

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

MOTOROLA MOBILITY, INC.,

Plaintiff,

v.

APPLE INC.,

Defendant.

JURY TRIAL DEMANDED

Consolidated Cases

Case No. 1:10-cv-23580-RNS

Case No. 1:12-cv-20271-RNS

APPLE INC.,

Counterclaim Plaintiff

v.

MOTOROLA MOBILITY, INC., HTC CORPORATION, HTC AMERICA, INC., ONE & COMPANY DESIGN, INC., and HTC AMERICA INNOVATION INC.,

Counterclaim Defendants.

**HTC COUNTERCLAIM DEFENDANTS' REPLY MEMORANDUM
IN SUPPORT OF MOTION TO SEVER**

I. INTRODUCTION

After attempting to glom HTC onto this wide-reaching patent battle between Apple and Motorola, Apple now argues that these belated claims against HTC must be tried together with the rest of the case because of the extensive factual overlap. To do so, Apple must recast its accusations as not about the allegedly infringing sale of smartphones, but about the development and use of the Android platform, regardless how it appears in any product sold or offered for sale by HTC in the United States. If that's Apple's claim, then it brought the wrong lawsuit against the wrong defendant. HTC does not distribute Android, nor has it provided any more than, at most, *de minimis* "contributions" to Android code. Apple chose to target downstream smartphone products rather than upstream software development because it believes it can maximize its damage award by that strategy. But having made that choice, it must face the consequences: its attempt to join unrelated defendants selling different products runs afoul of the America Invents Act ("AIA") and results in a hopelessly complex case that could never be presented to a jury in any event. For these reasons the claims against HTC should be severed.

Apple's opposition gets both the law and the facts wrong. Apple relies almost entirely on *In re EMC Corp.*, 2012 U.S. App. LEXIS 9159 (Fed. Cir. May 4, 2012), but that case only addresses joinder under Federal Rule of Civil Procedure 20, not the AIA. Even so, Apple misinterprets *EMC* as having relaxed Rule 20, when in fact it did the opposite.

Factually, Apple digs for bits and pieces of overlap between the allegations against HTC and those against Motorola, while missing the big picture. And many of its factual assertions are simply wrong. For example, while Apple would have the Court believe that membership in the Open Handset Alliance ("OHA") is tantamount to entering a joint development agreement, in reality the OHA is a loose affiliation of over 80 diverse companies who have no more access to or ability to contribute to Android than any other company or member of the public.

In short, Apple’s opposition fails to show that Motorola and HTC are anything other than unrelated companies that independently manufacture, develop, sell, and market different (and competing) smartphones that allegedly have some common features. At the end of the day, the undisputed facts speak loudly in favor of severance:

- 16 of the 22 patents in this case have nothing whatsoever to do with HTC;
- Apple was involved in this litigation for over one and a half years before it asserted claims against HTC;
- None of the accused HTC products for which Apple will seek damages, or that are the target of Apple’s injunctive relief, are the same as the accused Motorola products;
- Motorola and HTC are competitors, not collaborators, in the smartphone market;
- Many of the features that appear to be targeted by Apple’s allegations relate to technology implemented by HTC independent of the common Android platform.

Therefore, HTC respectfully requests that the Court grant its motion to sever.¹

II. ARGUMENT

A. There is no overlap in the accused HTC and Motorola products.

Joinder of HTC and Motorola is improper unless claims arise out of common transactions or occurrences that relate to acts of infringement concerning “the same accused product or process.” 35 U.S.C. §299(a)(1). Apple cannot meet this requirement.

Apple’s portrayal of its allegations as simply targeting the commonly-available Android platform code is disingenuous at best. This case explicitly targets each defendant’s independent

¹ Concurrent with this reply, HTC is filing a motion to transfer the severed claims against it to the District of Delaware or, alternatively, the Northern District of California, pursuant to 28 U.S.C. §1404(a).

sales or offers to sell its competing smartphones in the United States. Those products clearly are not the same, and thus cannot support joinder under the AIA.

Given the relief that Apple seeks, it cannot recast this case as targeting the development and distribution of the Android platform. For one, that is not what HTC does. HTC designs and builds smartphones that are sold around the world, including in the United States, and Apple prays for monetary and injunctive relief based upon sales in the United States. Apple's Answer, Affirmative Defenses, and Counterclaims, Dk. 95 ("Counterclaims"), Prayer for Relief G, H. If the sales of those phones are not the target of Apple's claims against HTC (and Motorola), and Apple does not intend to seek relief based upon those sales, Apple should amend its complaint to make that clear.

Apple carefully avoids limiting its case to the *use* of common Android code for good reason: for HTC such use rarely, if ever, occurs in the United States and thus cannot be an infringing act of a U.S. patent. HTC engineers in Taiwan, not in the United States, receive the Android code. Decl. of Raymond Pao in Supp. of HTC Counterclaim Defs. Reply to Mot. to Sever ("Pao Decl."), ¶ 7. To the extent that code is modified or supplemented, some of that work is done in Taiwan, some in the United States, but that modified code is necessarily HTC's and is not common to any product that Motorola sells (or any other Android phone manufacturer). In other words, it would make no sense for Apple to sue HTC if the gist of Apple's complaint were about the distribution of common Android code; HTC's business involves *receiving* Android code and incorporating it into the phones that it designs and sells.

Apple cannot have it both ways: it cannot seek damages on the sales of distinct products designed, manufactured and sold independently by two competing companies, but then argue

that those companies must defend themselves in a common trial because some allegedly infringing software was used by both companies at an early point in the development process.

Furthermore, it is contrary to the very essence of the Android platform to argue that all Android phones should be considered the same accused product. Android is designed and intended to be customized, modified, and changed by others. *See* Opp. To HTC’s Mot. to Sever, Dk. 93 (“Opposition”), 16; Decl. of Mohammed Versi in Support of HTC’s Mot. to Sever (Dk. 83-1) (“Versi Decl.”), ¶ 9. As a result, devices that run the Android operating system can, and do, vary significantly from one another. Versi Decl., ¶ 10. In other words, Apple cannot prove that a particular HTC or Motorola device infringes a patent merely because it is an “Android” phone.² Instead, because the actual code on any particular Android device can be customized in numerous ways, Apple must undergo the “bone-crushing burden of individualized methods of proof unique to each product.” *WiLav Networks, LLC v. 3Com Corp.*, No. C10-3448, 2010 WL 3895047 at *2 (N.D. Cal. Oct. 1, 2010). In this way, use of the Android platform is much like implementing a standard in which “[d]ifferent accused devices may achieve compliance . . . through varying designs, with different tolerances, and with competing features.” *Id.*

At a finer level of granularity, for most of the accused functionality, Apple cannot meaningfully dispute that the alleged infringement targets HTC-specific functionality that is distinct from the Android operating system. Specifically:

- Regarding the ‘849 patent, Apple does not contest that the way many HTC phones lock and unlock is designed by HTC and is not dictated by Android. Versi Decl., ¶ 13; Opposition, 16.

² These facts are implicit in Apple’s opposition. Apple only identifies *one* HTC product that uses unmodified Android code, it says nothing of the other 22 accused HTC products, or the 33 similarly accused Motorola products. Dk. 95 ¶¶ 324, 330, 336, 342, 348, and 354. Apple has implicitly conceded that 22 of the 23 accused HTC phones has a modified version of Android.

- Regarding the ‘050 patent, Apple does not contest that the software used by most HTC phones to provide word recommendations is not Android code. And Apple is wrong that the third-party software HTC uses relates only to “deciding what word recommendations to suggest.” Opposition, 7. The third-party software controls aspects of the user interface. Pao Decl., ¶ 4.
- Regarding the ‘760 patent, Apple does not contest that HTC develops and deploys its own methods for managing or sending notifications about missed telephone calls when the screen is locked. Versi Decl., ¶ 14; Opposition, 7. HTC also designs and modifies user interfaces related to missed call notifications even when the phone screen is unlocked, which Apple argues is the focus of the patent. Pao Decl., ¶ 5.
- Regarding the ‘891 patent, while Apple identifies “400 lines of [Android] source code” that purportedly implement the accused Toast Class functionality, HTC does not use the Android Toast feature for the accused volume control pop-up display; it uses its own code. Pao Decl., ¶ 6.
- And as to the ‘050 patent, although Apple identifies the Maps application as common to HTC and Motorola products, the accusations are not limited to Maps but reach all “applications . . . for providing location-dependent information including phone numbers to a user.” Dk. 95 ¶ 342 (emphasis added). Again, the allegations as to HTC do not necessarily overlap with Motorola.

In sum, even focusing only on the software installed on the accused products, there is little overlap in the evidence relevant to Motorola and HTC.

B. Apple’s infringement allegations against HTC and Motorola do not arise from a common transaction or occurrence.

Even if Apple could establish that the accused products are the same—and it cannot—the “the sameness of the accused products or processes is not sufficient” to support joinder. *See EMC*, 2012 U.S. App. LEXIS 9159, at *22. Rather, joinder requires that Apple’s infringement allegations against HTC and Motorola “arise[] out of the same transaction, occurrence or series of transactions” 35 U.S.C. § 299. What Apple calls a common transaction or occurrence is, in fact, either phantom or trivial commonalities. They are not the sort of substantial overlap of relevant evidence the law requires.

1. Apple misinterprets *EMC*.

The *EMC* decision considered joinder of unrelated patent defendants in a case pre-AIA.

Accordingly, it made clear that its ruling did not purport to interpret the AIA:

[O]ur approach to the new provision [35 U.S.C. § 299] is not dictated by this case. The new statute only allows joinder of independent defendants whose acts of infringement involve the *same* accused product or process. We need not decide whether the sameness test in the new legislation is identical to the sameness test we adopt here for cases not covered by the legislation.

2012 U.S. App. LEXIS 9159 at *23 & n.4 (emphasis in original) (quotations and citations omitted). Even so, Apple misconstrues *EMC* as setting out a forgiving standard for joinder. The Federal Circuit there held that independent defendants cannot be joined in the same action unless the “allegedly infringing acts, which give rise to the individual claims of infringement . . . share an aggregate of operative facts.” 2012 U.S. App. LEXIS 9159, at *18-19. The six “pertinent factual considerations” listed in *EMC* must be evaluated within the overall framework of assessing whether “there is substantial evidentiary overlap in the facts giving rise to the cause of action against each defendant.” *Id.* at 18, 23.

Here, there is no significant overlap in the facts giving rise to Apple’s allegations against HTC and Motorola. HTC and Motorola are (1) unrelated companies that (2) develop and manufacture competing products independently and (3) are not alleged to have entered into any licensing or technology agreements related to the accused products. The other factors hardly present a “substantial evidentiary overlap” because they mostly concern trivial or peripheral issues. For example, that HTC’s and Motorola’s alleged infringement took place during the same time period is unremarkable: Android has only been available for six years so all of the more than 331 million devices around the world that use the platform have been released in a relatively short time period. And Apple’s lost profits claim actually supports severance since it doubtless will turn on defendants’ independent sales of their own products. Apple cites nothing

to support the notion that its attempt to recover lost profits from HTC will turn on evidence associated with an HTC competitor such as Motorola. And although HTC and Motorola may both obtain the Android platform from a common, publicly available, source, by the time that software is incorporated into HTC's products it is modified in significant ways directly relevant to the asserted patents. Pao Decl., ¶¶ 4-6; Versi Decl., ¶ 10-14. Therefore, even applying the *EMC* factors to the "transaction or occurrence" prong of the joinder analysis, the facts proffered by Apple do not show a substantial evidentiary overlap.

2. Membership in an industry consortium like the OHA does not support joinder.

Apple's reliance on HTC's and Motorola's membership in the OHA is particularly misleading. Membership in the OHA does not equate to joint development of Android. Indeed, only six weeks ago, to another court, Apple argued, "Android 4.0 . . . is the latest mobile operating platform *developed by Google*, and which Google makes publicly available." Decl. of Rebekah Punak in Supp. of Reply Motion to Sever ("Punak Decl."), Ex. A (emphasis added).

The OHA is an industry association comprised of over 80 diverse companies that promotes products and services that use the Android platform. Pao Decl., ¶ 9, Ex. A. Its members include companies from across the computing industry, including handset makers, personal-computer manufacturers, cellular-network carriers, GPS developers, semiconductor chipmakers, internet software companies, and application developers. *Id.* As a group, the OHA does not engage in any formal development activities related to the Android platform. Pao Decl., ¶¶ 11-14. Rather, Google, who leads the OHA, is responsible for Android product management and the engineering process for the core framework and platform. Pao Decl., ¶ 10, Exs. B-C. The OHA does not hold regular meetings, its members receive no special access to the Android

platform, and its members have no special ability to contribute to the Android platform.³ *Id.*, ¶12-14.

Courts have found that membership in this type of broad-based industry association does not support joinder. In *Body Science LLC v. Boston Scientific Corp.*, Case No. 11 C 03619, ___ F. Supp. 2d ___, 2012 WL 718495 (N.D. Ill. March 6, 2012), for example, the plaintiff argued that joinder was appropriate based, in part, on the defendant's membership in an industry organization and their purported cooperation in developing allegedly infringing protocols. *Id.* at *5. The court rejected the argument, finding:

Plaintiff [fails] to cite any case law supporting its contention that membership in an industry association may constitute the 'same transaction or occurrence.' Simply being a member of an industry organization does not indicate that Defendants have jointly designed, developed, manufactured, or sold their Accused Products.

Id. As in *Body Science*, HTC's and Motorola's mere membership in the OHA does not demonstrate that they collaborated in any way on the design, development, manufacture, or sale of accused products. *See also* Versi Decl., ¶ 7.

3. Apple's contentions about HTC's contributions to Android are misleading, at best.

Apple should know better than to suggest that HTC makes any significant contribution to Android. Only a few weeks ago Apple told a federal court in California that Google, not some consortium of companies, developed and distributes Android. Punak Decl., Exh. A. HTC does not contribute to the core Android framework. Pao Decl., ¶ 15. In fact, anyone can contribute to Android by reporting bugs, submitting patches, looking at submitted patches, and experimenting

³ Individual members of the OHA may, from time to time, partner with Google to work on developing a flagship device whose specifications are chosen to push Android in a particular direction. This type of collaboration, however, is not done through the OHA but rather is a partnership directly between Google and a device partner. Pao Decl., ¶ 17.

with new features. Pao Decl., ¶ 14 But out of over 1000 contributions to Android 4.0 by entities other than Google, HTC only contributed one. *Id.* ¶ 15. And an independent study shows that HTC was not even among the top 13 sources of contributions to Android. Punak Decl., Exh. E. The documents Apple relies on as purported evidence of HTC’s supposed “contributions” to Android support no such thing and should be stricken. Specifically, Apple relies on over 300 file listings submitted by an individual named “Vladimir Chtchetkine” as evidence of supposed HTC contributions, presumably because Apple’s search captured the letters “htc” in his name. Opposition, 12; Decl. of Michael T. Pieja in Support of Apple’s Opp. Mot. to Sever (Dk. 93-1) (“Pieja Decl.”), Exs. 31, 38. But HTC has no record of any employee named Vladimir Chtchetkine. Pao Decl., ¶ 18. Other files listings that Apple attributes to HTC were submitted by individuals apparently affiliated with Google and Texas Instruments. Pieja Decl., Ex. 38, at 4, 5; Punak Decl., Exs. F-H. Apple’s characterization of these files as having originated from HTC is inaccurate and improper. In reality, HTC’s contributions to Android are, at most, *de minimis* and hardly create the “substantial evidentiary overlap” required for joinder. *See EMC*, 2012 U.S. App. LEXIS 9159, at *18.

C. HTC has consistently opposed consolidation of district court actions involving other smartphone manufacturers.

Apple argues that by seeking severance HTC contradicts previous positions it took in the ITC. But the considerations for consolidation of administrative proceedings are very different than those that apply to consolidation for a jury trial. *See* 19 C.F.R. § 201.7(a) (permitting consolidation of ITC actions wherever necessary to “expedite the performance of [the ITC’s] functions”). Administrative investigations do not implicate possible jury confusion and associated prejudice to the defendants when multiple unrelated defendants selling different products must appear in the same trial. *See EMC*, 2012 U.S. App. LEXIS 9159, at *9 (noting

key interest of whether the individual defendants will have “a meaningful opportunity to present . . . its own defense to the jury.”). Indeed, this different standard explains why HTC *opposed* consolidation of Apple’s claims against Nokia and HTC in district court. See Punak Decl., Ex B. Apple should realize this distinction. It opposed consolidation of the Nokia and HTC investigations in the ITC, but *sought* consolidation of the parallel district court actions. *See id.*, Exs. C-D.

D. Severance will serve the interests of justice and prevent undue prejudice.

Even if there were some doubt as to whether severance was necessary under the AIA, the Court should exercise its discretion to sever HTC in the interests of justice and fairness. Apple cannot credibly dispute that HTC will suffer severe prejudice if joined with Motorola in this case. Sixteen of the patents do not relate to HTC at all—certainly causing jury confusion if HTC were required to participate in that trial. *See Philips Elecs. N.A. Corp. v. Contect Corp.*, 220 F.R.D. 415, 418 (D. Del. 2004) (noting possibility of prejudice accruing to defendant not accused of patent infringement if case were not severed). Even on the six patents asserted against both HTC and Motorola, the jury will need to sort through at least twice as many products (over 50) if the defendants are tried together. The myriad facts and circumstances of each product and the defendants’ development and sales of them will surely inure to Apple’s benefit, and to HTC’s prejudice. Nor should any jury be put through the task of sorting through so many patents and products in one trial.

III. CONCLUSION

For the foregoing reasons, the Court should grant HTC’s motion to sever.

Respectfully submitted,

Dated: June 8, 2012

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on June 8, 2012, I electronically filed the foregoing document with the clerk of Court using CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record or pro se parties identified on the below Service List, either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties who are not authorized to receive electronically Notices of Electronic Filing.

/s/ John C. Carey

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Case No. 12-cv-20271-Scola/Bandstra
United States District Court for the Southern District of Florida

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