

United States District Court
For the Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

APPLE INC.,)	Case No.: C 11-1846 LHK (PSG)
)	
Plaintiff,)	ORDER GRANTING-IN-PART
v.)	APPLE’S MOTION FOR AN
)	ADVERSE INFERENCE JURY
SAMSUNG ELECTRONICS CO., LTD, a)	INSTRUCTION
Korean corporation; SAMSUNG)	
ELECTRONICS AMERICA, INC., a New York)	(Re: Docket No. 895)
corporation; and SAMSUNG)	
TELECOMMUNICATIONS AMERICA, LLC,)	
a Delaware limited liability company,)	
Defendants.)	

In this patent infringement suit, Plaintiff Apple Inc. (“Apple”) seeks an adverse inference jury instruction against Defendants Samsung Electronics Co., LTD. (“SEC”), Samsung Electronics America, Inc. (“SEA”), and Samsung Telecommunications America, LLC (“STA”) (collectively “Samsung”).¹ Samsung opposes.² At issue is whether Samsung took adequate steps to avoid spoliation after it should have reasonably anticipated this lawsuit and elected not to disable the “auto-delete” function of its homegrown “mySingle” email system.³

¹ See generally Docket No. 895 (Apple’s Mot. for Adverse Inference Jury Instruction).

² See generally Docket No. 987 (Samsung’s Opp’n to Apple’s Mot. for Adverse Inference Jury Instruction).

³ Only SEC’s document preservation policies are at issue here because Samsung affiliates SEA and STA use Microsoft Outlook. See Docket No. 895 (Apple’s Mot. for Adverse Inference Jury Instruction) at 2 (citing Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury Instruction, Ex. 10).

1 Because the answer to this question is no, the court GRANTS-IN-PART Apple’s motion for
2 an adverse inference jury instruction.⁴

3 **I. INTRODUCTION**

4 Samsung’s auto-delete email function is no stranger to the federal courts. Over seven years
5 ago, in *Mosaid v. Samsung*, the District of New Jersey addressed the “rolling basis” by which
6 Samsung email was deleted or otherwise rendered inaccessible.⁵ *Mosaid* also addressed Samsung’s
7 decision not to flip an “off-switch” even after litigation began.⁶ After concluding that Samsung’s
8 practices resulted in the destruction of relevant emails, and that “common sense dictates that
9 [Samsung] was more likely to have been threatened by that evidence,”⁷ *Mosaid* affirmed the
10 imposition of both an adverse inference and monetary sanctions.⁸

11 Rather than building itself an off-switch—and using it—in future litigation such as this one,
12 Samsung appears to have adopted the alternative approach of “mend it don’t end it.” As explained
13 below, however, Samsung’s mend, especially during the critical seven months after a reasonable
14 party in the same circumstances would have reasonably foreseen this suit, fell short of what it
15 needed to do.

16 **II. LEGAL STANDARDS**

17 **A. The Court’s Inherent Authority to Impose Spoliation Sanctions**

18 Courts are vested with inherent powers arising out of “the control necessar[y] . . . to
19 manage their own affairs so as to achieve the orderly and expeditious disposition of cases.”⁹ This

20 ⁴ In light of the compelling public interest in these issues, the court finds insufficient cause to seal
21 any portions of this opinion or the documents it addresses.

22 ⁵ 348 F. Supp. 2d 332, 333, 339 (D.N.J. 2004) (sanctioning Samsung with an adverse inference
23 jury instruction for spoliation and finding that “[p]arties who fail to comply with that obligation [to
preserve potentially relevant digital information] do so at the risk of spoliation sanctions”).

24 ⁶ *See id.* at 333.

25 ⁷ *Id.* at 338.

26 ⁸ *Id.* at 340.

27 ⁹ *Unigard Sec. Ins. Co. v. Lakewood Eng’g & Mfg. Corp.*, 982 F.2d 363, 368 (9th Cir. 1992)
28 (quoting *Chambers v. NASCO, Inc.*, 501 U.S. 32, 43 (1991)). *Accord Micron Tech., Inc. v. Rambus
Inc.*, 645 F.3d 1311, 1326 (Fed. Cir. 2011) (applying Third Circuit law); *Leon v. IDX Sys. Corp.*,

1 inherent power has been recognized in American jurisprudence for almost two centuries as
2 essential to the orderly administration of the judicial process.¹⁰ More recently, the Ninth Circuit has
3 explicitly recognized trial courts’ “inherent discretionary power to make appropriate evidentiary
4 rulings in response to the destruction or spoliation of relevant evidence,”¹¹ and that sanctions for
5 spoliation of evidence may be imposed under the court’s inherent powers to manage its own
6 affairs.¹² The court’s inherent powers includes the ability to levy appropriate sanctions against a
7 party who prejudices its opponent through the spoliation of evidence that the spoliating party had
8 reason to know was relevant to litigation.¹³

9 ***B. The Various Forms Spoliation Sanctions May Take***

10 A trial court’s discretion regarding the form of a spoliation sanction is broad, and can range
11 from minor sanctions, such as the awarding of attorneys’ fees,¹⁴ to more serious sanctions, such as
12 dismissal of claims¹⁵ or instructing the jury that it may draw an adverse inference.¹⁶ The court’s

13 464 F.3d 951, 958 (9th Cir. 2006) (citing *Fjelstad v. Am. Honda Motor Co.*, 762 F.2d 1334, 1337-
14 38 (9th Cir. 1985)); *Thompson v. U.S. Dep’t of Hous. & Urban Dev.*, 219 F.R.D. 93, 100 (D. Md.
15 2003) (quoting *Silvestri v. Gen. Motors Corp.*, 271 F.3d 583, 590 (4th Cir. 2001)); *Adkins v.*
Wolever, 554 F.3d 650, 652 (6th Cir. 2009); *Flury v. Daimler Chrysler Corp.*, 427 F.3d 939, 944
(11th Cir. 2005); *In re NTL, Inc. Secs. Litig.*, 244 F.R.D. 179, 191 (S.D.N.Y. 2007).

16 ¹⁰ See *United States v. Hudson*, 11 U.S. (7 Cranch) 32, 33-34, 3 L. Ed. 259 (1812) (finding that
17 “[c]ertain implied powers must necessarily result to our Courts of justice from the nature of their
18 institution . . . because they are necessary to the exercise of all others” and they enable courts to
“preserve [their] own existence and promote the end and object of [their] creation”).

19 ¹¹ *Glover v. BIC Corp.*, 6 F.3d 1318, 1329 (9th Cir. 1993).

20 ¹² See *Leon*, 464 F.3d at 958 (9th Cir. 2006). Courts also have authority to sanction a party “who
21 fails to obey an order to provide or permit discovery” pursuant to Federal Rule of Civil Procedure
22 37(b)(2)(A). *Id.* (internal quotation marks omitted). Here, Fed. R. Civ. P. 37(b)(2) is inapplicable
because Samsung has not violated a court order. *Accord Shepherd v. Am. Broad. Co., Inc.*, 62 F.3d
1469, 1474 (D.C. Cir. 1995) (“When rules alone do not provide courts with sufficient authority to
protect their integrity and prevent abuses of the judicial process, the inherent power fills the gap.”).

23 ¹³ See *Glover*, 6 F.3d at 1329.

24 ¹⁴ See *Leon*, 464 F.3d at 961.

25 ¹⁵ See *id.* at 958.

26 ¹⁶ See *In re Oracle Corp. Sec. Litig.*, 627 F.3d 376, 386-87 (9th Cir. 2010); see also *Trigon Ins. Co.*
27 *v. United States*, 204 F.R.D. 277, 284 (E.D. Va. 2001) (noting that the spirit of the spoliation
28 inference is captured in “the maxim *omnia presumuntur contra spoliatorem*, which means, ‘all
things are presumed against a despoiler or wrongdoer.’”) (quoting Black’s Law Dictionary 1086

1 discretion is not, however, without its limits. Courts must weigh several factors when deciding
2 which type of sanction to impose on a spoliator. Any remedy applied to a spoliator “should be
3 designed to: (1) deter parties from engaging in spoliation; (2) place the risk of an erroneous
4 judgment on the party who wrongfully created the risk; and (3) restore ‘the prejudiced party to the
5 same position he would have been absent the wrongful destruction of evidence by the opposing
6 party.’”¹⁷ Sanctions under these “inherent powers must be exercised with restraint” and should be
7 appropriate to the conduct that triggered the sanction.¹⁸

8 **C. A Litigant’s Duty to Preserve Relevant Evidence**

9 The common law imposes the obligation to preserve evidence from the moment that
10 litigation is reasonably anticipated.¹⁹ For example, in *Sampson v. City of Cambridge, Md.*,²⁰ the

11 (6th ed. 1997)). The roots of the spoliation inference can be traced to the case of *Armory v.*
12 *Delamirie*, 1 Stra. 505, 93 Eng. Rep. 664 (K.B. 1722), where a “chimney sweep who sued [a]
13 jeweler for return of the jewel he had found and left with the jeweler[] was allowed to infer from
14 the fact that the jeweler did not return the jewel that the stone was ‘of the finest water.’” *Nation-*
15 *Wide Check Corp., Inc. v. Forest Hills Dist., Inc.*, 692 F.2d 214, 218 (1st Cir. 1982) (Breyer, J.).
Because “the judge instructed the jury to ‘presume the strongest against him, and make the value of
the *best* jewels the measure of their damages,’” the *Nation-Wide* court took the *Armory* decision as
“a clear sign that the inference was designed to serve prophylactic and punitive purposes and not
simply to reflect relevance.” *Id.*

16 ¹⁷ *Victor Stanley, Inc. v. Creative Pipe, Inc.*, 269 F.R.D. 497, 521, 534 (D. Md. 2010) (explaining
17 that most jurisdictions have identified these factors for “sanction-worthy spoliation”). *Accord*
18 *Surowiec v. Capital Title Agency, Inc.*, 790 F. Supp. 2d 997, 1008 (D. Ariz. 2011). *See also Trigon*
19 *Ins. Co.*, 204 F.R.D. at 287 (finding that “[o]nce spoliation has been established, the sanction
chosen must achieve deterrence, burden the guilty party with the risk of an incorrect determination
and attempt to place the prejudiced party in the evidentiary position it would have been in but for
the spoliation.”).

20 ¹⁸ *Chambers v. NASCO, Inc.*, 501 U.S. 32, 44-45 (1991). A choice of sanction is reviewed for an
21 abuse of discretion. *See Micron*, 645 F.3d at 1326.

22 ¹⁹ *See Silvestri*, 271 F.3d at 591 (“The duty to preserve material evidence arises not only during
23 litigation but also extends to that period before the litigation when a party reasonably should know
24 that the evidence may be relevant to anticipated litigation.”); *Goodman v. Praxair Servs., Inc.*, 632
25 F. Supp. 2d 494, 509 (D. Md. 2009) (same); *Pension Comm. of Univ. of Montreal Pension Plan v.*
26 *Banc of Am. Sec. LLC*, 685 F. Supp. 2d 456, 466 (S.D.N.Y. 2010) (Scheindlin, J.) (same)
27 (overruled on other grounds); *Leon*, 464 F.3d at 959 (finding that duty to preserve exists when
28 party had “some notice that the documents were potentially relevant to the litigation before they
were destroyed” and “because the relevance of . . . [destroyed] documents cannot be clearly
ascertained because the documents no longer exist, a party “can hardly assert any presumption of
irrelevance as to the destroyed documents”) (internal citations omitted) (citing *Alexander v. Nat’l*
Farmers Org., 687 F.2d 1173, 1205 (8th Cir. 1982)); Paul W. Grimm et al., *Proportionality in the*
Post-Hoc Analysis of Pre-Litigation Preservation Decisions, 37 U. BALT. L. REV. 381, 390 n.38
 (“All circuits recognize the duty to preserve information relevant to anticipated or existing

1 defendant's duty arose no later than the date when plaintiff's counsel, prior to filing the complaint,
2 asked the defendant by letter to preserve relevant evidence.²¹ However, a future litigant is not
3 required to make such a request, "and a failure to do so does not vitiate the independent obligation
4 of an adverse party to preserve such information" if the adverse party knows or should know of
5 impending litigation.²²

6 **D. The Scope of a Litigant's Preservation Duties**

7 The duty to preserve evidence also "includes an obligation to identify, locate, and maintain,
8 information that is relevant to specific, predictable, and identifiable litigation."²³ It is well-
9 established that the duty pertains only to relevant documents.²⁴ Relevant documents include:

10 [A]ny documents or tangible things (as defined by Rule 34(a)) made by
11 individuals "likely to have discoverable information that the disclosing party may
12 use to support its claims or defenses." The duty also includes documents prepared
13 for those individuals, to the extent those documents can be readily identified (e.g.,
14 from the "to" field in e-mails). The duty also extends to information that is
15 relevant to the claims or defenses of any party, or which is "relevant to the subject

16 litigation.") (internal citations omitted). "[T]his duty arises at the point in time when litigation is
17 reasonably anticipated whether the organization is the initiator or the target of litigation." THE
18 SEDONA CONF. WORKING GROUP ON ELECTRONIC DOCUMENT RETENTION & PRODUCTION, THE
19 SEDONA CONF. COMMENT ON LEGAL HOLDS: THE TRIGGER AND THE PROCESS 1 (public cmt. Aug.
20 2007), available at <https://thesedonaconference.org/download-pub/77> ("LEGAL HOLDS") (last
21 visited July 24, 2012).

22 ²⁰ 251 F.R.D. 172 (D. Md. 2008).

23 ²¹ *Id.* at 181.

24 ²² *Thompson*, 219 F.R.D. at 100. District courts throughout the Ninth Circuit have repeatedly held
25 that where a party should reasonably know that evidence is potentially relevant to anticipated
26 litigation, that party is under the obligation to preserve that evidence. *See, e.g., United States ex rel.*
27 *Berglund v. Boeing Co.*, 835 F. Supp. 2d 1020, 1049 (D. Or. 2011); *Surowiec*, 790 F. Supp. 2d at
28 1005; *Morford v. Wal-Mart Stores, Inc.*, Case No. 2:09-CV-02251 RLH (PAL), 2011 WL 635220,
at *3 (D. Nev. Feb. 11, 2011); *Carl Zeiss Vision Intern. GmbH v. Signet Armorlite, Inc.*, Case No.
07-CV-0894 DMS (POR), 2010 WL 743792, at *14 (S.D. Cal. Mar. 1, 2010); *Rev 973 LLC v.*
Mouren-Laurens, Case No. CV 98-10690 AHM (Ex), 2009 WL 273205, at *1 (C.D. Cal. Feb. 2,
2009); *In re Napster, Inc. Copyright Litig.*, 462 F. Supp. 2d 1060, 1067-68 (N.D. Cal. 2006);
Performance Chevrolet, Inc. v. Market Scan Info. Sys., Case No. CV-04-0244 BLW, 2006 WL
1042359, at *1 (D. Idaho Apr. 18, 2006). *Cf. Micron*, 645 F.3d at 1320; *Silvestri*, 271 F.3d at 590;
Kronisch v. United States, 150 F.3d 112, 126 (2d Cir. 1998).

²³ LEGAL HOLDS, at 3.

²⁴ *See Pension Comm.*, 685 F. Supp. 2d at 466.

1 matter involved in the action.” Thus, the duty to preserve extends to those
2 employees likely to have relevant information—the “key players” in the case.²⁵

3 At the same time, it generally is recognized that when a company or organization has a document
4 retention policy, it “is obligated to suspend” that policy and “implement a ‘litigation hold’ to
5 ensure the preservation of relevant documents” after the preservation duty has been triggered.²⁶

6 ***E. The Court’s Test for Spoliation Sanctions***

7 There is not complete agreement about whether spoliation sanctions are appropriate in any
8 given instance, and, more specifically, whether an adverse inference instruction is warranted. The
9 majority of courts use some variation of the three-part test set forth by Judge Scheindlin in
10 *Zubulake IV* for determining whether to grant an adverse inference spoliation instruction.²⁷ That
11 test is as follows: “[a] party seeking an adverse inference instruction (or other sanctions) based on
12 the spoliation of evidence must establish the following three elements: (1) that the party having
13 control over the evidence had an obligation to preserve it at the time it was destroyed; (2) that the
14 records were destroyed with a ‘culpable state of mind;’²⁸ and (3) that the evidence was ‘relevant’

15 ²⁵ *Zubulake v. UBS Warburg LLC*, 220 F.R.D. 212, 220 (S.D.N.Y. 2003) (hereinafter “*Zubulake*
16 *IV*”) (footnotes omitted); *see also Broccoli v. Echostar Commc’ns Corp.*, 229 F.R.D. 506, 510 (D.
17 Md. 2005) (“The duty to preserve encompasses any documents or tangible items authored or made
18 by individuals likely to have discoverable information that the disclosing party may use to support
19 its claim or defenses.”); *Gates Rubber Co. v. Bando Chem. Indus., Ltd.*, 167 F.R.D. 90, 104 (D.
20 Colo. 1996) (finding that before imposing sanctions, a court must be satisfied that the missing
21 evidence would have had some relevance to the proceedings); *Davis v. Grant Park Nursing Home,*
22 *L.P.*, Case No. 1:08-CV-01764 (PLF/JMF), 2010 WL 4642531, at *1 (D.D.C. Nov. 9, 2010)
23 (“Assessing whether sanctions are warranted for loss of otherwise discoverable information is a
24 function of whether a party has been prejudiced by that loss.”).

25 ²⁶ *Goodman*, 632 F. Supp. 2d at 511 (quoting *Zubulake IV*, 220 F.R.D. at 218)); *see also Pension*
26 *Comm.*, 685 F. Supp. 2d at 466 (same); *School-Link Tech., Inc. v. Applied Res., Inc.*, Case No. 05-
27 2088-JWL, 2007 WL 677647, at *3 (D. Kan. Feb. 28, 2007) (same). A litigation hold might be
28 unnecessary under certain circumstances, and reasonableness is still a consideration. *See Haynes v.*
Dart, Case No. 08 C 4834, 2010 WL 140387, at *4-5 (N.D. Ill. Jan. 11, 2010) (finding that a broad
litigation hold in each case, when there were 800 pending lawsuits, would cause undue burden).

²⁷ *See Gates*, 167 F.R.D. at 102 (finding that while “the criteria for sanctions cannot be reduced to a
formula or standardized test,” two factors in particular have taken on significant importance in
cases analyzing the necessity of spoliation sanctions: “the culpability of the offender, or the alleged
mental state which gave rise to the destruction of evidence, and . . . the degree of prejudice or harm
which resulted from the actions of the offender”).

²⁸ Apple makes much of the so-called “Korean Fair Trade Commission (‘FTC’) Investigation,” in
which Samsung was fined 400 million won, the largest fine the Korean FTC has ever levied, for
spoliation and obstructing an official investigation. *See* Docket No. 895 (Apple’s Mot. for Adverse
Inference Jury Instruction) at 11-15 (citing Decl. of Esther Kim in Supp. of Apple’s Mot. for

1 to the party's claim or defense such that a reasonable trier of fact could find that it would support
2 that claim or defense."²⁹ After considering these factors, a court must then consider all available
3 sanctions and determine the appropriate one.³⁰

4 III. DISCUSSION

5 A. Samsung's Preservation Efforts

6 1. Samsung's "mySingle" Email System

7 Samsung's default email system is titled "mySingle."³¹ mySingle was "set up" in 2000.³²
8 The system is proprietary and was created by a Samsung subsidiary named Samsung Data Systems
9 ("SDS").³³ mySingle went operational in 2001,³⁴ and is web-based.³⁵ mySingle stores received and
10 sent employee emails on company-wide servers,³⁶ as opposed to dividing the servers by business

11
12 Adverse Inference Jury Instruction, Ex. 1). The court is not persuaded of the weight properly
13 afforded to such evidence, and declines the invitation to include it in its analysis.

14 ²⁹ *Zubulake IV*, 220 F.R.D. at 220; *see also Goodman*, 632 F. Supp. 2d at 509 (quoting *Thompson*,
15 219 F.R.D. at 101); *Victor Stanley*, 269 F.R.D. at 520-21. *Accord In re Napster*, 462 F. Supp. 2d at
16 1078.

17 ³⁰ *See, e.g., Fujitsu Ltd. v. Federal Express Corp.*, 247 F.3d 423, 436 (2d Cir. 2001) ("The
18 determination of an appropriate sanction for spoliation, if any, is confined to the sound discretion
19 of the trial judge and is assessed on a case-by-case basis."); *Wm. T. Thompson Co. v. GNC*, 593 F.
20 Supp. 1443, 1456 (C.D. Cal. 1984) ("Imposition of severe sanctions is required in this case by the
21 severity of the abuses that took place.").

22 ³¹ *See* Docket No. 895 (Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury
23 Instruction) at Ex. 10 (3/8/12 Kyu Hyuk Lee 30(b)(6) Dep. Tr., 9:17-20).

24 ³² *See id.* at Ex. 10, 11:9-12.

25 ³³ *See id.* at Ex. 10, 9:23-10:4.

26 ³⁴ *See* Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of Samsung's Opp'n to Apple's Mot. for
27 Adverse Inference Jury Instruction) ¶ 3 ("SEC has used the mySingle system since 2001.").

28 ³⁵ *See id.*

³⁶ *See* Docket No. 895 (Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury
Instruction) at Ex. 10, 13:9-12; *see also id.* at 27:17-28:3 ("Q. How does the mySingle system store
the e-mail for the two-week period that exists before the deletion? . . . A. It's my understanding that
they are stored in the mySingle server."); Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of
Samsung's Opp'n to Apple's Mot. for Adverse Inference Jury Instruction) ¶ 2 (declaring that
mySingle "retains email in a user's inbox and 'sent' folders, for 14 days").

1 unit,³⁷ and Samsung employees access their mySingle email accounts through a web-based
2 interface.³⁸ mySingle contains a “general guideline [that] calls for all e-mails to be automatically
3 deleted after the passage of two weeks.”³⁹ This functionality operates and stores email company-
4 wide in Korea, has no exceptions,⁴⁰ and has been in place since mySingle went operational.⁴¹
5 Samsung uses mySingle in this way because: (1) “it avoids the danger that confidential business
6 information will be misappropriated in the event the computer itself is lost or stolen”;⁴² (2) it is
7 cheaper than using a 30-day retention period;⁴³ (3) it “reduces the amount of information that could

8 ³⁷ See Docket No. 895 (Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury
9 Instruction) at Ex. 10, 13:6-12 (“Q. And is there a server within the Mobile Communications
10 Division where it would be stored? . . . A. Well, it’s not a server that is operated by the Mobile
11 Communications Division. It is a group-wide, that is, Samsung group-wide system. So it is within
12 mySingle.”).

13 ³⁸ See Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of Samsung’s Opp’n to Apple’s Mot. for
14 Adverse Inference Jury Instruction) ¶ 3 (“SEC uses an email system known as mySingle to
15 maintain the email accounts of SEC employees, and provide SEC employees with an interface to
16 access their SEC email accounts.”).

17 ³⁹ See Docket No. 895 (Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury
18 Instruction) at Ex. 10, 14:1-3; see also Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of
19 Samsung’s Opp’n to Apple’s Mot. for Adverse Inference Jury Instruction) ¶ 3 (“Email in a user’s
20 inbox and ‘sent’ folders are retained by the mySingle email system for 14 days.”).

21 ⁴⁰ See Docket No. 895 (Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury
22 Instruction) at Ex. 10, 27:6-15 (“Q. When Samsung found out that Apple was going to bring
23 litigation against it, why didn’t Samsung stop the automatic deletion feature of its e-mail system? .
24 . . . A. mySingle is a system that is used by the entire group at Samsung and there is no separate
25 guidelines that provides any changes to the policy particular [sic].”); see also *id.* at 16:4-9 (“Q.
26 And is there any way to automatically have all of the e-mail that comes into a person who works at
27 the Mobile Communications Division go directly onto a hard drive to be saved? A. Well, mySingle
28 does not have that sort of a feature. You’d have to do it separately.”).

⁴¹ See *id.* at 14:7-13 (“Q. Has the policy of deleting e-mails after two weeks at mySingle, has that
gone on the last five years? . . . A. Well, as for the policies associated with mySingle, ever since the
system was first set up they have not changed to date.”); see also Docket No. 987 (Decl. of Han-
Yeol Ryu in Supp. of Samsung’s Opp’n to Apple’s Mot. for Adverse Inference Jury Instruction) ¶
3 (“SEC has had the 14-day email retention policy in place since 2001.”).

⁴² Docket No. 987 (Samsung’s Opp’n to Apple’s Mot. for Adverse Inference Jury Instruction) at 6;
see also Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of Samsung’s Opp’n to Apple’s Mot. for
Adverse Inference Jury Instruction) ¶ 4.

⁴³ See Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of Samsung’s Opp’n to Apple’s Mot. for
Adverse Inference Jury Instruction) ¶ 10. Samsung claims that extending the retention policy for its
employees would cost an additional \$35,983,193 per year. Docket No. 987 (Samsung’s Opp’n to
Apple’s Mot. for Adverse Inference Jury Instruction) at 6. Even if this claim were beyond mere
challenge, Samsung did not estimate the cost of temporarily moving key custodians’ email

1 inadvertently be disclosed through misdirected email, or stolen through unauthorized access or
2 hacking into an employee's email account on the system;"⁴⁴ and (4) the policy best complies with
3 Korean privacy law.⁴⁵

4 Employees using mySingle can save any emails they deem relevant.⁴⁶ The mySingle
5 interface has a "Save All" button that employees can "click" to save all email in their inbox and
6 sent folders to their computer's hard drive.⁴⁷ If an employee clicks this button every two weeks, all
7 of that employee's emails will be saved.⁴⁸ Employees also have the option of selecting individual

8 accounts to unique servers that do not biweekly destroy emails, or the cost of temporarily moving
9 key custodians from mySingle to Microsoft Outlook. *See* Docket No. 987 (Samsung's Opp'n to
Apple's Mot. for Adverse Inference Jury Instruction) at 6.

10 ⁴⁴ Docket No. 987 (Samsung's Opp'n to Apple's Mot. for Adverse Inference Jury Instruction) at 6.
11 *See also* Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of Samsung's Opp'n to Apple's Mot.
for Adverse Inference Jury Instruction) ¶ 11.

12 ⁴⁵ *See* Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of Samsung's Opp'n to Apple's Mot. for
13 Adverse Inference Jury Instruction) ¶ 9.

14 ⁴⁶ *See* Docket No. 895 (Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury
15 Instruction) at Ex. 10, 14:3-6 ("However, for those individuals to whom document retention notice
is served, they are requested to separately save on their respective hard drives the relevant
emails.").

16 ⁴⁷ Samsung's 30(b)(6) witness testified that employees must save each email to their hard drives
17 individually. Samsung now claims for the first time in conjunction with this motion that this
18 testimony was incorrect. *Compare* Docket No. 987 (Samsung's Opp'n to Apple's Mot. for Adverse
Inference Jury Instruction) at 6; Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of Samsung's
19 Opp'n to Apple's Mot. for Adverse Inference Jury Instruction) ¶ 5 ("The mySingle interface allows
for SEC employees to save all email in their inbox, as well as in their 'sent' folders, to the local
20 hard drive on his or her desktop or laptop computer, by clicking a "Save All" button. An SEC
employee who uses this 'Save All' button every two weeks could save all of his or her email to his
or her local hard drive."), *with* Docket No. 895 (Decl. of Esther Kim in Supp. of Apple's Mot. for
21 Adverse Inference Jury Instruction) at Ex. 10, 16:4-15, 21:6-13 ("Q. And is there a way to
automatically have all of the e-mail that comes into a person who works at the Mobile
22 Communications Division go directly onto a hard drive to be saved? A. **Well, mySingle does not
have that sort of feature. You'd have to do it separately.** Q. So under mySingle system you would
23 have to move each e-mail over from mySingle system into the hard drive in order to preserve it; is
that right? . . . A. Yes, that is right as far as mySingle system is concerned. . . . Q. So you
24 [Samsung's 30(b)(6) witness's personal practice] don't click as a group, you click each one and
move it separately into the directory, true? A. I suppose everybody does things a little differently
25 from one another, but in my case what I do is click everything all together and then de-click as to
spam mails, personal types of e-mails and then move the rest.") (emphasis added).

26 ⁴⁸ Docket No. 987 (Samsung's Opp'n to Apple's Mot. for Adverse Inference Jury Instruction) at 6.
27 *See also* Docket No. 895 (Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury
Instruction) at Ex. 10, 15:20-16:2 ("Q. If I were to -- if I worked at the Mobile Communications
28 Division and I want to save my e-mail, would I have to move it over to the hard drive within two

1 emails or groups of emails, rather than all emails, and saving just these specific emails to their hard
2 drives.⁴⁹ Samsung gives its employees the option of using Microsoft Outlook.⁵⁰ Microsoft Outlook,
3 unlike mySingle, allows employees to automatically view and archive emails they receive on their
4 local hard drives.⁵¹ mySingle's 14-day destruction policy does not apply to locally saved emails on
5 Microsoft Outlook.⁵² Samsung employees do not require permission to use Outlook for storing
6 email, but they do need its permission to use Outlook for sending email.⁵³

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9 weeks in order to preserve it? . . . A. Yes, you would copy it to your hard disk drive before its
10 deletion.”).

11 ⁴⁹ See Docket No. 987 (Samsung's Opp'n to Apple's Mot. for Adverse Inference Jury Instruction)
12 at 6; see also Docket No. 895 (Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference
13 Jury Instruction) at Ex. 10, 15:4-18 (“Q. Let's assume a person wants to retain their e-mail and
14 doesn't want it to be lost after two weeks, and they work at the Mobile Communications Division.
15 What do they have to do to retain their e-mail? A. Well, it's actually the same case for both the
16 Mobile Communications Division as well as other units in that for those who desire to save any of
17 their own emails they can separately park those in their hard drives. Q. How do they do that? A.
18 Well, whatever e-mail they desire to move, they can move that over to a directory in their hard
19 drive.”).

20 ⁵⁰ See Docket No. 987 (Samsung's Opp'n to Apple's Mot. for Adverse Inference Jury Instruction)
21 at 6-7; Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of Samsung's Opp'n to Apple's Mot. for
22 Adverse Inference Jury Instruction) ¶ 7.

23 ⁵¹ See *id.*

24 ⁵² See Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of Samsung's Opp'n to Apple's Mot. for
25 Adverse Inference Jury Instruction) ¶ 8.

26 ⁵³ See Docket No. 987 (Samsung's Opp'n to Apple's Mot. for Adverse Inference Jury Instruction)
27 at 7 n.8; see also Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of Samsung's Opp'n to Apple's
28 Mot. for Adverse Inference Jury Instruction) ¶ 5. Samsung's 30(b)(6) deponent previously stated,
however, that employees need their supervisor's permission to use Microsoft Outlook. See Docket
No. 895 (Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury Instruction) at
Ex. 9, 164:19-165:7. (“Q. In order for an employee to store e-mail to avoid having the email
automatically deleted after two weeks, the employee has to obtain permission from the head of his
or her department to use the Outlook system; is that correct? . . . A. In order to install an Outlook
linked to mySingle, you have to get permission, but even though you don't use the Outlook system,
you can separately store that kind of information on your personal hardware drive.”) Samsung now
claims that SEC requires employees only to “obtain special permission to use Outlook to *send*
email, but there is no such requirement for employees to use Outlook to view and archive email.”
Docket No. 987 (Samsung's Opp'n to Apple's Mot. for Adverse Inference Jury Instruction) at 7 n.8
(citing Decl. of Han-Yeol Ryu in Supp. of Samsung's Opp'n to Apple's Mot. for Adverse
Inference Jury Instruction ¶ 7).

1 It is within each Samsung employee's discretion whether to save relevant documents.⁵⁴
2 Samsung has never attempted to verify whether Samsung employees are complying with the
3 instructions they were told to follow.⁵⁵ mySingle does have a feature, however, that reminds
4 employees when the time for biweekly deletion of their emails is near.⁵⁶ "The 'Help' page in
5 mySingle explains in both English and Korean how to use the 'Save All' function,"⁵⁷ as well as
6 "how to save individual emails or groups of emails."⁵⁸
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8 ⁵⁴ See Docket No. 895 (Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury
9 Instruction) at Ex. 10, 18:11-24 ("Q. So Samsung relied on each individual person to move each of
10 their e-mails that would be related to the litigation from mySingle system onto the hard drives of
11 their individual computers; is that true? . . . A. Again, with respect to document retention requests,
12 the overall need for such and the importance, indeed, as well as the methodology for such are
13 explained to our people on numerous occasions by way of the notice as well as explanations and
14 then put into practice. And it is my understanding that those persons who have been so notified
15 have faithfully abided by said duty.").

16 ⁵⁵ See Docket No. 895 (Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury
17 Instruction) at Ex. 10, 19:1-15, 32:9-33:25 ("Q. So after the preservation notice is given out,
18 Samsung does not check to make sure that the employees who receive the document retention
19 notice are actually moving e-mails within the two-week period before their automatic deletion,
20 true? . . . A. First of all, such document preservation requests will be given to thousands of
21 employees; however, there is no way to check on to see one by one whether document deletion is
22 actually happening. However, since there would be sufficient explanation given for the importance
23 and methodology that the recipient of the notice should go by, I believe that these documents are
24 preserved accordingly. . . . Q. So, Mr. Lee, Samsung does not check to make sure the employees
25 are following directions in the document retention notice, right? . . . A. Since on numerous
26 occasions that IP legal team attorneys and outside attorneys provide numerous explanations about
27 the notice and also regarding the notice's importance, necessity and methodology of preservation,
28 on that basis I understand that the persons who are required to preserve those documents would
precisely save those documents. Q. So you trust those people to follow the document retention
notice and you don't follow up and check with them to make sure they do so? . . . A. Since there
would have been sufficient notification as to the importance and methodologies concerning
preservation of documents, one would have a conviction that such relevant document be well-
preserved accordingly. **However, there is no way to check on to see if such documents are
discarded.** Q. Well, you would agree with me that one way to make sure that such emails are not
deleted would be to back up the e-mail system on a regular basis so that it does not get deleted after
two weeks, right?") (emphasis added).

⁵⁶ See *id.* at 26:3-11 ("Q. How do they know about it [the deletion]? . . . A. There's a certain
indication with respect to each and every piece of mail that it's so many days before deletion. Q.
And is that true for every employee at Samsung? A. Yes, the system makes that indication.").

⁵⁷ Docket No. 987 (Decl. of Han-Yeol Ryu in Supp. of Samsung's Opp'n to Apple's Mot. for
Adverse Inference Jury Instruction) ¶ 5.

⁵⁸ *Id.* ¶ 6.

1 2. *Samsung’s Issuance of Litigation Hold Notices*

2 On August 4, 2010, Apple presented Samsung with information regarding Samsung’s
3 infringement of certain Apple patents.⁵⁹ Soon after, in an email dated August 23, 2010, Samsung
4 emailed litigation hold notices to certain Samsung employees.⁶⁰ The notice reads, in relevant part:
5 **“[T]here is a reasonable likelihood of future patent litigation between Samsung and Apple**
6 **unless a business resolution can be reached.”**⁶¹ The email then goes on:

7 The key issue that courts consider in determining whether or not a duty to
8 preserve exists centers on whether the party had notice of the relevance of the
9 evidence in question to anticipated litigation. The notice can arise from many
different things, including prior lawsuits, prelitigation communications, or any
preparatory steps and efforts undertaken for the anticipated litigation.⁶²

10 The notice requests that employees “preserve any and all such documents that may be relevant to
11 the issues in a potential litigation between Samsung and Apple until it is fully resolved.”⁶³ The
12 notice lists ten discreet categories of documents that Samsung employees receiving the email

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15 ⁵⁹ See Docket No. 895 (Apple’s Mot. for Adverse Inference Jury Instruction) at 2. According to
16 Apple, it began negotiations with Samsung regarding Samsung’s “copying of Apple’s design . . . in
17 July 2010, when Samsung launched its Galaxy line of smartphones bearing a striking resemblance
18 to Apple’s own iPhone products. That month, Apple’s CEO Steve Jobs and Apple’s Chief
19 Operating Officer Tim Cook met with Samsung CEO J.Y. Lee. Both Mr. Jobs and Mr. Cook
20 advised Mr. Lee that Samsung needed to cease copying Apple’s iPhone designs and infringing
Apple’s patents immediately. On August 4, 2010, Apple’s General Counsel Bruce Sewell and I met
with Dr. Seungho Ahn, Samsung Electronics’ Vice President and Head of its Intellectual Property
Center, in Cupertino. During our meeting, I gave a presentation illustrating Samsung’s
infringement of Apple’s patents. I also emphasized that Samsung had other design options that
would take its products farther away from Apple’s products and avoid direct conflict.”) Docket No.
128 (Decl. of Richard J. Lutton, Jr. in Supp. of Apple’s Mot. for a Prelim. Inj.) ¶¶ 2-4.

21 ⁶⁰ See Docket No. 895 (Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury
22 Instruction) at Ex. 9. Samsung also sent the same notice again on September 3, 2010. In total, 27
23 Samsung custodians received either the August 23 or September 3, 2010 litigation hold notice. See
id. In contrast, the litigation hold notices sent on April 21, 2011, and those sent after, were
addressed to 2,841 custodians. See *id.*

24 ⁶¹ *Id.* (emphasis added). The qualifier, “unless a business resolution can be reached,” is of course
25 true of virtually all litigation amongst commercial competitors, and for that reason is not at all
determinative.

26 ⁶² *Id.*

27 ⁶³ *Id.*

1 “should nevertheless retain and preserve.”⁶⁴ No significant further action was taken over the next
2 seven months.

3 On April 15, 2011, Apple filed this lawsuit. On April 21, 2011, Samsung again sent
4 litigation hold notices, this time to 2,300 Samsung employees, detailing the scope of the documents
5 subject to preservation.⁶⁵ Over the next few weeks, Samsung sent additional amended litigation
6 hold notices to over 2,700 Samsung employees.⁶⁶ Samsung continued to update both the population
7 of employees receiving notices, as well as the content of the notices, as the litigation between
8 Apple and Samsung took shape.⁶⁷ The litigation hold notices included the following language: “if

9 ⁶⁴ Samsung’s August 23, 2010 litigation hold notice contains 10 discreet categories of documents
10 to be preserved, while Samsung’s April 21, 2011 litigation hold notice contains 15 discreet
11 categories of documents. While the April 21, 2011 notice is certainly more comprehensive, there is
12 substantial overlap between the two notices. *See* Docket No. 895 (Decl. of Esther Kim in Supp. of
13 Apple’s Mot. for Adverse Inference Jury Instruction) at Ex. 9A and 9C. This weighs heavily
14 against Samsung’s argument that it could not have known in late-August 2010 what might be
15 relevant to litigation with Apple. *See* Docket No. 987 (Samsung’s Opp’n to Apple’s Mot. for
16 Adverse Inference Jury Instruction) at 15 n.16 (“Apple seeks to penalize Samsung for its voluntary
17 decision to send out a limited litigation hold notice to certain employees when it began general
18 licensing discussions with Apple in 2010, turning Samsung’s positive efforts – not followed by
19 Apple itself – against it. The law makes clear that the duty to preserve at issue here was not
20 triggered until Apple filed its precise claims.”). Samsung cites to a single decision for this
21 proposition, namely, *FTC v. Lights of America, Inc., et al.*, Case No. SACV 10-1333 JVS (MLGx),
22 2012 WL 695008 (C.D. Cal. Jan. 20, 2012) (hereinafter “LOA”), but LOA is distinguishable. LOA
23 dealt with the unique situation in which a government agency is required to issue a litigation hold.
24 LOA held that the FTC was not obligated *per se* to issue a litigation hold “at the commencement of
25 the full-phase investigation or upon the issuance of the CID because litigation was not ‘reasonably
26 foreseeable’ at those points.” *Id.* at *3. LOA also noted that FTC investigations are designed for
27 gathering information, and many investigations end without litigation. *See id.*

19 ⁶⁵ *See* Docket No. 987 (Samsung’s Opp’n to Apple’s Mot. for Adverse Inference Jury Instruction)
20 at 7-8 (citing Decl. of Thomas R. Watson in Supp. of Opp’n to Apple’s Mot. for Adverse Inference
21 Jury Instruction, Ex. 1).

21 ⁶⁶ *See id.* at 8 (citing Decl. of Thomas R. Watson in Supp. of Opp’n to Apple’s Mot. for Adverse
22 Inference Jury Instruction, Ex. 1).

23 ⁶⁷ *See* Docket No. 987 (Samsung’s Opp’n to Apple’s Mot. for Adverse Inference Instruction) at 7-
24 9; *see also* Docket No. 895 (Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference
25 Jury Instruction) at Ex. 10, 31:8-32:8 (“Q. What has Samsung done to make sure that the thousands
26 of employees who received the document retention notice are actually moving their e-mails on
27 their personal computers from the mySingle system onto a separate directory within the two-week
28 period that that [*sic*] must occur to prevent the deletion of their e-mails? . . . A. At the time the
document preservation notice is given by the IP legal team or outside counsel, upon receipt of such
notice by the officers and employees of Samsung, they are fully apprised of the importance. The
necessity and methodology that they should go by in preserving such documents pursuant to the
notice. And since IP legal team members sufficiently provide explanations as to development
departmental leaders, the recipients conduct good-faith compliance of such notice and therefore it

1 you have any doubt as to whether you should preserve particular documents, you are instructed to
2 retain them. Please distribute this message to anyone who may have such relevant documents.”⁶⁸
3 The notice goes on to admonish employees, in bolded capital letters, not to destroy any responsive
4 documents, but to instead preserve them.⁶⁹ Between May 2 and May 4, 2011, Samsung’s outside
5 counsel sent several members of its firm to Korea to assist Samsung’s in-house counsel with
6 educating Samsung employees on their duty to preserve relevant documents and Samsung’s
7 collection efforts.⁷⁰

8 *3. Samsung’s Efforts to Follow-up with its Relevant Employees*

9 After sending litigation hold notes to its employees, Samsung explained to its relevant
10 department heads the specifics of Samsung’s litigation hold efforts.⁷¹ Samsung’s in-house IP legal
11 team, as well as Samsung’s outside counsel, all were involved in these efforts.⁷² Samsung’s in-
12 house document preservation team provided relevant Samsung employees with numerous
13 explanations on numerous occasions about the litigation hold notice, its importance, and the
14 necessity and methodology of document preservation.⁷³ More specifically, at the end of April
15 2011, Samsung’s IP Legal Team Director held four follow-up meetings with over 300 Samsung
16 employees.⁷⁴ The purpose of these meetings was to educate key employees about the United

17 will be difficult to check on to see whether there would be a non-preservation of such notice after
18 the request is given out.”).

19 ⁶⁸ Docket No. 987 (Samsung’s Opp’n to Apple’s Mot. for Adverse Inference Jury Instruction) at 8
20 (citing Decl. of Thomas R. Watson in Supp. of Opp’n to Apple’s Mot. for Adverse Inference Jury
Instruction, Ex. 33 at Ex. A).

21 ⁶⁹ *Id.*

22 ⁷⁰ *See id.* at 9 n.10 (citing Decl. of H. Kang in Supp. of Opp’n to Apple’s Mot. for Adverse
23 Inference Jury Instruction ¶ 12; Decl. of Sara Jenkins in Supp. of Opp’n to Apple’s Mot. for
Adverse Inference Jury Instruction ¶ 10).

24 ⁷¹ *See id.* (citing Decl. of Thomas R. Watson in Supp. of Opp’n to Apple’s Mot. for Adverse
25 Inference Jury Instruction, Ex. 5 (3/8/12 Kyu Hyuk Lee 30(b)(6) Dep. Tr., 19:6-13)).

26 ⁷² *See id.*

27 ⁷³ *See id.*

28 ⁷⁴ *See id.*

1 States' litigation discovery system, and the requirements of Samsung's computer system for
2 document preservation.⁷⁵ Samsung also imparted to its employees the importance of actively
3 saving emails and other electronic documents, and exactly how to do so.⁷⁶ Samsung employees
4 were also told to contact the IP Legal Team if they had additional questions.⁷⁷ All Samsung
5 employees attending these meetings were instructed to pass what they had learned on to their
6 "junior managers."⁷⁸

7 ***B. Application of the Court's Spoliation Test***

8 *1. Samsung's Duty to Preserve Relevant Evidence*

9 Apple argues that Samsung's discovery obligation arose in August 2010 based on the
10 August 4, 2010 presentation Apple gave to Samsung regarding Apple's contention that certain
11 Samsung products infringe certain Apple patents.⁷⁹ Apple goes on to argue that Samsung must
12 have known in August 2010 that it had no plans to alter its products, and thus a reasonable party in
13 Samsung's place would have known that litigation with Apple was imminent, if not inevitable.⁸⁰

14 Samsung responds that its preservation obligations arose on April 15, 2011, when Apple
15 filed its complaint in this matter. According to Samsung, mySingle and its 14-day destruction
16 policy were adopted for legitimate business purposes, Samsung could not have known in August
17 2010 which claims Apple might assert against it, and a negotiated settlement with Apple was still
18 possible in August 2010 because licensing discussions with Apple were ongoing.

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⁷⁵ *See id.*

21 ⁷⁶ *See id.* at 8-9.

22 ⁷⁷ *See id.* at 9.

23 ⁷⁸ *See id.*

24 ⁷⁹ *See* Docket No. 1047 (Apple's Reply in Supp. of Mot. for Adverse Inference Jury Instruction) at
25 2-3.

26 ⁸⁰ Apple notes that Samsung made it clear to Apple in Spring 2011 that Samsung would not seek a
27 negotiated end to their disagreements. According to Apple, Samsung announced the release of "a
28 new round of infringing products" in Spring 2011. *See* Docket No. 1047 (Apple's Reply in Supp.
of Mot. for Adverse Inference Jury Instruction) at 2-3.

1 The court agrees with Apple. The phrase “reasonably foreseeable” as it relates to a party’s
2 preservation duties sets an objective standard.⁸¹ On August 4, 2010, Apple presented Samsung with
3 more than just a vague hint that it believed Samsung had violated its intellectual property. Apple
4 delivered, in person, a comprehensive summary of its specific patent infringement claims against
5 specific Samsung products. Whatever hopes Samsung might have subjectively held for a license or
6 other non-suit resolution, this would certainly put a reasonably prudent actor on notice that
7 litigation was at least foreseeable, if not “on the horizon.”⁸² If there were any doubts about this,
8 Samsung itself resolved them. Shortly after Apple’s presentation Samsung sent litigation hold
9 notices to a small number of Samsung employees that read, in relevant part: “*there is a reasonable*
10 *likelihood of future patent litigation between Samsung and Apple unless a business resolution*
11 *can be reached.*”⁸³ And yet other than exhorting these employees to circumvent the otherwise
12 certain destruction of relevant materials, for seven months Samsung did no follow-up training at
13 all. And at no time, even up to the present day, did Samsung engage in any audit of these
14 employees to gauge what effect, if any, its exhortations were having.

15 Samsung cannot on the one hand tout its prudence and responsibility in regards to its post-
16 complaint preservation efforts, and simultaneously argue that it was ignorant of the possibility of
17 litigation pre-complaint. This is not a matter of “punishing” a party for taking prudent steps to
18 avoid controversy. It is a matter of holding a party to what could not be a plainer admission. In

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20 ⁸¹ See *Micron*, 645 F.3d at 1320 (“[S]poliation refers to the destruction or material alteration of
21 evidence or to the failure to preserve property for another’s use as evidence in pending or
22 reasonably foreseeable litigation.’ This is an objective standard, asking not whether the party in
23 fact reasonably foresaw litigation, but whether a reasonable party in the same factual circumstances
would have reasonably foreseen litigation. When litigation is ‘reasonably foreseeable’ is a flexible
fact-specific standard that allows a district court to exercise the discretion necessary to confront the
myriad factual situations inherent in the spoliation inquiry.”) (internal citations omitted).

24 ⁸² Samsung’s argument that Apple failed to issue litigation hold notices in August 2010 is
25 irrelevant to the court’s determination here. Samsung has always been free to argue, at the
appropriate time, that Apple too is guilty of spoliation. In any event, that motion is not currently
before the court.

26 ⁸³ Docket No. 1047 (Apple’s Reply in Supp. of Mot. for Adverse Inference Jury Instruction) at 2;
27 see also Docket No. 895 (Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury
Instruction) at Ex. 9.

1 sum, the court finds that Samsung's duty to preserve evidence arose on August 23, 2010, the date
2 Samsung issued litigation hold notices to its employees following Apple's infringement
3 presentation to Samsung.⁸⁴

4 2. *Samsung's Requisite Mental State*

5 Even as litigation with Apple was "reasonably foreseeable," Samsung kept its auto-delete
6 policy in place at all times. Apple argues that Samsung's actions evidence the necessary "culpable
7 state of mind."⁸⁵ According to Apple, Samsung's later efforts to educate its employees, and its
8 issuance of litigation hold notices, do not negate this.⁸⁶ It is Samsung's continued use of its
9 biweekly email destruction policy, Apple argues, without any methodology for verifying whether
10 Samsung employees at all complied with the instructions they were given, that is dispositive to the

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12 ⁸⁴ Samsung euphemistically refers to Apple's infringement presentation as a "licensing discussion."
13 See Docket No. 987 (Samsung's Opp'n to Apple's Mot. for Adverse Inference Jury Instruction) at
14 15 n.16.

15 ⁸⁵ See *Leon*, 464 F.3d at 959 (internal citations omitted) ("A party's destruction of evidence
16 qualifies as willful spoliation if the party has some notice that the documents were *potentially*
17 relevant to the litigation before they were destroyed."); see also *Unigard*, 982 F.2d 363, 368 n.2
18 (9th Cir. 1992) ("This court has, since *Roadway*, confirmed the power of the district court to
19 sanction under its inherent powers not only for bad faith, but also for willfulness or fault by the
20 offending party.") (citing *Halaco Eng'g Co. v. Costle*, 843 F.2d 376, 380 (9th Cir. 1988)); *Glover*,
21 6 F.3d at 1329 ("As *Unigard* correctly notes, however, a finding of 'bad faith' is not a prerequisite
22 to this corrective procedure. Surely a finding of bad faith will suffice, but so will simple notice of
23 'potential relevance to the litigation.'") (internal citations omitted) (citing *Akiona v. United States*,
24 F.2d 158, 160-61 (9th Cir. 1991)).

25 ⁸⁶ See Docket No. 895 (Apple's Mot. for Adverse Inference Jury Instruction) at 3-4. Apple makes
26 the additional argument that Samsung's August 23, 2010 litigation hold notice was deficient
27 because it failed to instruct employees regarding how precisely to preserve emails, and failed to
28 even mention mySingle's automatic deletion feature. See *id.* at 4 (citing Decl. of Esther Kim in
Supp. of Apple's Mot. for Adverse Inference Jury Instruction, Ex. 9 at A, C, E, G (English
versions), I-J). The court agrees. Samsung's August 23, 2010 notice fails to specifically instruct its
recipients how to preserve relevant evidence, instead stating only, "[t]o the extent the need to
retrieve copies of potentially relevant documents arises, representatives of Samsung's IP Legal
Team will be contacting you. In the meantime, if you have any questions, please call the Personnel
of the IP Legal Team." *Id.* Considering that Samsung claims its biweekly email destruction policy
has no exceptions and cannot be shut down absent prohibitive cost, the court wonders how a
custodian can "immediately suspend[]" a "scheduled disposal." In any event, the court would have
reached the same decision regardless of whether Samsung's August 23, 2010 notice included
detailed preservation instructions because the notice was sent to only a comparatively small
number of Samsung employees, and Samsung never followed-up to check if its employees were at
all in compliance with these instructions.

1 instant question.⁸⁷ In other words, it is Samsung’s failure to monitor its employees’ efforts
2 downstream, as opposed to its immediate efforts to educate its employees after Apple filed this
3 lawsuit, which violates Samsung’s duty to preserve relevant documents.

4 Samsung responds that Apple has not met its burden of showing that the spoliation was
5 “intentional” or “willful,” and that Apple’s complaint that Samsung might have “done more” to
6 preserve relevant evidence is “insufficient as a matter of law to establish ‘bad faith’” in the Ninth
7 Circuit.⁸⁸

8 The court agrees with Apple. Samsung may be right that the record does not establish any
9 bad faith on its part. But bad faith is not the required mental state for the relief Apple seeks. All
10 that the court must find is that Samsung acted with a “conscious disregard” of its obligations.⁸⁹ In
11 light of its biweekly automatic destruction policy, Samsung had a duty to verify whether its
12 employees were actually complying with the detailed instructions Samsung claims it
13 communicated to them.⁹⁰ As far as the court can see, Samsung did nothing in this regard.⁹¹

14 ⁸⁷ See *id.* at 4.

15 ⁸⁸ Docket No. 987 (Samsung’s Opp’n to Apple’s Mot. for Adverse Inference Jury Instruction) at
16 19-22 (citing *Glover*, 6 F.3d at 1329 (9th Cir. 1993) (“A party should only be penalized for
17 destroying documents if it was wrong to do so, and that requires, at a minimum, some notice that
18 the documents are potentially relevant.”); *Akiona*, 938 F.2d at 161 (reversing adverse inference
19 ruling where plaintiffs failed to show “any bad faith in the destruction of the records, nor even that
the government was on notice that the records had potential relevance to the litigation” and noting
no intent to cover up information)).

20 ⁸⁹ See *Hamilton v. Signature Flight Support Corp.*, Case No. 05–0490, 2005 WL 3481423, at *7
21 (N.D. Cal. Dec. 20, 2005) (finding that whether a party has “consciously disregarded” its
22 preservation duties to be determinative); see also *Io Group, Inc. v. GLBT, Ltd.*, Case No. C-10-
23 1282 MMC (DMR), 2011 WL 4974337, *5 (N.D. Cal. Oct. 19, 2011) (“The court concludes
24 Defendants ‘consciously disregarded’ their obligation to preserve relevant evidence.”) (citing
Hamilton, 2005 WL 3481423, at *7). The court notes that in resolving a similar motion Apple
brought against Samsung before the ITC, the Commission applied the stricter “bad faith” standard.
But as the Ninth Circuit has confirmed, while bad faith may be sufficient for sanctions, it is not
necessary. See *Unigard*, 982 F.2d at 368 n.2.

25 ⁹⁰ See Docket No. 895 (Apple’s Mot. for Adverse Inference Jury Instruction) at 4. Samsung’s
26 30(b)(6) witness was asked during his deposition “what [relevant Samsung employees] have done
27 to abide by their duty.” In response, Samsung’s 30(b)(6) witness stated, “Well, the question is a
28 little vague for my purposes, but, again, with respect to document retention requests, we impress
upon our people as to how important that is and how it ought to be carried out. And, indeed, our
counsel within the IP legal team as well as outside counsel all get involved in this, and notices are
sent out, people are brought up to speed as to those aspects and the respective department heads are

1 Samsung failed to send litigation hold notices in August 2010, beyond a select handful of
2 employees, when its duty to preserve relevant evidence arose. Samsung provided no follow-up, and
3 instead waited to send such notices and to follow-up with individual employees for seven more
4 months, after Apple filed its complaint. And again, at all times, Samsung never checked whether
5 even a single Samsung custodian was at all in compliance with the given directives, while at all
6 times the 14-day destruction policy was in place. This is more than sufficient to show willfulness.

7 *3. The Relevance of the Destroyed Evidence to Apple*

8 Apple points to the productions of several key Samsung employees that: (1) used the
9 mySingle email system; (2) during the relevant time period; (3) failed to themselves produce much
10 if any relevant emails; and (4) only after other custodian recipients produced one or more of these
11 emails did Apple discover that Samsung may have destroyed relevant evidence. Apple points out
12 that Samsung has produced no email or only a handful of emails from the custodial files of at least
13 14 key fact witnesses.⁹² The productions of the following custodians are particularly noteworthy:

- 14 • Won Pyo Hong, the head of Samsung’s Product Strategy Team, which includes the Design
15 Group responsible for designing Samsung’s “Galaxy” smart phones and tablet computers.⁹³ Dr.
16 Hong received the August 23, 2010 litigation hold notice.⁹⁴ Dr. Hong did not produce any
17 emails and only 18 documents.⁹⁵ Dr. Hong failed to preserve his April 17, 2011 email
18 regarding comparisons of Apple products that the court cited in granting Apple’s motion to

18 all sufficiently notified as to this. So it is my understanding that the results thereof are in fact
19 preserved intact.” Docket No. 895 (Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse
20 Inference Jury Instruction) at Ex. 10, 19:1-15.

21 ⁹¹ See, e.g., Decl. of Sara Jenkins in Supp. of Opp’n to Apple’s Mot. for Adverse Inference Jury
22 Instruction, ¶¶ 5-14 (detailing Samsung’s post-complaint efforts to educate its employees regarding
23 their preservation obligations).

24 ⁹² See Docket No. 895 (Apple’s Mot. for Adverse Inference Jury Instruction) at 4 (citing Decl. of
25 Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury Instruction ¶ 4).

26 ⁹³ See *id.* (citing Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury
27 Instruction ¶ 5).

28 ⁹⁴ See *id.* (citing Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury
Instruction, Ex. 9 at S).

⁹⁵ See *id.* (citing Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury
Instruction ¶ 5).

1 compel his deposition.⁹⁶ Dr. Hong also failed to preserve an email he received that described
2 how Samsung needed to respond to the iPad2 with a slimmer Galaxy Tab.⁹⁷

- 3 • Minhyouk Lee, the head Samsung designer responsible for the industrial design of Samsung's
4 accused Galaxy S products, did not produce any emails;⁹⁸
- 5 • Joon-II Choi, a senior manager in Samsung's R&D Management Group, did not produce any
6 emails.⁹⁹ Mr. Choi, however, presided over and wrote notes for a meeting that Gee-Sung Choi,
7 Samsung's former President and CEO of its digital media division and current Vice Chairman
8 of Corporate Strategy,¹⁰⁰ attended on March 5, 2011, to discuss alterations to the Galaxy Tab
9 10.1 to make it more competitive with the newly released thinner iPad 2.¹⁰¹
- 10 • Don-Joo Lee, the head of sales and marketing for Samsung's mobile business unit, and who is
11 in charge of promoting and selling Samsung mobile products globally, including the Galaxy S
12 products.¹⁰² Mr. Lee produced 16 emails, and failed to preserve emails regarding Samsung's
13 response to the iPad 2, including emails discussing Samsung's need to fight the iPad 2 with a
14 slimmer Galaxy Tab, and the response to Verizon's iPhone and the impact it would have on
15 Samsung.¹⁰³
- 16 • Nara Cho, a senior manager in Samsung's wireless business division, handled product planning
17 for Samsung's tablet devices since early 2010.¹⁰⁴ Samsung produced only two emails from Mr.

18 ⁹⁶ See *id.* (citing Docket No. 850 (Order Granting-In-Part Mot. to Compel) at 9-10).

19 ⁹⁷ See Docket No. 895 (Apple's Mot. for Adverse Inference Jury Instruction) at 4-6 (citing Decl. of
20 Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury Instruction ¶ 6 and Ex. 2).

21 ⁹⁸ See *id.* at 5 (citing Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury
22 Instruction ¶ 7). Other custodians produced 155 emails from Mr. Lee. See Decl. of Alex Binder in
23 Supp. of Samsung's Opp'n to Apple's Mot. for Adverse Inference Jury Instruction ¶ 19.

24 ⁹⁹ See *id.* (citing Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury
25 Instruction ¶ 8). Other custodians produced 112 emails from Mr. Choi. See Decl. of Alex Binder in
26 Supp. of Samsung's Opp'n to Apple's Mot. for Adverse Inference Jury Instruction ¶ 19.

27 ¹⁰⁰ See SAMSUNG ELEC., Board of Directors, <http://www.samsung.com/us/aboutsamsung/ir/corporategovernance/boardofdirectors/IRGeeSungChoi.html> (last visited July 24, 2012).

28 ¹⁰¹ See Docket No. 895 (Apple's Mot. for Adverse Inference Jury Instruction) at 5 (citing Decl. of
Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury Instruction ¶ 9 and Ex. 3).

¹⁰² See *id.* (citing Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury
Instruction ¶ 22, Ex. 25 at 23:15-23, Ex. 18 at 33:12-13).

¹⁰³ See *id.* (citing Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury
Instruction ¶¶ 10-12 and Exs. 2, 4, 5). Other custodians produced 420 emails from Mr. Lee. See
Decl. of Alex Binder in Supp. of Samsung's Opp'n to Apple's Mot. for Adverse Inference Jury
Instruction ¶ 19.

¹⁰⁴ See *id.* at 6 (citing Decl. of Esther Kim in Supp. of Apple's Mot. for Adverse Inference Jury
Instruction ¶ 20 and Ex. 31 at 6:20-10:9, 23:14-21).

1 Cho, none of which discuss the Galaxy Tab 10.1, an accused product that was launched after
2 Apple filed this lawsuit.¹⁰⁵

3 In contrast, similarly-situated Samsung employees that use Microsoft Outlook, rather than
4 mySingle, produced many times more. For example, Woogyun Kho produced 7,594 emails, and
5 Junho Park produced 6,005 emails.¹⁰⁶

6 While the nature of the auto-delete function is such that the court will never know how
7 much relevant material was lost, the court cannot ignore the statistical contrast depicted above.¹⁰⁷
8 Samsung acknowledges that “the majority of the accused products at issue here released prior to
9 April 15, 2011,”¹⁰⁸ meaning the most relevant emails were subject to Samsung’s biweekly
10 destruction policy before Samsung undertook the bulk of its preservation efforts. Samsung had
11 ample notice that the evidence was potentially relevant to litigation. Samsung to this day has not
12 suspended its email system’s biweekly automatic destruction policy,¹⁰⁹ even as to key custodians,
13 nor has it presented any evidence that Samsung employees have at all complied with the

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15 ¹⁰⁵ See *id.* (citing Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury
16 Instruction ¶ 20).

17 ¹⁰⁶ See *id.* (citing Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury
18 Instruction ¶ 22, Ex. 25 at 23:15-23, Ex. 18 at 33:12-13).

19 ¹⁰⁷ See *Leon*, 464 F.3d at 959 (finding that duty to preserve exists when party had “some notice that
20 the documents were potentially relevant to the litigation before they were destroyed” and “because
21 the relevance of . . . [destroyed] documents cannot be clearly ascertained because the documents no
22 longer exist, a party “can hardly assert any presumption of irrelevance as to the destroyed
23 documents”) (internal citations omitted).

24 ¹⁰⁸ See Docket No. 987 (Samsung’s Opp’n to Apple’s Mot. for Adverse Inference Jury Instruction)
25 at 15.

26 ¹⁰⁹ See Docket No. 895 (Decl. of Esther Kim in Supp. of Apple’s Mot. for Adverse Inference Jury
27 Instruction) at Ex. 10, 29:8-24 (“Q. But despite this knowledge of its obligations in the United
28 States, Samsung has continued with its policy of deleting e-mails two weeks after their creation
using mySingle system, right? . . . A. **Although there has not been any changes to the policy
concerning mySingle system**, in the event necessary there needs any document to be preserved,
relevant document preservation requests will be given to personnel who’s charged with such
request. And the explanation was given by outside and inhouse counsel about the importance and
methodology to be used in terms of preservation of those documents. And pursuant to such a
request in compliance with the request and the sufficient report was made for the purpose of
preservation.”) (emphasis added).

1 instructions they were given. The court must conclude that Samsung “consciously disregarded” its
2 obligation to preserve relevant evidence.¹¹⁰

3 **C. The Form of the Sanction**

4 Individually, and certainly collectively, these facts support imposition of some form of
5 sanction. Samsung’s failure to issue sufficiently distributed litigation hold notices on August 23,
6 2010, and Samsung’s failure to monitor its custodial employees’ preservation efforts in the face of
7 its biweekly destruction policy once litigation holds issued, warrants sanctions. The court is
8 mindful, however, that any sanction must be the least drastic available to adequately mitigate the
9 prejudice Apple suffered.¹¹¹

10 When applying the spoliation inference, courts are faced with a dilemma. By the very
11 nature of the spoliation, there is no way to know what the spoliated evidence would have revealed,
12 and so courts have to instruct the jury that they are allowed to infer a certain fact or set of facts
13 from the absence of specific evidence. With this in mind, courts have formulated adverse inference
14 instructions that range in their level of severity.

15 *Pension Committee* addressed just this issue.¹¹² *Pension Committee* begins, “[l]ike many
16 other sanctions, an adverse inference instruction can take many forms, again ranging in degrees of
17 harshness.”¹¹³ The degree of harshness should be dictated by the “nature of the spoliating party’s
18 conduct—the more egregious the conduct, the more harsh the sanction.”¹¹⁴ “In its most harsh form,

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20 ¹¹⁰ See *Hamilton*, 2005 WL 3481423, at *7 (listing cases issuing sanctions for failure to preserve
21 evidence appropriate “only when a party has consciously disregarded its obligation to do so”); see
22 also *Mosaid v. Samsung*, 348 F. Supp. 2d 332, 338 (D.N.J. 2004) (ordering an adverse inference
23 jury instruction be given against Samsung for spoliation of relevant evidence, and finding that
24 “Samsung willfully blinded itself, taking the position that Mosaid’s document requests did not seek
25 e-mails and therefore Samsung has no obligation to prevent their continued destruction while this
26 litigation continued”).

27 ¹¹¹ See *Chambers*, 501 U.S. at 44-45 (holding that the court’s choice of sanction should be
28 appropriate to the conduct that triggered the sanction).

¹¹² 685 F. Supp. 2d at 470.

¹¹³ *Id.*

¹¹⁴ *Id.*

1 when a spoliating party has acted willfully or in bad faith, the jury can be instructed that certain
2 facts are deemed admitted and must be accepted as true. At the next level, when a spoliating party
3 has acted willfully or recklessly, a court may impose a mandatory presumption.”¹¹⁵ At the other
4 end of the spectrum, “the least harsh instruction permits (but does not require) a jury to presume
5 that the lost evidence is both relevant and favorable to the innocent party. If it makes this
6 presumption, the spoliating party’s rebuttal evidence must then be considered by the jury, which
7 must then decide whether to draw an adverse inference against the spoliating party.”¹¹⁶

8 Apple has suffered prejudice as a result of Samsung’s spoliation of evidence. Apple has
9 highlighted several key Samsung custodians, noted above, that both used mySingle and produced
10 little or even no relevant documents. In contrast, Samsung custodians using Microsoft Outlook
11 produced literally thousands of documents. Finally, the mySingle custodians Apple points to are
12 senior Samsung employees whose internal communications would have been especially probative
13 to the claims at issue in this litigation.

14 On this record, the court concludes that Samsung’s preservation efforts failed because: (1)
15 Samsung did not to suspend mySingle’s automatic biweekly destruction policy; (2) Samsung failed
16 to issue sufficiently distributed litigation hold notices after Samsung itself admitted that litigation
17 was “reasonably foreseeable,” and to follow up with the affected employees for seven months as it
18 later showed it knew how to do; and (3) at all times Samsung failed to monitor its employees’
19 preservation efforts to ensure its employees were at all compliant. In effect, Samsung kept the
20 shredder on long after it should have known about this litigation, and simply trusted its custodial
21 employees to save relevant evidence from it. The stark difference in production from mySingle and
22 Microsoft Outlook custodians makes clear that this plan fell woefully short of the mark.

23 The court finally turns to the appropriate language for an adverse inference instruction in
24 this instance. In the absence of any finding of bad faith, and the court’s finding that Samsung acted

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26 ¹¹⁵ *Id.*

27 ¹¹⁶ *Id.*

1 with conscious disregard of its obligations, or willfully, the court orders the jury be instructed as
2 follows:

3 Samsung has failed to prevent the destruction of relevant evidence for Apple’s use
4 in this litigation. This is known as the “spoliation of evidence.”

5 I instruct you, as a matter of law, that Samsung failed to preserve evidence after
6 its duty to preserve arose. This failure resulted from its failure to perform its
7 discovery obligations.

8 You also may presume that Apple has met its burden of proving the following two
9 elements by a preponderance of the evidence: *first*, that *relevant* evidence was
10 destroyed after the duty to preserve arose. Evidence is relevant if it would have
11 clarified a fact at issue in the trial and otherwise would naturally have been
12 introduced into evidence; and *second*, the lost evidence was favorable to Apple.

13 Whether this finding is important to you in reaching a verdict in this case is for
14 you to decide. You may choose to find it determinative, somewhat determinative,
15 or not at all determinative in reaching your verdict.¹¹⁷

16 IV. CONCLUSION

17 The discovery process in our federal courts is anything but perfect. The burden to the
18 parties and to the courts in cases such as this can be extraordinary. This court has previously
19 imposed custodian limits, sampling requirements, and other measures to put at least some boundary
20 around what has to date largely been an unbounded problem.¹¹⁸ But it is no answer to that burden
21 simply to leave in place an adjudicated spoliation tool and for seven months and take almost no
22 steps to avoid spoliation beyond telling employees not to allow what will otherwise certainly
23 happen. Nor can a party avoid any assessment whatsoever of the effect of the instruction it
24 eventually puts into place. A modest, optional adverse jury instruction is the least restrictive means

25 ¹¹⁷ See *Johnson v. Wells Fargo Home Mortgage, Inc.*, 635 F.3d 401, 422 (9th Cir. 2011) (“We
26 cannot conclude that the District Court abused its discretion or otherwise erred in ordering this
27 [adverse inference jury instruction] sanction. Indeed, the District Court’s sanction, which permits
28 the jury to decide if any documents were destroyed when Johnson’s hard drives were reformatted,
strikes us as precisely the kind of flexible and resourceful sanction order that district judges should
be encouraged to craft. We therefore affirm the sanction order.”).

¹¹⁸ See, e.g., *DCG Sys., Inc. v. Checkpoint Tech., LLC*, Case No. C-11-03792 PSG, 2011 WL
5244356, at *1 (N.D. Cal. Nov. 2, 2011) (setting forth restrictions on the amount of electronic
document production, and noting that “[t]hese restrictions are designed to address the imbalance of
benefit and burden resulting from email production in most cases”); *Perez v. State Farm Mut.
Automobile Ins. Co.*, Case No. C-06-01962 JW (PSG), 2011 WL 2433393, at *1 (N.D. Cal. June
16, 2011) (identifying sampling as a less burdensome alternative to full-fledged document
production).

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to remedy the prejudice from these past practices and deter such practices in the future. The court GRANTS-IN-PART Apple's motion for an adverse inference jury instruction.

IT IS SO ORDERED.

Dated: July 24, 2012



PAUL S. GREWAL
United States Magistrate Judge