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 15

16 UNITED STATES DISTRICT COURT

17 NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION

18 APPLE INC., a California corporation,

19 Plaintiff,

20 vs.

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

24 Defendant.
 25

CASE NO. 11-cv-01846-LHK

**SAMSUNG'S OPPOSITION TO APPLE'S
 MOTION FOR PARTIAL SUMMARY
 JUDGMENT**

Date: May 10, 2012
 Time: 1:30 p.m.
 Place: Courtroom 4, 4th Floor
 Judge: Hon. Lucy H. Koh

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1 **PRELIMINARY STATEMENT**

2 It is telling that Apple relies so aggressively on rhetoric rather than facts that it begins its
3 Motion for Partial Summary Judgment by accusing Samsung of copying features of Apple
4 products, which has nothing to do with the substance of the motion. Apple’s motion actually
5 concerns *Apple’s* copying of features invented and patented by *Samsung*, and Apple’s attempt to
6 benefit from those innovations without paying Samsung a dime. Apple’s motion includes three
7 arguments why it should get this free pass, all presented as if they are purely legal issues based on
8 undisputed facts. Far from it—Apple mischaracterizes the legal standards in a way that simply
9 covers up the myriad disputed material facts necessary to resolving these issues.

10 Apple’s argument that Samsung cannot enforce its essential patents because it did not
11 “timely” disclose them fails because there are disputed issues of fact regarding what “timely”
12 means and whether Samsung’s disclosure was “timely.” The ETSI IPR Policy deliberately
13 leaves “timely” undefined. In practice, most ETSI members do exactly what Samsung did:
14 commit to FRAND licensing for *all* of its essential patents, and then disclose specific patents after
15 the relevant technical specifications are known. The Court cannot determine whether this is
16 “timely” or “untimely” without assessing the meaning of the ETSI IPR Policy and how it is
17 understood by ETSI members—both fact questions. Apple also makes no effort to prove when
18 Samsung was actually aware that any particular patent read on any ETSI technical specification.

19 Apple’s argument that Samsung gave up the right to an injunction because it agreed to
20 FRAND licensing fails because Apple addresses none of the fact issues that the Court must
21 balance under *eBay* to rule on an injunction. Apple argues the Court should apply a *per se* rule
22 that willingness to license precludes injunctive relief; but the Supreme Court condemned that *per*
23 *se* approach as error in *eBay*. The Court cannot assess the *eBay* factors without a full trial on the
24 merits. Apple’s argument that Samsung’s FRAND undertaking creates an automatic patent
25 license under French law similarly ignores disputed fact issues—such as whether Samsung’s
26 FRAND declaration contains sufficient details regarding the duration, scope, and royalty rate of
27 the alleged license; and whether Apple accepted a license despite refusing to acknowledge
28 Samsung’s patent rights or pay royalties.

1 Apple's argument that Samsung's patent rights are exhausted by Intel's sale of baseband
2 chips ignores the critical fact issue of where the sale took place. Only sales within the United
3 States exhaust rights in a United States patent. Apple does not even attempt to prove a sale in the
4 United States, and evidence shows that the sales actually take place in Asia. There is at least a
5 dispute of fact on this issue. Similarly, there is a fact issue regarding whether the sales were
6 authorized under Intel's license agreement. That license did not automatically grant rights to the
7 subsidiaries that make and sell the chips; subsidiaries were licensed only if Intel affirmatively
8 extended the license to them. Apple has not shown that Intel ever extended rights to the
9 subsidiaries in question; at most, Apple has merely raised another fact dispute. Apple cannot
10 avoid these or the other fact issues with mere rhetoric—it will have to try these issues to a jury.

11 **STATEMENT OF FACTS**

12 **A. Samsung's Standard-Essential Patents**

13 Samsung has been a pioneer in the mobile device industry since its inception and has
14 played a leading role in the development of mobile device technology. Many of Samsung's
15 innovations have been incorporated into mobile device standards, which define protocols for
16 transmitting information wirelessly that are used by the entire industry to ensure that devices made
17 by different manufacturers can operate together within a wireless network. Samsung has been a
18 leader in developing the ideas and protocols needed to increase the efficiency, reliability, and
19 functionality of standards-based wireless networks and the features available in these networks.

20 In contrast to Samsung, Apple was a late entrant to the mobile communication device
21 market with its release of the iPhone in mid 2007. In entering this market, Apple stood on the
22 shoulders of companies like Samsung and others that have invested billions of dollars in R&D
23 expenditures in building the industry standards. But Apple made its mobile devices compliant
24 with these standards without securing licenses to the patented inventions that make those standards
25 possible. In doing so, Apple necessarily infringed and continues to infringe hundreds of
26 Samsung's standard-essential patents worldwide.

27
28

1 **B. The ETSI IPR Policy and Its Application**

2 **1. ETSI’s Policy Objectives**

3 The European Telecommunications Standards Institute (“ETSI”) is a standard setting
4 organization that was founded in 1988. ETSI has promulgated over 4,900 standards for
5 information and communications technologies, including fixed, mobile, radio, converged,
6 broadcast and internet technologies, including the UMTS standard. (Declaration of David Hecht,
7 filed concurrently (“Hecht Decl.”), Ex. A.)

8 ETSI was created to build a unified telecommunications market in Europe. (Declaration
9 of Karl Heinz Rosenbrock, filed concurrently (“Rosenbrock Decl.”), ¶ 18.) ETSI’s objective is
10 that “STANDARDS shall be based on solutions which best meet the technical objectives of the
11 European telecommunications sector.” (Hecht Decl., Ex. B1, Article 3.1.) In furtherance of this
12 objective, ETSI’s Intellectual Property Rights Policy (“ETSI IPR Policy”) “seeks a balance
13 between the needs of standardization for public use in the field of telecommunications and the
14 rights of the owners of IPRs.” (*Id.*) The ETSI IPR Policy seeks to reduce the risk that
15 investment in an industry standard could be wasted if IPR essential to that standard was not
16 available for license, while also recognizing that “IPR holders . . . should be adequately and fairly
17 rewarded for the use of their IPRs in the implementation of STANDARDS.” (*Id.*, Article 3.2.)

18 **2. FRAND Licensing**

19 ETSI balances these interests by seeking assurances that essential patents will be available
20 for license on “fair, reasonable, and non-discriminatory” (“FRAND”) terms. Section 4.1 of the
21 ETSI IPR policy provides for disclosure of essential IPR:

22 Each MEMBER shall use its reasonable endeavours to timely inform ETSI of
23 ESSENTIAL IPRs it becomes aware of. In particular, a MEMBER submitting a
24 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.

25 (Hecht Decl., Ex. B1, Article 4.1.) ETSI does not define what constitutes “timely” disclosure.
26 ETSI does, however, specify that the purpose of requesting timely disclosure is to ensure that
27 essential patents are available for license on FRAND terms:

1 The main problems for ETSI as a standards body which may arise from “late
2 disclosures” include:

- 3 • Licenses for Patents which have been disclosed late and are not available at
4 all, or,
- 5 • Licenses for Patents which have been disclosed late and which are
6 available, but not on Fair, Reasonable and Non-Discriminatory (FRAND)
7 terms, i.e. the company is unwilling to make a “FRAND”
8 undertaking/licensing declaration.

9 (Hecht Decl., Ex. C1, Article 2.)

10 When an ETSI member discloses essential IPR, ETSI then requests that the IPR holder
11 agree to license that IPR on FRAND terms to those using the relevant ETSI standard:

12 When an ESSENTIAL IPR relating to a particular STANDARD is brought to the
13 attention of ETSI, the Director-General of ETSI shall immediately request the
14 owner to give within three months an undertaking in writing that it is prepared to
15 grant irrevocable licences on fair, reasonable and non-discriminatory terms and
16 conditions

17 (Hecht Decl., Ex. B1, Article 6.1.) ETSI also encourages members to make a general FRAND
18 undertaking for all essential IPRs in advance, before those IPRs are even identified; this further
19 reduces the risk that essential IPRs are not available. (Hecht Decl., Ex. C1, Article 2.1.1.)

20 **3. The Role of Bilateral Negotiations**

21 While ETSI encourages its members to license essential IPR on FRAND terms, ETSI does
22 not involve itself with specific licensing terms. (Hecht Decl., Ex. C1, Article 4.1 (“Specific
23 licensing terms and negotiations are commercial issues between the companies and shall not be
24 addressed within ETSI.”).) Instead, ETSI encourages parties to agree on FRAND terms through
25 bilateral negotiation. ETSI’s IPR Policy FAQ, available on the ETSI web site, states:

26 It is necessary to obtain permission to use patents declared as essential to ETSI’s
27 STANDARDS. To this end, each STANDARD user should seek directly a license
28 from a patent holder.

(Hecht Decl., Ex. D, Answer 6; *see also id.*, Answers 4 and 7.)

29 The ETSI IPR Policy also does not restrict the remedies available to IPR owners if license
30 negotiations are unsuccessful. In particular, ETSI does not have any rule prohibiting injunctive
31 relief for essential patents. (Rosenbrock Decl., ¶¶ 41–45.) While some members have suggested
32 limiting the remedies available to essential IPR owners, ETSI has consistently rejected these

1 suggestions. (Rosenbrock Decl., ¶ 42.) Instead, ETSI leaves the issue of remedies in the hands
2 of the national legal systems of its members. (Hecht Decl., Ex. C1, Article 4.2.)

3 **C. Samsung's Commitments to ETSI**

4 As a member of ETSI since 1996, Samsung has contributed extensively to the
5 development of ETSI standards, including UMTS. Samsung has also repeatedly reaffirmed its
6 commitment to the ETSI IPR Policy and FRAND licensing in particular. On December 14, 1998,
7 Samsung made a general FRAND undertaking, committing to license any and all essential UMTS
8 patents on FRAND terms. The undertaking states that Samsung “is prepared to grant licenses to
9 its essential IPRs on a fair, reasonable, and non-discriminatory basis in accordance with the terms
10 and conditions set forth in Clause 6.1 of the ETSI IPR Policy.” (Hecht Decl., Ex. E.)

11 Samsung has also identified specific patents that may be essential to the UMTS standard or
12 other standards. On September 29, 2003, Samsung submitted to ETSI an IPR Information
13 Statement and Licensing Declaration listing, among other IPR, patent applications to which
14 the '001 (application no. 603,062), '867 (patent application no. 611,518), '410 (Korean patent
15 application no. P19990027407), and '604 (application no. 282,851) patents claim priority.¹
16 (Hecht Decl., Ex. F1.) Samsung submitted similar declarations for the '516 patent (application no.
17 148,181) on May 16, 2006; for the '941 patent (application no. 417,219) on August 7, 2007; and
18 the '792 patent on July 24, 2008. (Hecht Decl., Exs. F2-F4.)

19 Through these declarations, Samsung disclosed that the '001, '867, '410, '604, '516, '941,
20 and '792 patents “are, or are likely to become, Essential IPRs in relation to” the UMTS standard.
21 (Hecht Decl., Exs. F1-F4.) Each IPR information statement also included a commitment that
22 Samsung was “prepared to grant irrevocable licenses” to those patents on FRAND terms, to the
23 extent they were essential to the UMTS standard. (Hecht Decl., Exs. F1-F4.)

24 **D. The Accused Products**

25 Apple released the iPhone 3G in July 2008. (Hecht Decl., Ex. G, Apple's Responses to
26 Samsung's Fourth and Fifth Sets of Requests for Admissions (“Response to RFA”), No. 1909.)

27 _____
28 ¹ Under ETSI rules, disclosure of one patent in a patent family is sufficient notice of all
current and future members of the entire patent family. (Hecht Decl., Ex. B2, Article 4.3.)

1 Apple released other Accused Products in June 2009 (iPhone 3GS), April 2010 (iPad 3G), June
2 2010 (iPhone 4), and March 2011 (iPad 2 3G). (Hecht Decl., Ex. G, Response to RFA Nos. 1910,
3 1911, 1915, 1917.) By the time of those product releases, Samsung had long since identified the
4 standards patents-in-suit as patents that may be essential to the UMTS standard. However, Apple
5 made no effort to negotiate a license for Samsung's declared-essential UMTS patents before
6 releasing any of these products.

7 **E. Apple's Rejection of Samsung's Offer to License on FRAND Terms**

8 In July 2010, Apple accused Samsung of infringing certain patents relating to mobile
9 devices. [REDACTED] In the parties' meetings to discuss
10 these allegations, Samsung informed Apple that Apple's products infringed several patents in
11 Samsung's portfolio. (Hecht Decl., Ex. H.) Samsung informed Apple that it was prepared to
12 grant licenses to these patents. [REDACTED]

13 [REDACTED]
14 On April 15, 2011, Apple filed the present action against Samsung, firing the first salvo
15 against Samsung in its ongoing war against rival manufacturers of smart phones and tablets.
16 (ECF No. 1.) Apple has now filed numerous suits against Samsung in jurisdictions worldwide.

17 On April 27, 2011, Samsung filed suit against Apple alleging infringement of a number of
18 Samsung patents, including patents declared essential to the UMTS standard. (Hecht Decl.,
19 Ex. I.) Shortly thereafter, Apple for the first time requested FRAND license terms from
20 Samsung. (Hecht Decl., Ex. J1.) On July 25, 2011, after the parties signed a non-disclosure
21 agreement, Samsung provided Apple with proposed FRAND license terms for Samsung's
22 essential UMTS patents. (Hecht Decl., Ex. J4.) Apple rejected the offer on August 18, 2011.
23 (Hecht Decl., Ex. J5.) Apple did not make any counterproposal. (*Id.*) In subsequent
24 correspondence, Samsung repeatedly reaffirmed its commitment to FRAND and urged Apple to
25 make a counterproposal and continue negotiations; however, Apple has steadfastly refused to
26 engage in meaningful FRAND license negotiations. (Hecht Decl., Exs. J6-J11.)

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F. Samsung's Agreement with Intel

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G. The Supply Chain for Apple's Baseband Chips

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[REDACTED]

ARGUMENT

I. APPLE’S MOTION SEEKS AN ADVISORY OPINION CONCERNING DISPUTED ISSUES OF FACT

Two of the three grounds of Apple’s motion are procedurally improper because they seek an advisory opinion based on hypothetical facts. “[I]t is a rule of long standing that federal courts may not issue advisory opinions.” *In re Dumont*, 581 F.3d 1104, 1112 n.14 (9th Cir. 2009) (citing *Muskrat v. United States*, 219 U.S. 346, 352–60 (1911)).

Apple seeks partial summary judgment that Samsung’s declared-essential patents are unenforceable because Samsung allegedly failed to disclose them to ETSI in a timely manner. (Motion at 12–15.) Apple also seeks partial summary judgment that Samsung is not entitled to injunctive relief on those patents based on its FRAND commitment to ETSI. (Motion at 17–24.) Both arguments, however, depend on a disputed issue of fact: whether Samsung’s patents are, in fact, essential to the UMTS standard. ETSI’s rule requiring disclosure of patents applies only to *essential* patents: “Each MEMBER shall use its reasonable endeavours to timely inform ETSI of *ESSENTIAL* IPRs it becomes aware of.” (Hecht Decl., Ex. B1, Article 4.1 (emphasis added).) Similarly, Samsung’s FRAND commitment, by its terms, applies only to the extent the patents in question are *essential*: “The SIGNATORY and/or its AFFILIATES hereby declare that they are prepared to grant irrevocable licenses under the IPRs . . . to the extent that the IPRs remain *ESSENTIAL*.” (Hecht Decl., Ex. F1-F4 (emphasis added).) If the patents-in-suit are not essential,

1 then Samsung had no duty to disclose them to ETSI and Samsung has no obligation to license
2 them, and those portions of Apple’s motion would be moot.

3 Apple argues the patents are *not* essential. (Motion at 3.) In fact, Apple refuses to admit
4 or deny whether its products embody the patents-in-suit; whether the UMTS standard embodies
5 the patents-in-suit; or even whether its products comply with the UMTS standard. (Hecht Decl.,
6 Ex. G, Response to RFA Nos. 1853–73.) Samsung contends the standards patents-in-suit are all
7 infringed and essential. All of these are fact issues for trial. If Apple is correct that the patents
8 are not essential, then those portions of Apple’s motion are purely hypothetical. A ruling would
9 not dispose of any issues in the case; the Court cannot determine whether Samsung can enforce its
10 patents, or whether Samsung is entitled to an injunction, until the jury determines whether the
11 patents are essential. The jury in this case could find that Samsung’s patents are valid, and
12 infringed, but not essential to the UMTS standard. In that case, the issues raised by Apple’s
13 motion never need be decided. The proper course is therefore to postpone resolution of these
14 issues until the jury has determined infringement, validity, and essentiality.

15 **II. SAMSUNG HAS NOT WAIVED THE RIGHT TO ENFORCE ITS STANDARD-**
16 **ESSENTIAL PATENTS**

17 Apple argues that Samsung impliedly waived the right to enforce its declared-essential
18 patents by failing to disclose those patents to ETSI in a “timely” manner. (Motion at 12–13.) To
19 support a finding of implied waiver in the standard-setting context, Apple “must show by clear
20 and convincing evidence that [the patentee’s] conduct was so inconsistent with an intent to
21 enforce its rights as to induce a reasonable belief that such right has been relinquished.” *Hynix*
22 *Semiconductor Inc. v. Rambus Inc.*, 645 F.3d 1336, 1348 (Fed. Cir. 2011) (quoting *Qualcomm Inc.*
23 *v. Broadcom Corp.*, 548 F.3d 1004, 1020 (Fed. Cir. 2008)). Apple must show that there is no
24 dispute of material fact that (1) Samsung had a duty of disclosure to ETSI, and (2) Samsung
25 breached that duty. *See id.* Apple cannot meet its burden because determining either the scope
26 of Samsung’s duty to disclose or whether Samsung satisfied that duty requires resolution of
27 disputed factual issues that is inappropriate at summary judgment.

1 **A. The Timing of Samsung’s Disclosure Is Irrelevant Because the Patents Are**
2 **Available for License on FRAND Terms**

3 Whether Samsung complied with the ETSI IPR Policy is a disputed issue of fact. The
4 ETSI IPR Policy requires only that members use “reasonable endeavors to timely inform ETSI of
5 ESSENTIAL IPRs it becomes aware of.” (Hecht Decl., Ex. B1, Article 4.1.) The policy does
6 not define what “timely” means. However, ETSI does explicitly define the purpose of the
7 disclosure requirement: to ensure that essential IPRs are available for license on FRAND terms.
8 (Hecht Decl., Ex. C1, Article 2.) So long as FRAND licenses are available, there is no risk that
9 investment in developing the standard or standard-compliant products will be wasted. Thus, a
10 commitment to license essential IPR on FRAND terms “is sufficient when selecting technologies
11 for ETSI standards and technical specifications.” (Hecht Decl., Ex. C2, Article 4.1.)

12 Samsung committed to license all of its declared-essential UMTS patents on FRAND
13 terms—including the patents in suit—on December 14, 1998, long before the UMTS standard was
14 finalized. (Hecht Decl., Ex. E.) ETSI encourages precisely this type of general FRAND
15 commitment as a means of preventing patent hold-up. (Hecht Decl., Ex. C1, Article 2.1.1.)
16 Samsung has also repeatedly reaffirmed its commitment to FRAND licensing and tried to
17 negotiate a FRAND license with Apple specifically. Apple’s motion does *not* challenge the
18 adequacy of Samsung’s FRAND license offer. Because Samsung has made all of its declared-
19 essential patents available for license on FRAND terms, Samsung has fully satisfied the objectives
20 of the ETSI IPR Policy. The timing of when particular patents were identified that are subject to
21 that obligation is simply irrelevant. *Cf. Symbol Techs., Inc. v. Proxim Inc.*, No. Civ. 01-801-SLR,
22 2004 WL 1770290 at *8 (D. Del. July 28, 2004) (finding evidence did not support a finding that
23 plaintiff breached a duty to disclose specific patents where “members could either disclose their
24 specific patents or pledge to license on a reasonable and nondiscriminatory basis, the latter being
25 the course selected by Symbol and several other significant technology holders”).

26 **B. What Constitutes “Timely” Disclosure Is a Disputed Issue of Fact**

27 Apple argues that the ETSI IPR Policy imposed a duty on Samsung to disclose the patents-
28 in-suit to ETSI before the relevant standard was frozen. (Motion at 13.) However, the ETSI IPR

1 Policy contains no such requirement. Determining the scope of Samsung’s obligation to disclose
2 requires resolution of disputed factual issues.

3 “The existence of a disclosure duty is a legal question with factual underpinnings.”
4 *Qualcomm*, 548 F.3d at 1012. One such factual underpinning is the meaning of the relevant IPR
5 policy. *See id.* To determine the scope of any duty to disclose under the ETSI IPR Policy, the
6 Court must consider both the language of the policy and the actual practice of ETSI members.
7 *See id.*; *Netscape Commc’ns Corp. v. ValueClick, Inc.*, 684 F. Supp. 2d 699, 723 (E.D. Va. 2010).

8 As noted above, the ETSI IPR Policy requires only that a member makes “reasonable
9 endeavours” to “timely” inform ETSI of essential IPR that “it becomes aware of.” (Hecht Decl.,
10 Ex. B1, Article 4.1.) ETSI does not define any of these terms. The ETSI IPR Policy simply does
11 not identify precisely when disclosure must be made.

12 The actual practice of ETSI members, however, reveals that it is not only common to
13 disclose essential patents after a standard is frozen, it is actually the norm. Virtually all patents
14 that have been declared essential to the UMTS standard were declared *after* the relevant technical
15 specification was frozen. (Hecht Decl., Ex. N.) Apple itself has declared numerous patents
16 essential to the UMTS standard after the fact, but asserts that those disclosures were still timely.
17 (Hecht Decl., Exs. O1-O2; Hecht Decl., Ex. G, Response to RFA Nos. 1764, 1767, 1773, 1777.)

18 This practice also makes sense. Because ETSI technical specifications are subject to
19 change up until the final, complete version of a standard is published, it can be difficult to predict
20 whether a particular patent will be essential or not. This is doubly true of patent applications, the
21 claims of which can change during prosecution. Furthermore, because it is a common practice to
22 make general FRAND commitments for all essential patents, as ETSI recommends (Rosenbrock
23 Decl., ¶ 33), there is much less urgency in identifying particular patents.

24 Apple argues that disclosure must be made before the standard is adopted because the
25 ETSI IPR Policy specifies that a member submitting a technical proposal “shall, on a bona fide
26 basis, draw the attention of ETSI to any of that MEMBER’s IPR which *might* be ESSENTIAL if
27 that proposal is adopted.” (Motion at 14 (quoting ETSI IPR Policy, Article 4.1) (emphasis in
28 original).) As discussed above, Apple’s interpretation is contrary to the actual practice of ETSI

1 members, and therefore cannot be correct.² The word “might” in the sentence Apple quotes says
2 nothing about *when* disclosure should be made; it refers to the uncertainty in determining whether
3 a particular patent is or is not essential.³ Temporally, the sentence Apple quotes is still subject to
4 the general obligation (appearing immediately before that sentence) that a member “timely”
5 disclose essential IPR that “it becomes aware of.” (Hecht Decl., Ex. B1, Article 4.1.)

6 Apple also argues that the ETSI IPR Policy is more stringent than the policy the Federal
7 Circuit found binding in *Qualcomm*. (Motion at 14.) Apple’s argument is factually incorrect
8 and also misses the point of the Federal Circuit’s analysis. In *Qualcomm*, the Federal Circuit
9 found that that the IPR policy in that case (for an organization called JVT, not ETSI) required
10 members to exercise “best efforts” to disclose relevant patents, both because the written policy
11 expressly required “best efforts,” and because Broadcom had proven by clear and convincing
12 evidence that members of the organization believed there was a duty to disclose.⁴ See *Qualcomm*,
13 548 F.3d at 1014–16. That is a far stronger showing—notably, after a full trial—than Apple has
14 made here. Moreover, the Federal Circuit’s analysis emphasizes that determining whether there
15 is a duty to disclose requires a factual analysis of both the language of the specific IPR policy at
16 issue and the understanding of the members subject to it. See *Qualcomm*, 548 F.3d at 1012; see
17 also *Netscape*, 684 F. Supp. 2d at 723 (finding that summary judgment was inappropriate where
18 facts regarding the scope of the disclosure obligation were in dispute). Apple does not even
19 attempt that fact analysis here, and pointing to the result in *Qualcomm*—a case addressing a
20 different standard-setting organization with a different policy and different members—cannot take
21 the place of that analysis.

22 **C. Whether Samsung Used “Reasonable Endeavours” to “Timely” Disclose Its**
23 **Patents Is a Disputed Issue of Fact**

24 ² Tellingly, Apple submits absolutely no evidence regarding the actual practice of ETSI
25 members in support of its motion.

26 ³ This uncertainly is also reflected in ETSI’s IPR Information Statement and Licensing
27 Declaration, which includes a declaration that the signatory “believes that the IPRs *may be*
28 *considered ESSENTIAL* to the Standards listed.” (Hecht Decl., Ex. C1 at Annex 2 (emphasis
added).)

⁴ The court found that Qualcomm had breached this duty because, by its own admission, it
had made *no effort* to disclose the patents in suit. See *Qualcomm*, 548 F.3d at 1014.

1 Just as Apple has failed to prove the scope of Samsung’s duty to disclose, it has also failed
2 to show Samsung breached that duty even as Apple describes it. Apple’s only evidence on this
3 point is a chart listing, for each patent, (i) the priority date of the patent; (ii) the date Samsung
4 made a technical proposal to ETSI; (iii) what Apple calls the “freeze date” of the relevant
5 technical specification; and (iv) the date Samsung disclosed the patent or a related patent to ETSI.
6 (Motion at 15.) However, Apple offers no facts to actually link these dates together in any way
7 that is relevant under the ETSI IPR policy. There is a complete failure of proof on this point.

8 First, the ETSI IPR Policy requires only “reasonable endeavours to timely inform ETSI” of
9 essential patents. (Hecht Decl., Ex. B1, Article 4.1.) Apple argues only that Samsung’s
10 disclosure was not “timely”; it does not even attempt to show that Samsung failed to use
11 “reasonable endeavours.” Whether Samsung’s endeavours were reasonable is a question of fact.
12 Indeed, Apple admits that it has disclosed essential patents long after the relevant standard was
13 frozen, but contends that its disclosures were timely “under the relevant facts and circumstances.”
14 (Hecht Decl., Ex. G, Response to RFA Nos. 1764, 1767, 1773, 1777.) If timeliness depends on
15 the relevant fact and circumstances, summary judgment is impossible.

16 Second, the ETSI IPR Policy requires disclosure only of IPR that the member “*becomes*
17 *aware of*.” (Hecht Decl., Ex. B1, Article 4.1 (emphasis added).) Merely showing that a patent
18 existed is not enough; to show that disclosure was “untimely,” Apple would have to show *when*
19 Samsung became aware that a patent or patent application might be essential to the UMTS
20 standard. Apple does not even attempt this showing. Apple apparently wishes the Court to infer
21 that because some of the named inventors of the patents-in-suit also attended ETSI working group
22 meetings and made technical proposals, they must have known that their patents were essential.
23 Wishing does not satisfy Apple’s burden on summary judgment. Even knowledge of both the
24 pending patent application claims and the technical specification would not be enough.
25 Determining whether one reads on the other requires both a technical and a legal analysis.

26 [REDACTED]

27 [REDACTED]

28 [REDACTED]

1 [REDACTED] Without evidence that particular inventors knew both the
2 scope of Samsung's pending patent applications and that those applications covered technology in
3 development at ETSI, the Court cannot determine when there was a duty to disclose.

4 Third, Apple has failed to show that any of the technical proposals it points to actually
5 relate to Samsung's current patent claims. For three of the seven patents at issue—the '001, '941,
6 and '516 patents—Apple does not even include the referenced proposals in its moving papers. It
7 simply says there was a proposal and assumes, without proof, that the proposal related to a
8 particular patent-in-suit. (Motion at 5–9; Mueller Exs. 7, 27, 43.) For the other four patents,
9 Apple attaches a proposal, but does not connect the language of that proposal with either the
10 claims of the relevant patent application, or the relevant patent-in-suit, or the technology
11 ultimately adopted in the UMTS standard. (Motion at 5–9; Mueller Exs. 14, 20, 22–23, 35.)
12 Apple has not connected any of the dots that would show when a duty to disclose was triggered.

13 Fourth, while Apple places great importance on the dates the relevant technical
14 specifications were frozen, Apple makes no effort to prove what those dates actually were. For
15 each technical specification, Apple simply references a bare list of “freeze dates” from ETSI's
16 web site,⁵ picks one date from that list, and asserts without analysis that it was the deadline for
17 Samsung to disclose its patents—without even attempting to show what technology was actually
18 frozen on those dates. (Motion at 5–9.) Again, Apple simply puts unconnected dots on a page
19 and calls it a picture.

20 Fifth, Apple fails to address the fact that most of the patents-in-suit *did not even exist* on
21 the dates Apple identifies as “freeze dates.” With one exception and one ambiguous case,⁶ the
22 applications for those patents were filed months after the dates Apple claims were the deadlines

23 ⁵ Apple has not authenticated any of these lists, or any of the other exhibits to the Mueller
24 Declaration, much less established hearsay exceptions that would permit the Court to consider the
25 contents for their truth. Pursuant to Local Rule 7-3(a), Samsung objects to each of the exhibits to
the Declaration of Joseph J. Mueller based on Federal Rules of Evidence 901 (lack of
authentication) and 802 (hearsay).

26 ⁶ The sole exception is the '604 patent, the application for which was filed in March 1999,
27 approximately seven months before Apple's arbitrary “freeze date” for that technology of October
1999. (Hecht Decl., Ex. Q1; Motion at 7.) The ambiguous case is the '516 patent; that
28 application was filed on June 9, 2005, and Apple identifies “June 2005” as the relevant “freeze
date.” (Hecht Decl., Ex. Q6; Motion at 9.)

1 for disclosure. (Motion at 5–9; Hecht Decl., Exs. Q1-Q7.) Glossing over this flaw, Apple
2 asserts that related foreign patent applications were on file before the dates it arbitrarily chose as
3 “freeze dates.” Apparently, Apple is inviting the Court to conclude that failure to “timely”
4 disclose one patent application waives all rights to enforce any related patent, regardless of
5 whether the latter patent was timely disclosed. Apple cites no legal authority for this proposition,
6 which would be grossly unjust without, at a minimum, showing that the claim scope of the patents
7 in question was identical. Apple does not attempt this comparison.

8 **D. Holding Samsung’s Declared-Essential Patents Unenforceable Would Be**
9 **Inequitable**

10 Apple’s motion suggests that any breach of the ETSI IPR disclosure rules automatically
11 leads to a remedy of unenforceability. It does not. Implied waiver is an equitable defense. As
12 the Federal Circuit made clear in *Qualcomm*, “the remedy for waiver in the SSO context should
13 not be automatic, but should be fashioned to give a fair, just, and equitable response reflective of
14 the offending conduct.” 548 F.3d at 1026. The Court must consider, among other factors, “the
15 extent of the materiality of the withheld information and the circumstances of nondisclosure.” *Id.*

16 Here, there is a genuine dispute of material fact regarding whether holding Samsung’s
17 patents unenforceable would be equitable under all the circumstances. The alleged breach of
18 ETSI’s IPR Policy was at most a technical one that caused no harm to Apple. Samsung made a
19 general FRAND commitment for all its UMTS essential patents long before any of the relevant
20 technical specifications were frozen. This commitment eliminated the risk of patent hold-up, and
21 removed any obstacle to including Samsung’s patented technology in the UMTS standard.
22 Samsung later provided specific disclosures to ETSI of each of the standards patents at issue in
23 this case. With only one exception, Samsung disclosed every one of those patents before Apple
24 released any of the Accused Products.⁷ This is not a case, as in *Qualcomm*, where a party
25 deliberately concealed its patents from a standard-setting organization in order to extort royalties
26 to which it would not be entitled under the relevant IPR policy. Samsung has only ever sought

27 ⁷ The sole exception was the ’792 patent, which Samsung disclosed to ETSI in July 2008,
28 one month after Apple released the iPhone 3G but nearly a year before Apple released any of the
other Accused Products.

1 the FRAND compensation to which the ETSI IPR Policy says it is entitled. (Hecht Decl., Ex. B2,
2 Article 3.2.) To allow Apple to infringe Samsung’s declared-essential patents without paying any
3 compensation at all would itself be contrary to the objectives of ETSI IPR Policy and would give
4 Apple an unjustified windfall.

5 **III. SAMSUNG IS ENTITLED TO SEEK INJUNCTIVE RELIEF**

6 **A. Genuine Issues of Material Fact Preclude Summary Judgment on Whether**
7 **Injunctive Relief Is Appropriate**

8 **1. A Willingness to License Does Not Preclude Injunctive Relief**

9 Apple argues that Samsung necessarily gave up the right to injunctive relief by committing
10 to FRAND licensing. Apple contends that a willingness to license, as a matter of law, precludes
11 any finding of irreparable harm or the inadequacy of money damages, two of the four *eBay*
12 factors. (Motion at 18–20.) *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006).

13 Apple’s legal argument is frivolous—*eBay* itself rejected the exact same argument. The
14 *eBay* Court refused to apply any categorical rule for or against injunctive relief based on a
15 willingness to license:

16 [The District Court] concluded that a “plaintiff’s willingness to license its patents”
17 and “its lack of commercial activity in practicing the patents” would be sufficient to
18 establish that the patent holder would not suffer irreparable harm if an injunction
19 did not issue. But traditional equitable principles do not permit such broad
20 classifications. . . . Such patent holders may be able to satisfy the traditional four-
21 factor test, and we see no basis for categorically denying them the opportunity to do
22 so.

23 *eBay*, 547 U.S. at 393 (citation omitted). Following *eBay*, the Federal Circuit has similarly
24 rejected arguments that willingness to license precludes injunctions. *See Acumed LLC v. Stryker*
25 *Corp.*, 551 F.3d 1323, 1328 (Fed. Cir. 2008) (“A plaintiff’s past willingness to license its patent is
26 not sufficient per se to establish lack of irreparable harm if a new infringer were licensed.”);
27 *Broadcom Corp. v. Qualcomm Inc.*, 543 F.3d 683, 703–04 (Fed. Cir. 2008) (affirming permanent
28 injunction, where plaintiff had previously licensed the patents-in-suit). While willingness to
license may be a factor in the *eBay* analysis, it is only one of the many factors the Court must
consider. *See Acumed*, 551 F.3d at 1328. The Court cannot decide Samsung’s request for
injunctive relief without a full hearing and factual determinations on *all* of the *eBay* factors.

1 *Hynix Semiconductor Inc. v. Rambus Inc.*, 609 F. Supp. 2d 951 (N.D. Cal. 2009), the sole
2 case Apple cites on this issue, illustrates this approach. While the *Hynix* court did find Rambus’s
3 willingness to license its patents was a *factor* weighing against an injunction, *id.* at 985–86, it did
4 so only in the context of weighing *all* of the *eBay* factors after a full trial on the merits, *id.* at 980–
5 86. *Hynix* thus directly contradicts the *per se* approach Apple advocates here.

6 **2. Commitment to FRAND Does Not Preclude Injunctive Relief**

7 Apple also argues that FRAND licensing is unique because “[t]he purpose of the ETSI
8 FRAND policy is to prevent holders of standard-essential patents from exploiting the
9 standardization process to ‘hold up’ standards implementers or make their IPR unavailable
10 altogether.” (Motion at 19.) Apple is wrong for several reasons.

11 First, as discussed above, Apple argues the patents-in-suit are not essential at all, in which
12 case FRAND would not even apply. Apple cannot argue from one side of its mouth that it need
13 not pay a FRAND royalty because the patents are not essential, and yet argue from the other side
14 of its mouth that Samsung cannot get an injunction because the patents are essential and subject to
15 a FRAND royalty.

16 Second, ETSI’s FRAND policy does not exist solely to prevent “hold up” of standards; its
17 purpose is fundamentally to *balance* the interests of IPR owners and standard users. (Hecht
18 Decl., Ex. B1, Article 3.1; Rosenbrock Decl., ¶¶ 23–30.) Part of this balance is to ensure patent
19 owners are “adequately and fairly rewarded for the use of their IPRs.” (*Id.*, Article 3.2.) A rule
20 prohibiting injunctions would upset this balance and allow standard users to infringe essential
21 patents with impunity. Without the possibility of injunction, a standard user would be no worse
22 off after litigation than it would have been signing a license to begin with; this gives the standard
23 user every incentive to refuse a license and force litigation. Moreover, a compulsory license
24 following litigation would not contain all of the same protections as a license agreement concluded
25 through bilateral negotiations. *See Trading Techs. Int’l, Inc. v. eSpeed, Inc.*, No. 04 C 5312, 2008
26 WL 4531371 at *4 (N.D. Ill. May 22, 2008).

27 Third, if ETSI had intended to preclude injunctive relief, its IPR Policy would say so.
28 Nothing in the ETSI IPR Policy requires members to forego their right to an injunction. In fact,

1 during the development of the ETSI IPR Policy, ETSI rejected a provision that would have barred
2 members from seeking injunctive relief on essential IPR. (Rosenbrock Decl., ¶ 42.)

3 Fourth, actual practice shows that ETSI's members believe injunctive relief is available for
4 patents subject to a FRAND undertaking. Numerous ETSI members, including Qualcomm,
5 Nokia, Motorola, Ericsson, and InterDigital have sought injunctive relief on essential patents.

6 [REDACTED]
7 [REDACTED] Hecht Decl., Ex. G, Response to RFA Nos. 1782, 1784-1786.) This experience
8 shows that ETSI members do not interpret the ETSI IPR Policy, or the FRAND undertaking in
9 particular, as inconsistent with the right to seek injunctions.

10 Finally, federal district courts have consistently rejected the argument that FRAND
11 obligations preclude injunctive relief. The Eastern District of Texas granted a permanent
12 injunction where one party undisputedly agreed to offer RAND licenses to companies
13 implementing the IEEE's 802.11a standard. *See Commonwealth Scientific & Indus. Research*
14 *Org. v. Buffalo Tech. Inc.*, 492 F. Supp. 2d 600, 602-03 (E.D. Tex. 2007). Just last year, the
15 District of Delaware denied a motion to dismiss a counterclaim seeking injunctive relief in a case
16 with alleged FRAND obligations. *See Nokia Corp. v. Apple Inc.*, C.A. No. 09-791-GMS, 2011
17 WL 2160904 at *2 (D. Del. June 1, 2011). The International Trade Commission—a forum where
18 the only form of relief is a type of injunction (an exclusion order)—has consistently held that a
19 FRAND obligation does not preclude relief. *See In re Certain Semiconductor Chips*, Inv. No.
20 337-TA-753, Initial Determination (Mar. 2, 2012) and Order 55 (Oct. 6, 2011) at 3. The
21 European Commission has also stated that an ETSI member who has given a FRAND declaration
22 may obtain an injunction.⁸ (Hecht Decl., Ex. R, ¶¶ 106, 126.)

23 **B. Apple Is Not Licensed to the Patents-in-Suit**

24 Even though Apple has rejected Samsung's proposed license terms for its declared-
25 essential UMTS patents, and has refused to pay Samsung anything for the use of those patents,
26 Apple nevertheless argues that it has a license to those same patents. Apple's argument is

27 ⁸ In addition, Samsung's FRAND commitment for the '941 and '792 patents were expressly
28 conditioned on reciprocity from those who seek licenses. (Hecht Decl., Exs. F3-F4.) Apple does
not even attempt to show it satisfied this condition.

1 inconsistent with common sense, with the plain language of ETSI’s rules and guidelines, and with
2 French law, which governs those rules.

3 **1. The ETSI Rules Are Inconsistent with Apple’s Argument That a**
4 **FRAND Undertaking Automatically Creates a License**

5 Apple argues that Samsung’s FRAND undertakings to ETSI automatically create a license
6 to Samsung’s declared-essential patents. (Motion at 20.) The ETSI rules themselves plainly
7 contradict this position. Article 6.1 of the ETSI IPR Policy, which is the provision addressing
8 FRAND undertakings, does not say the undertaking is a license. It says that the IPR owner “is
9 *prepared to grant* irrevocable licenses.” (Hecht Decl., Ex. B1, Article 6.1.) “Prepared to grant”
10 means that the patent owner is *willing* to grant a license, not that one already exists. This is
11 consistent with the language of the FRAND declaration itself, which states that the signatory is
12 “*prepared to grant* irrevocable licenses.” (Hecht Decl., Ex. C1 at Annex 2 (emphasis added).)
13 The willingness to grant a license is also conditional: it applies only “to the extent that the IPRs
14 remain ESSENTIAL.” (*Id.*) Article 6.1 also provides that “[t]he above undertaking may be
15 made subject to the condition that those who seek licenses agree to reciprocate.” (Hecht Decl.,
16 Ex. B1, Article 6.1.) For Apple to transmute a willingness to grant a license, subject to certain
17 conditions, into an existing and irrevocable license is inconsistent with the plain language of the
18 policy on which it relies.

19 Other ETSI policy documents similarly reveal the fallacy of Apple’s argument. ETSI’s
20 IPR Policy FAQ and Guide on IPRs repeatedly advise standard users to seek and obtain a license
21 from essential patent holders:

- 22 • “[E]ach STANDARD user should seek directly a license from a patent
23 holder.” (Hecht Decl., Ex. D, Answer 6.)
- 24 • “[T]he concerned firm has to enter into negotiation with the companies
25 holding patents in order to obtain licenses for the use of the patented
26 technology included in, and essential for the implementation of an ETSI
27 STANDARD.” (*Id.*, Answer 7.)
- 28 • “It is the responsibility of each STANDARD user to contact directly the
patent owner. ETSI is not in a position to provide guidelines for
commercial negotiations.”(*Id.*, Answer 4.)

- 1 • “Specific licensing terms and negotiations are commercial issues between
2 the companies and shall not be addressed within ETSI.” (Hecht Decl.,
3 Ex. C1, Article 4.1.)

4 These directives would make no sense if, as Apple claims, a license already existed the moment
5 the IPR owner made a FRAND declaration.

6 **2. A FRAND Undertaking Does Not Automatically Create a License**
7 **Under French Law**

8 Apple argues that, notwithstanding the plain language of the ETSI rules, a FRAND
9 undertaking creates a “continuing offer” under French law that becomes a binding license when a
10 standard user begins to implement the standard. (Motion at 21.) As set forth in the previously-
11 filed declarations of Professor Remy Libchaber (ECF No. 405-4 (“Libchaber Decl.”); ECF
12 No. 594-1 (“Libchaber Reply Decl.”)), Apple’s arguments are based on a mischaracterization of
13 French law. An ETSI FRAND declaration does not contain sufficient terms to create a binding
14 contract under French law. There is at least a genuine dispute of fact on this issue.

15 **(a) ETSI Declarations Are Not Sufficiently Definite to Constitute an**
16 **Offer That Apple Could Have Accepted**

17 Under French law, “an offer must be specific enough for the contract to be formed by a
18 simple acceptance of the person to whom the offer is communicated.” (Libchaber Decl., ¶ 70.)
19 Samsung’s ETSI declarations contain virtually none of the terms necessary to create a patent
20 license. The declarations provide only the numbers of the patents or patent applications that “are,
21 or are likely to become,” essential and an identification of the standards to which they relate.
22 (Hecht Decl., Exs. F1-F4.) The declarations do not disclose the duration of the license, the
23 geographic scope of the license, or the applicable royalty rate; as a matter of French law, they lack
24 the requisite precision to constitute an offer. (Libchaber Decl., ¶¶ 77–81.)

25 Apple concedes that neither the ETSI policy nor the ETSI declarations specify a royalty
26 rate. Apple contends, however, that the price term need not be specified in order to form a
27 contract. (Motion at 22.) Apple’s assessment of French law is incorrect. French law treats
28 patent licenses as a type of lease. (Libchaber Decl., ¶¶ 43–51.) The *Cour de cassation*, the
highest French Court, has held that “a promise of lease can only be considered as a lease if it

1 contains an agreement of the parties on the price.” (Libchaber Decl., ¶ 49.) The two cases cited
2 by Prof. Molfessis are not to the contrary. In the first case, the *Cour de cassation* “ruled that a
3 bank had not acted abusively in determining a price when it raised the price of a safety box by
4 100%, because the other party was timely informed of that increase.” (Molfessis Decl., ¶ 37.)
5 However, in that case, the question was whether the contract would be renewed on different terms,
6 not whether the contract lacked a price term. The price for the safety box was known with
7 specificity. (Libchaber Reply Decl., ¶ 41.) Prof. Molfessis also cites another *Cour de cassation*
8 case in which the Court concluded that the reference to a lease in a notarized document was
9 sufficient to bind the signer to the terms of the referenced lease. (Molfessis Decl., ¶ 38.) The
10 Court’s decision about the sufficiency of this reference to the lease is not a ruling on whether price
11 constitutes an essential element for the formation of a lease.⁹ (Libchaber Reply Decl., ¶ 41.)

12 (b) **Apple Did Not Accept Any Offer Made by Samsung**

13 Apple’s contention that it agreed to Samsung’s alleged “offer” by practicing the UMTS
14 standard is also incorrect. Under French law, formation of a contract requires a clear acceptance
15 of the offer by the promisee.¹⁰ (Libchaber Reply Decl., ¶¶ 10–11.) This principle is consistent
16 with the ETSI rules, which direct companies to seek licenses through bilateral negotiations.
17 Indeed, this is precisely the route that Apple took in approaching Samsung for FRAND terms.
18 Apple effectively concedes that it never accepted Samsung’s proposed license terms. Nor has
19 Apple paid any royalties to Samsung for its use of Samsung’s declared-essential patents. On
20 these facts, it is preposterous to say that Apple “accepted” Samsung’s license offer.

21
22
23 ⁹ Apple’s citation to the testimony of Prof. Boucobza is likewise inapposite. Contrary to
24 Prof. Molfessis’ opinion, Prof. Boucobza concluded that the ETSI declaration itself did not
25 constitute a license. (Mueller Decl., Ex. 52 at 1716.) Prof. Boucobza distinguishes between
26 “framework agreements,” such as the ETSI IPR Policy binding all ETSI members, and
27 “implementing contracts,” which are actual license agreements established between individual
28 ETSI members. (*Id.* at 1661.) While Prof. Boucobza testified that “[t]he *framework* [ETSI]
agreement is still valid” even without a price term (*Id.* at 1661–62 (emphasis added)), that is not
relevant to the existence of an actual license agreement.

¹⁰ The case law Prof. Molfessis cites pertains to unrelated situations, such as the implied
acceptance of a transportation contract by a rider boarding a bus. (Molfessis Decl., ¶ 13.)

1 In any event, whether Apple accepted a licensing offer cannot be decided on summary
2 judgment. Whether a party has accepted an offer is an issue of fact.¹¹ See *Murphy v. Hosanna*
3 *Youth Facilities, Inc.*, 683 F. Supp. 2d 1304, 1313 (N.D. Ga. 2010). Here, Apple does not
4 concede that the patents-in-suit are essential to the UMTS standard, or that Apple is using them in
5 its products. (Motion at 3.) Accordingly, there is a question of fact as to whether, by practicing
6 the UMTS standard, Apple accepted a license to Samsung’s declared-essential patents.

7 (c) **Apple Has Failed to Demonstrate That Any License Was**
8 **Formalized as a Writing**

9 Samsung’s ETSI declarations also fail to satisfy the requirement under French law that
10 enforceable contracts must be in writing. Prof. Molfessis concedes that, under French law, “acts
11 bearing a transfer or a license . . . must be acknowledged in writing, under penalty of nullity.”
12 (Molfessis Decl., ¶ 109.) He nevertheless contends that the provision is inapplicable because this
13 particular article of the French civil code applies only where the contract is negotiated (“gré à
14 gré”), as opposed to a contract of adhesion offered on a “take it or leave it” basis. Prof. Molfessis
15 provides no legal support for his contention that the ETSI declarations are adhesion contracts.
16 Nor does he ever opine that Samsung’s ETSI declarations are preformulated boilerplate contracts,
17 the formation of which requires no judicial intervention. (Libchaber Reply Decl., ¶¶ 22–23.) To
18 the contrary, Prof. Molfessis concedes that judicial intervention would be necessary because the
19 declarations do not include a price term. (Molfessis Decl., ¶ 107.) Characterizing the ETSI
20 declarations as adhesion contracts also contradicts ETSI’s own directives that FRAND terms
21 should be decided through bilateral negotiations.

22 Prof. Molfessis’ assertion that Samsung’s declarations satisfy the writing requirement,
23 despite the absence of any corresponding writing by Apple, must also be rejected. Prof.
24 Molfessis’ contention that only Samsung’s assent to a patent license is necessary is unsupported
25 by the commentary he cites, which does not reference patent licenses at all. (Libchaber Reply
26

27 ¹¹ While the question whether Apple implicitly accepted the contract is a matter of French
28 law, the procedural issue whether acceptance is an issue of fact or law is a question of federal law.
Pritchard v. Norton, 106 U.S. 124, 129-30 (1882).

1 Decl., ¶ 25.) French law requires that both parties assent to a patent license in writing to avoid
2 the very issue in dispute here—whether or not an agreement exists at all. (*Id.*)

3 (d) **Samsung’s Declarations Were Not *Intuitu Personae* and**
4 **Therefore Do Not Constitute a License**

5 Finally, the ETSI declarations do not constitute binding agreements under French law
6 because they are not *intuitu personae*—that is, specifically directed at a particular person with
7 whom the contract will be formed. (Libchaber Decl., ¶¶ 120–33.) This requirement is consistent
8 with ETSI IPR guidelines, which state that licenses are to be negotiated on a bilateral basis. The
9 ETSI IPR Policy also supports this conclusion, as it contemplates individualized license
10 agreements by providing that members may grant licenses “subject to the condition that those who
11 seek licenses agree to reciprocate.” (Hecht Decl., Ex. B1, Article 6.1.) In other words, an ETSI
12 IPR member may customize a license offer, distinguishing between a party that owns other patents
13 and one that does not.

14 **IV. GENUINE ISSUES OF MATERIAL FACT PRECLUDE SUMMARY JUDGMENT**
15 **ON APPLE’S EXHAUSTION DEFENSE**

16 **A. The Sale of IMC Chips Did Not Exhaust Samsung’s Patent Rights Because It**
17 **Did Not Occur in the United States**

18 As the party invoking the affirmative defense of exhaustion, Apple bears the burden of
19 proving each element of the defense by a preponderance of the evidence. *See Fuji Photo Film*
20 *Co., Ltd. v. Jazz Photo Corp.*, 394 F.3d 1368, 1373 (Fed. Cir. 2005). Among other elements,
21 Apple must establish there is no genuine issue of material fact that the sales giving rise to
22 exhaustion occurred *within the United States*. *See Jazz Photo Corp. v. International Trade*
23 *Comm’n*, 264 F.3d 1094, 1105 (Fed. Cir. 2001); *see also Fuji Photo*, 394 F.3d at 1376 (“In *Jazz*,
24 therefore, this court expressly limited first sales under the exhaustion doctrine to those occurring
25 within the United States.”). “[F]oreign sales can never occur under a United States patent
26 because the United States patent system does not provide for extraterritorial effect.” *Fuji Photo*,
27 394 F.3d at 1376. Thus, “[t]he patentee’s authorization of an international first sale does not
28 affect exhaustion of that patentee’s rights in the United States.” *Id.*

1 “The location of a sale offered in support of a patent exhaustion defense presents an issue
2 of fact.” *Cornell Research Found., Inc. v. Hewlett-Packard Co.*, No. 5:01-CV-1974, 2007 WL
3 4349135 at *51 (N.D.N.Y. Jan. 31, 2007); *Minebea Co., Ltd. v. Papst*, 374 F. Supp. 2d 202, 218
4 (D.D.C. 2005). Whether a sale took place in the United States is a multi-factor analysis that
5 requires consideration of “where the relevant negotiations took place, the location where payment
6 was made and, notably, the geographical point at which delivery was taken.” *Cornell*, 2007 WL
7 4349135 at *50. The location of delivery is the most important factor, as there cannot be a sale
8 within the United States for purposes of exhaustion where delivery is made outside the United
9 States. See *Minebea Co., Ltd. v. Papst*, 444 F. Supp. 2d 68, 146 (D.D.C. 2006); *Cornell*, 2007
10 WL 4349135 at *51. This is true even if invoicing or other sales activity happened inside the
11 United States. See *id.*

12 Apple not only fails to address this essential element of its exhaustion defense, but also
13 fails to disclose evidence that Apple itself introduced in a foreign litigation that proves this
14 element is not met. [REDACTED]

15 [REDACTED]
16 [REDACTED] Because these sales do not occur in the
17 United States, they cannot exhaust United States patent rights.

18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]

24 [REDACTED] In response to requests for admission in this case, Apple said it could not
25 admit or deny whether there is ever any physical delivery of baseband chips in the United States
26 because “a response requires information that is outside Apple’s possession, custody and control.”
27 (RFAs 1961–68.) Duplicity aside, if Apple professes not to know whether there is any physical
28

1 delivery of baseband chips in the United States, it cannot possibly meet its burden of proving a
2 sale in the United States.¹²

3 **B. Apple Has Failed to Show that Intel Extended Its Rights Under the Intel**
4 **Agreement to IMC**

5 Apple’s exhaustion argument also fails because the Intel Agreement did not automatically
6 authorize sales of chips by Intel subsidiaries; [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED] *See Intel Corp. v. Broadcom Corp.*, 173 F.

13 Supp. 2d 201, 222 (D. Del. 2001). In *Intel*, the court construed an agreement that gave Motorola
14 “the right to extend the release and grants of Sections 2 and 3, respectively, to any MOTOROLA
15 SUBSIDIARY.” *Id.* at 219. The court held that provision gave Motorola “the right to extend”
16 the Intel patent licenses to its subsidiary, but “Motorola must affirmatively exercise this right.” *Id.*
17 at 221–22. In the absence of any evidence showing that Motorola affirmatively exercised the
18 right to extend the licenses to its subsidiary GI, the court granted summary judgment in favor of
19 Intel, holding that sales to GI were not covered under the licenses. *Id.* at 222–23.

20 Here, as in *Intel*, the Agreement provides Intel with the right to extend the licenses, but that
21 right is not self-executing. Only after Intel affirmatively extends the right to a particular
22 subsidiary would the subsidiary be authorized under the license. Apple has not presented any

23 ¹² Apple’s motion should also be denied because Apple has not submitted competent
24 evidence that Apple actually buys the baseband chips used in the accused products from Intel.
25 Apple relies exclusively on the conclusory declaration of Saku Hieta, which attaches four heavily
26 redacted invoices. Apple refused to make Mr. Hieta available for deposition, despite a timely
27 deposition notice by Samsung, making it impossible for Samsung to test the facts asserted by
28 Apple. Apple also refused to produce other witnesses likely to have knowledge of this issue, such
as Apple in-house counsel (and former Intel in-house counsel) Bruce Sewell. (Hecht Decl.,
Ex. S1-S2.) The Court should therefore give no weight to Mr. Hieta’s conclusory declaration. In
the alternative, pursuant to Federal Rule of Civil Procedure 56(f), the Court should delay ruling
until Samsung has the opportunity to depose Mr. Hieta and Mr. Sewell.

1 evidence that Intel extended such rights to any of its subsidiaries, including IMC or IAI. Indeed,
2 Intel could not have extended such rights to IMC because Intel did not acquire IMC until after the
3 Agreement expired.¹³ (Hecht Decl., Ex. K3, § 1.)

4 **CONCLUSION**

5 For the foregoing reasons, Apple has failed to show that there is no genuine dispute of
6 material fact and that it is entitled to judgment as a matter of law on these issues. Apple's motion
7 for partial summary judgment should therefore be denied in its entirety.

8 DATED: April 2, 2012

Respectfully submitted,

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¹³ By its terms, certain provisions of the Agreement survived termination, but Intel's right to extend the license to subsidiaries was not among those provisions. (Hecht Decl., Ex. K3, § 6.4.)