 3GPP, they knew, based on the subject

[REDACTED]

matter of the then-existing patent applications in the asserted patent families, that if those proposals were adopted, the patent families might become essential. *See supra* FF ¶¶40-98. Yet the Original Patent Owners did not disclose the asserted patent families at the time of the relevant technical proposals, but rather waited, in most instances for years, until after the adoption of the LTE standard to make these disclosures. *Id.* The 3GPP participants were therefore left to weigh the Original Patent Owners' technical proposals against alternative proposals without the knowledge that the Original Patent Owners had filed patents relevant to their own technical proposals. *Id.* The failures to disclose were therefore material, and the Original Patent Owners therefore breached their duty to disclose their potentially-essential IPRs "at the time of the [technical] proposal." *Core Wireless Licensing*, 899 F.3d at 1367.

CL119. Under the plain language of Clause 4.1, the Original Patent Owners were not required to have certainty that the asserted patent families would become essential, only that they "might be" essential to the proposal if adopted. *See Core Wireless Licensing*, 899 F.3d at 1367 ("ETSI's intellectual property rights policy states that the disclosure requirement attaches to a member 'submitting a technical proposal' if that party has intellectual property that 'might' be essential 'if that proposal is adopted.'"); *id.* ("[A]n ETSI member's duty to disclose a patent application on particular technology attaches at the time of the proposal and is not contingent on ETSI ultimately deciding to include that technology in an ETSI standard."); *Qualcomm*, 548 F.3d at 1018 (policy requiring disclosure where a patent "reasonably might be necessary" to practice a standard "does not require that the patents ultimately must 'actually be necessary' to practice [that] standard").

CL120. The facts establish by clear and convincing evidence that the Original Patent Owners were aware, and in fact intended, that the asserted patent families might become essential

[REDACTED]

if the Original Patent Owners’ proposals to ETSI or 3GPP were adopted, but that the Original Patent Owners chose not to disclose their patent families to ETSI until well after the relevant proposals were made, and after the standard was adopted. *See supra* FF ¶¶40-98. The lack of timely disclosure prevented 3GPP participants from confronting whether they would have decided to forego the accused functionality altogether if made aware of the Original Patent Owners’ claim to own patent rights allegedly covering that functionality. These disclosures were untimely, and the failures to timely disclose were material omissions.

2. Plaintiffs and Original Patent Owners Unjustly Benefitted from the Original Patent Owners’ Late Disclosure.

CL121. Because the Original Patent Owners breached their duty to timely disclose their IPRs, the doctrine of waiver applies if this “misconduct resulted in [an] unfair benefit.” *Conversant Wireless Licensing S.A.R.L. v. Apple, Inc.*, No. 15-CV-05008-NC, 2019 WL 4038419, at *2 (N.D. Cal. May 10, 2019) (quoting *Core Wireless Licensing*, 899 F.3d at 1368, and *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1292 (Fed. Cir. 2011)). For example, if a patentee obtains “‘an unjust advantage’ or ‘an undeserved competitive advantage,’ the implied waiver doctrine may justify a sanction of unenforceability.” *Id.* at *5. An unjust benefit or undeserved competitive advantage may occur where a patent owner extracts royalties from industry participants based on assertions of standard essentiality. *Id.* at *5. Likewise, an unjust advantage may result from allegations of patent infringement based on allegations of essentiality. *Id.* at *5-6.

CL122. Plaintiffs and the Original Patent Owners have obtained an unfair, unjust, and undeserved competitive advantage.

CL123. After the Original Patent Owners’ proposals were incorporated into the LTE standard and after their late-disclosed IPRs, Plaintiffs acquired the patents and then sent claim

[REDACTED]
[REDACTED].
See *supra* FF ¶¶111-13, 123-24. [REDACTED]

[REDACTED]. *Id.* at FF ¶¶123-24. Plaintiffs have also filed three lawsuits involving the patents-in-suit against several manufacturers of LTE devices, including ZTE, Blackberry, Kyocera, and Huawei. *Id.* at FF ¶127.

[REDACTED]
[REDACTED]. *Id.* at FF ¶128. [REDACTED]
[REDACTED]
[REDACTED], all of which depend on allegations that the asserted patents are essential to the LTE standard, and even though the Original Patent Owners never informed 3GPP members about these patents or their alleged essentiality before the LTE standard was frozen.

CL124. In the present lawsuit, Plaintiffs embraced the conduct of the Original Patent Owners in order to achieve a favorable verdict, touting the Original Patent Owners' proposals and representing that they were adopted into the LTE standard. *Id.* at FF ¶¶121-22, 125-26. According to Plaintiffs, over 600 million devices per year are licensed to PanOptis's patents and 60 percent of the worldwide cellular market is licensed to PanOptis's patents. *Id.* at FF ¶125. [REDACTED]

[REDACTED]
[REDACTED]. *Id.* at FF ¶114. [REDACTED]
[REDACTED]. *Id.* at FF ¶115. Thus, the Original Patent Owners as well as Plaintiffs unfairly benefitted from the verdict based on the allegedly standards-essential nature of the asserted patents.

CL125. More specifically, Plaintiffs obtained unjust and undeserved benefits for each of the patents-in-suit in the present case. Here, Plaintiffs successfully persuaded the jury that the

patents-in-suit are essential to the LTE standard, or at a minimum, were infringed by Apple's use of the LTE standard. 8/4/20 PM Tr. [Pls.' Opening Statement] at 211:13-23, 214:7-10; 217:7-15; 8/10/20 PM Tr. [Pls.' Closing Statement] at 994:6-17, 1002:7-13, 1046:16-21. And, if the damages verdict were kept intact—though it should not be—Plaintiffs would have gained an over half-billion dollar unjust benefit from this case alone (based on the allegedly essential nature of patents that the Original Patent Owners never declared as essential before the LTE standard was frozen). *See supra* FF ¶¶40-98, 121-32.

CL126. Plaintiffs successfully alleged that the '284 patent is essential to the LTE Standard. Dr. Mahon testified that [REDACTED]

[REDACTED] 8/4/20 Sealed PM Tr. [Mahon] at 48:16-49:4.

CL127. Plaintiffs also successfully alleged that the '557 patent is essential to the LTE Standard. Specifically, Dr. Madisetti testified that the [REDACTED]

[REDACTED] 8/5/20 Sealed AM Tr. [Madisetti] at 13:25-14:8, 14:13-15:8 [REDACTED]

[REDACTED], 32:4-12 (testifying that [REDACTED]

CL128. Further, Plaintiffs successfully alleged that the '332 patent is essential to the LTE Standard. Dr. Madisetti testified that [REDACTED]

[REDACTED]. 8/4/20 Sealed PM Tr. [Madisetti] at 165:2-19; *id.* at 166:1-7 [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] *id.* at 171:5-25 [REDACTED]

CL129. Additionally, Plaintiffs successfully alleged that the '774 patent is essential to the LTE Standard. Dr. Mahon testified that [REDACTED]

[REDACTED] 8/4/20 Sealed PM Tr. [Mahon] at 78:13-79:4 [REDACTED]
[REDACTED]
[REDACTED]

CL130. Plaintiffs successfully alleged that the '833 patent is essential to the LTE Standard. Dr. Madisetti repeatedly testified that [REDACTED]

[REDACTED] 8/4/20 Sealed PM Tr. [Madisetti] at 181:17-182:6 (testifying [REDACTED]

[REDACTED]; *id.* at 188:2-20 [REDACTED]
[REDACTED]
[REDACTED]

CL131. Thus, Plaintiffs and the Original Patent Owners—through their litigation conduct and licenses involving the patents-in-suit—have unfairly and unjustly benefitted from the Original Patent Owners' misconduct, which caused 3GPP to adopt the Original Patent Owners' technical proposals without the full knowledge of the Original Patent Owners' related IP rights. *See supra* FF ¶¶121-30.

CL132. Through their violations of the ETSI IPR Policy and ensuing unfair benefit and unjust enrichment, the Original Patent Owners waived the right to enforce the asserted patents. The waiver travels with the patents to subsequent purchasers. *See Barnes & Noble, Inc., v. LSI Corp.*, 849 F. Supp. 2d 925, 933 (N.D. Cal. 2012) ("[A] patentee cannot revive the enforceability

of her patent merely by assigning it to a new assignee. . . . A patentee cannot avoid the consequences of his [conduct] by transferring the patent.” (citation omitted)).

CL133. Accordingly, the Plaintiffs relied on their assertions of patent essentiality to obtain an unjust benefit.

CL134. For these reasons, Apple has proven by clear and convincing evidence that the Original Patent Owners waived their rights to enforce the asserted patents, and that waiver carries over to the Plaintiffs.

3. The Original Patent Owners’ Conduct Was Egregious.

CL135. In addition, waiver renders the patents-in-suit unenforceable because the nature of the Original Patent Owners’ violation of the ETSI IPR policy was egregious. *See Core Wireless Licensing*, 899 F.3d at 1368 (“[E]quitable considerations require either a showing of prejudice or egregious misconduct.”).

CL136. For each Asserted Patent, the Original Patent Owners filed the priority patent applications shortly before making related technical proposals to 3GPP during the LTE standard setting process. *See supra* FF ¶¶40-98. With these proposals, the Original Patent Owners encouraged the 3GPP committee to use their alleged inventions. *Id.* The Original Patent Owners not only knew and intended that their patent applications were related to the LTE standard, but also intended to profit from that relationship. *Id.* Samsung clearly expressed an intent to profit from its patent, should its ideas be incorporated into the LTE standard. *See* DTX-1000 [Prov. Appl. No. 60/679,026] at 16 (“If the proposal is adopted in the standards, Samsung will benefit from collecting royalty and/or cross-licensing from the patent.”). The Original Patent Owners intended to obtain monopoly rights to sections of the LTE standard, and to profit from those rights.

CL137. The Original Patent Owners did not disclose their inventions to ETSI, in violation of the rules, until well after the relevant technical proposals and patent applications. Specifically,

the Original Patent Owners did not disclose their IPRs for a range of 11 months to 4 years after submitting or presenting relevant technical solutions:

Patent	Date Duty of Disclosure Attached	Date Original Patent Owners Disclosed the Patent Family	Years Before Disclosure
'284 patent	January 2008	October 25, 2010	2 years, 9 months
'557 patent	March 2006	March 16, 2010	4 years
'332 patent	April 2008	March 12, 2009	11 months
'774 patent	September 2005	December 30, 2008	3 years, 3 months
'833 patent	January 2008	March 12, 2009	1 year, 2 months

Id. at FF ¶¶49, 61, 72, 83, 94.

CL138. The Original Patent Owners were aware of their duties to disclose these patent families to 3GPP in view of 3GPP's call for IPR, recited at each standard setting meeting. *Id.* at FF ¶¶46, 58, 70, 79, 91. Representatives of the Original Patent Owners—and indeed many inventors of the asserted patents—were personally present at those meetings. *Id.* at FF ¶¶46-47, 58-59, 70, 79-80, 91-92. Nevertheless, the Original Patent Owners waited years—until the technology incorporated into the standard had been selected and until the standard had been frozen—before disclosing their IP rights. This late disclosure was exacerbated by the fact that, for each of these patent families and related standard specifications, other technical solutions were available, proposed, and considered, but without the organization having the benefit of the Original Patent Owners' monetary interest in seeing their own proposals adopted. *Id.* at FF ¶¶51-52, 63-64, 74-75, 85, 96-97.

CL139. Thus, the Original Patent Owners filed patent applications that were clearly intended for the LTE standard, by Plaintiffs' own admissions submitted technical submissions so that technical solutions reflected in the patent families would be added to the standard, and did not disclose the invention until after the relevant standards were frozen. The Original Patent Owners' acts prevented the 3GPP committee from considering alternatives to the Original Patent Owners'

technical proposals, from considering proposals not subject to IPRs, and from weighing the fact of the Original Patent Owners' IPRs when determining which proposal to adopt. *Id.* at FF ¶¶40-98.

CL140. For these additional reasons, Apple has proven by clear and convincing evidence that the Original Patent Owners waived their rights to enforce the asserted patents.

F. Plaintiffs' Arguments Against Waiver Are Incorrect.

1. Plaintiffs' Arguments Regarding the Disclosure Date are Incorrect.

CL141. Plaintiffs' attempts to excuse the Original Patent Owners' late disclosure of the asserted patent families lack merit, including because they contradict the plain language of the ETSI IPR Policy. In reliance on testimony offered by Ms. Dwyer, Plaintiffs contend that there is no formal definition of the "adoption" date referenced in second sentence of the ETSI IPR Policy, and that the deadline for disclosure must therefore be ascertained based on industry practice and custom. 8/11/20 Tr. [Dwyer] at 122:10-128:1.

CL142. As an initial matter, Ms. Dwyer's testimony cannot be credited over Mr. Rodermund's. Ms. Dwyer lacks the requisite qualifications to reliably render such an opinion. Ms. Dwyer has never worked for ETSI or 3GPP. 8/11/20 Tr. [Dwyer] at 157:23-158:13. Additionally, Ms. Dwyer has never had any role in creating 3GPP or ETSI policy. *Id.* Further evidencing her lack of experience in this area, Ms. Dwyer testified that there is no different disclosure duty regardless of when a company makes a technical proposal to ETSI versus when it does not, 8/11/20 Tr. [Dwyer] at 159:5-8, but this is in direct contradiction to ETSI's policy, which explicitly states the opposite. *Id.* at 162:14-17; DTX-0970 [ETSI IPR Policy]. Ms. Dwyer's opinions, therefore, are not credible.

CL143. In addition to Ms. Dwyer's lack of qualifications, Plaintiffs' analysis is incorrect for at least four reasons.

CL144. First, the ETSI IPR Policy clearly imposes the duty to disclose IPR at the time a technical *proposal* is made. *See supra* FF ¶¶28-39. Here, the Original Patent Owners waited to disclose each of the IPRs until long after the date their representatives submitted the relevant technical proposals. *Id.* at FF ¶¶40-98. For this reason alone, their disclosures are untimely.

CL145. Second, the ETSI IPR Policy requires that disclosures relating to technical proposals be made *before* the standard's adoption date. Plaintiffs try to avoid the consequences of their late disclosure by claiming, through Ms. Dwyer, that a [REDACTED]

[REDACTED] 8/11/20 Sealed Tr. [Dwyer] at 84:19-85:19. But the actual date of adoption is the stage 3 freeze date, which in this case was December 11, 2008. DTX-0173 [3GPP Specification Set: LTE] at 14; 8/11/20 Tr. [Rodermund] at 39:21-41:6. This is the proper freeze date “[b]ecause this is the date when the functionality of the standard – of the release is done, so no new features are added after that.” 8/11/20 Tr. [Rodermund] at 33:21-34:4. This is confirmed by the statements made by ETSI on its website. DTX-0173 [3GPP Specification Set: LTE]. Thus, the latest date that the Original Patent Owners could have properly disclosed the IPRs related to the asserted patents was December 11, 2008. The Original Patent Owners' disclosures were untimely based on this date as well.

CL146. Third, Ms. Dwyer's testimony regarding the industry practices for ETSI members' disclosures does not alter the language of the ETSI IPR Policy itself. Ms. Dwyer presented analysis of the timing of IPR disclosures, arguing that the industry convention was to disclose IPRs *after* the freeze date Mr. Rodermund identified. However, Ms. Dwyer never tied any of her analysis to the specific IPR disclosure requirement that is relevant here: the second sentence governing the timing of disclosures relating to technical submissions. Ms. Dwyer's analysis shows nothing about the specific cases where members made technical proposals, or the

timing of any disclosures related to those proposals. Thus, Ms. Dwyer's testimony regarding alleged industry convention is not relevant here. Further, as Plaintiffs' former director of licensing testified, disclosures are "often" made before the standard is adopted. Ex. A [4/17/20 Deposition or Raymond Warren] at 16:3-11, 92:14-93:4.

CL147. Finally, regardless of industry custom, the timing practices of other ETSI members cannot change the unambiguous requirements of the ETSI IPR Policy itself. Clause 4.1 imposes a particular duty on members making a technical proposal: "In particular, a MEMBER submitting a technical proposal for a STANDARD shall, on a bona fide basis, draw the attention of ETSI to any of that MEMBER's IPR which might be ESSENTIAL if that proposal is adopted." DTX-0068 [ETSI IPR Policy] at § 4.1. As Mr. Rodermund explained, "where a member submits a technical contribution, and in that case, it has to declare any IPR which is related to that technical contribution prior to the adoption of a proposal." 8/11/20 Tr. [Rodermund] at 28:22-29:09. Importantly, the amici in *Core Wireless Licensing* attempted to advance similar arguments to Ms. Dwyer's opinions here.⁷ The Federal Circuit gave those arguments no weight and explained that the plaintiff's "contention that a disclosure would be timely even if made years after the adoption of the [standard] was unsupported in the record and contrary to the plain terms of the policy." *Conversant Wireless Licensing S.A.R.L. v. Apple Inc.*, No. 2017-2102, slip op. ECF 80 at 4 (Fed. Cir. Dec. 19, 2018) (order denying petition for panel rehearing); see *Core Wireless Licensing*, 899 F.3d at 1367 (finding that "an ETSI member's duty to disclose a patent application on particular technology attaches *at the time of the proposal* and is not contingent on ETSI ultimately deciding to include that technology in an ETSI standard") (emphasis added); *id.* ("ETSI's intellectual

⁷ See generally, e.g., Brief of Kelce Wilson as Amicus Curiae in Support of Plaintiff – Appellee, *Core Wireless Licensing*, No. 2017-2102, ECF 71 (Fed. Cir. Oct. 16, 2018).

property rights policy states that the disclosure requirement attaches to a member ‘submitting a technical proposal’ if that party has intellectual property that ‘*might*’ be essential ‘*if* that proposal is adopted.”).

CL148. Further, in denying the appellee’s petition for panel rehearing, the Federal Circuit noted that the analysis of implied waiver “does not require a subjective inquiry as to the patentee’s actual intent; instead, it requires an objective determination as to whether the patentee breached a duty of disclosure.” *Conversant Wireless Licensing S.A.R.L. v. Apple Inc.*, No. 2017-2102, slip op. ECF 80 at 2 (Fed. Cir. Dec. 19, 2018). “[F]or implied waiver it is enough that the patentee’s conduct satisfies the objective standard of being ‘so inconsistent with an intent to enforce its rights as to induce a reasonable belief that such right has been relinquished.’” *Id.* at 3.

CL149. In sum, Plaintiffs’ arguments regarding ETSI’s timing requirements for disclosure of the IPRs related to the asserted patents are unavailing, and Apple is correct that the patents were not timely disclosed and are accordingly unenforceable.

2. Any Arguments Regarding a Lack of Duty to Disclose Patent Applications Are Unavailing.

CL150. Plaintiffs may claim that unpublished patent applications need not be disclosed under the ETSI IPR Policy. But that would be a misreading of the definition of IPR in a way that would create a significant and unwarranted exception to the disclosure obligation. Further, the Federal Circuit rejected this argument in *Core Wireless Licensing*. See 899 F.3d at 1367 (“[A]n ETSI member’s duty to disclose a patent application on particular technology attaches at the time of the proposal and is not contingent on ETSI ultimately deciding to include that technology in an ETSI standard. . . . [T]here was no testimony at trial that ETSI’s intellectual property rights policy exempted patent applications that had not yet matured into issued patents.”). The definition of IPR is “any intellectual property right conferred by statute law including applications therefor other

than trademarks. For the avoidance of doubt rights relating to get-up, confidential information, trade secrets or the like are excluded from the definition of IPR.” DTX-0068 [ETSI IPR Policy] at 6.

CL151. The first sentence of the definition confirms that IPR includes patents and patent applications—i.e., “*any* intellectual property right conferred by statute law including applications therefore other than trademarks.” *Id.* (emphasis added). The second sentence provides a limited exclusion for information that the owner intends to keep secret rather than patent, including “get-up, confidential information, trade secrets *or the like.*” “Get-up” is another way to refer to trade dress. *Black’s Law Dictionary* (9th ed. 2009) (“get-up. See TRADE DRESS.”; “trade dress. Trademarks. The overall appearance and image in the marketplace of a product or a commercial enterprise. For a product, trade dress typically comprises packaging and labeling. For an enterprise, it typically comprises design and decor. If a trade dress is distinctive and nonfunctional, it may be protected under trademark law. — Also termed get-up; look and feel.”). Thus, this exception in the second sentence refers to rights or information for which patent protection will not be sought. *See, e.g., Forcier v. Microsoft Corp.*, 123 F. Supp. 2d 520, 528 (N.D. Cal. 2000) (recognizing that disclosure of a trade secret in a patent extinguishes the trade secret protection). It does not create a broad exclusion for the same patent applications that the first sentence makes clear must be disclosed. Doing so would fundamentally undermine the purposes of the disclosure requirement at ETSI (described above) to provide information about the “IPR landscape” for participants when deciding on proposals.

CL152. Thus, an interpretation of Clause 4.1 that would exclude a requirement to disclose patent applications would be inconsistent with the plain meaning of Clause 4.1.

IV. CONCLUSION.

CL153. Plaintiffs have failed to show that this Court has jurisdiction over Count VIII, which is accordingly dismissed. In the alternative, the patents-in-suit are unenforceable based on waiver due to the Original Patent Owners' failure to timely disclose them to ETSI. Further in the alternative, the patents-in-suit are FRAND committed, and no conduct by Apple has altered the irrevocable nature of Plaintiffs' FRAND obligations.

CL154. In any event, the jury's damages verdict is set aside because the jury did not have the benefit of evidence regarding Plaintiffs' FRAND obligations. A new damages trial will be scheduled in due course.

Dated: September 8, 2020

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing document was filed electronically in compliance with Local Rule CV-5(a). Plaintiffs' counsel of record were served with a true and correct copy of the foregoing document by electronic mail on September 8, 2020.

/s/Melissa R. Smith

Melissa R. Smith