

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN**

APPLE INC. and NEXT SOFTWARE,)	
INC. (f/k/a NeXT COMPUTER, INC.),)	
)	
Plaintiffs,)	
)	
v.)	Case No. 10-CV-662 (BBC)
)	
MOTOROLA, INC. and MOTOROLA)	
MOBILITY, INC.,)	
)	
Defendants.)	

JOINT PRELIMINARY PRETRIAL REPORT

Pursuant to Federal Rule of Civil Procedure 26(f) and this Court’s Standing Order Governing Preliminary Pretrial Conferences, counsel for Plaintiffs Apple Inc. (“Apple”) and NeXT Software, Inc. (“NeXT”) met and conferred with counsel for Defendants Motorola, Inc. (“Motorola”) and Motorola Mobility, Inc. (“Motorola Mobility”) on Wednesday, December 8, 2010 regarding a discovery plan and case schedule. Attending for Apple and NeXT were Steven Cherensky, Jill Ho, Patricia Young, and James Peterson. Attending for Motorola and Motorola Mobility were Edward DeFranco, Douglas Kochelek, and Lynn Stathas. The parties further met and conferred on Tuesday, December 14, 2010. Attending for Apple and NeXT were Jill Ho, Patricia Young, and Brian Chang. Attending for Motorola and Motorola Mobility were Edward DeFranco, Dave Nelson, Douglas Kochelek, and Lynn Stathas. The parties now submit this Joint Preliminary Pretrial Report.

I. INFORMATION REQUIRED BY THIS COURT'S STANDING ORDER

A. Nature of the Case

This is an action for patent infringement. The Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a). Apple and NeXT assert fifteen patents against Motorola and Motorola Mobility, namely U.S. Patent Nos. 5,838,315, 6,493,002, 7,479,949, 5,455,599, 5,481,721, 5,519,867, 5,566,337, 5,915,131, 5,929,852, 5,946,647, 5,969,705, 6,275,983, 6,343,263, 6,424,354, and RE 39,486. Motorola Mobility asserts six patents against Apple, namely U.S. Patent Nos. 5,311,516, 5,319,712, 5,490,230, 5,572,193, 6,175,559, and 6,359,898. The parties generally seek permanent injunctive relief as well as damages for alleged infringement. The parties have also sought declaratory relief for non-infringement, invalidity and unenforceability. Motorola's and Motorola Mobility's responses to Apple's and NeXT's counterclaims and amended complaint are not yet due.

B. Related Cases

On October 6, 2010, Motorola Mobility filed two patent infringement complaints in Cases Nos. 1:10-cv-06381 and 1:10-cv-06385 in the United States District Court for the Northern District of Illinois. On November 9, 2010, Motorola Mobility voluntarily dismissed both of these actions pursuant to Federal Rule of Civil Procedure 41(a)(1)(A)(i) and asserted the patents at issue as counterclaims in this case and related Case No. 3:10-cv-00661-bbc, discussed below.

On October 6, 2010, Motorola Mobility filed a patent infringement complaint in the United States District Court for the Southern District of Florida, Case No. 1:10-cv-23580-UU. Motorola Mobility asserts six patents against Apple. On November 18, 2010, Apple filed its answer and counterclaims, seeking declaratory relief and asserting

six of its own patents against Motorola and Motorola Mobility. Motorola's and Motorola Mobility's responses to Apple's counterclaims were filed on December 13, 2010.

On October 6, 2010, Motorola Mobility filed a complaint with the U.S. International Trade Commission ("ITC") seeking institution of an investigation, naming Apple as the proposed respondent and alleging infringement of six patents. Notice of institution of that investigation (Inv. No. 337-TA-745) was published in the Federal Register on November 8, 2010. Apple filed its response to the complaint on December 1, 2010.

On October 8, 2010, Motorola Mobility filed a complaint seeking declaratory judgment relief against Apple and NeXT in the United States District Court for the District of Delaware, Case No. 1:10-cv-00867-GMS. Motorola Mobility seeks declaratory relief of non-infringement and invalidity of U.S. Patent Nos. 5,455,599, 5,481,721, 5,519,867, 5,566,337, 5,915,131, 5,929,852, 5,946,647, 5,969,705, 6,275,983, 6,343,263, 6,424,354, and RE 39,486; these twelve patents are also at issue in this action. On December 2, 2010 Apple and NeXT filed a motion to dismiss or, in the alternative, to transfer that case to the Western District of Wisconsin. That motion is currently pending.

On October 29, 2010, Apple filed a complaint with the ITC seeking institution of an investigation, naming Motorola and Motorola Mobility as the proposed respondents and alleging infringement of three patents. Notice of institution of that investigation (Inv. No. 337-TA-750) was published in the Federal Register on November 30, 2010.

Motorola's and Motorola Mobility's responses to the complaint are due on December 15, 2010.

On October 29, 2010, Apple filed the instant case and a second patent infringement action in the United States District Court for the Western District of Wisconsin, Case No. 3:10-cv-00661-bbc. In the latter, Apple asserts the three patents at issue in Inv. No. 337-TA-750. Motorola Mobility has counterclaimed to assert the six patents at issue in Inv. No. 337-TA-745. That case is stayed pending the resolution of the concurrent ITC investigations pursuant to 28 U.S.C. § 1659(a) and this Court's order of December 2, 2010.

C. Factual and Legal Issues to be Resolved at Trial

- (a) The proper construction of the claims of the patents asserted by the parties;
- (b) Whether any of the patents asserted by Apple and/or NeXT are infringed by any of Motorola's or Motorola Mobility's products;
- (c) Whether any of the patents asserted by Motorola Mobility are infringed by any of Apple's products;
- (d) Whether any of the patents asserted by Motorola Mobility are essential to any standards;
- (e) If one or more patents asserted by Motorola Mobility are essential to any standard(s), whether any of the accused Apple products practice the relevant standard(s);
- (f) Whether Motorola or Motorola Mobility have complied with any alleged obligations in connection with their activities in standards-setting and related organizations in connection with the asserted patents alleged to be essential to any standards, including

without limitation any disclosure obligations and any obligation to offer a license to Apple on fair, reasonable, and non-discriminatory (“FRAND”) basis;

- (g) Whether any of the asserted patents are invalid or unenforceable;
- (h) Whether any injunction(s) should issue;
- (i) If one or more of the asserted patents are infringed (and not invalid or unenforceable), what damages and/or other relief would be appropriate;
- (j) If one or more of the asserted patents are infringed, whether such infringement was willful and deliberate;
- (k) If any infringement of the asserted patents was willful and deliberate, whether increased damages should be awarded;
- (l) Whether either party is entitled to attorney’s fees under 35 U.S.C. § 285 or costs.

D. Descriptions of Any Pleading Amendments

The parties have included in their proposed Case Schedule a deadline for amendments to the pleadings. Motorola’s and Motorola Mobility’s responses to the amended complaint are due on December 20, 2010. Depending on whether different or additional patents are asserted by any party, other parties may amend their responses accordingly.

E. Identity of Any New Parties

The parties have included in their proposed Case Schedule a deadline for adding additional parties. Neither party is currently aware of any additional necessary parties. However, the parties require discovery to identify whether all the appropriate parties are part of this action.

F. Estimated Length of Time Required for Trial

The parties expect that the trial can be completed in two to four weeks. Apple's position is that to minimize jury confusion and best employ Court and party resources, it may be beneficial to stage the trial rather than submit all issues of infringement, invalidity, unenforceability, and related affirmative defenses on all 21 patents currently at issue to the jury in one bundle. Even if fewer than 21 patents remain at issue, Apple and NeXT believe that staging the trial may remain the best approach to minimize jury confusion given the wide ranging technology and complexity of the legal and factual issues, and may facility a more efficient resolution of the parties' disputes. Additionally, as discussed below, early disposition of certain of Apple's equitable defenses would streamline the proceedings by potentially eliminating the need to try any of the issues with respect to many of Motorola Mobility's asserted patents.

Motorola's position is the additional twelve patents that Apple has asserted should be litigated in Delaware, the jurisdiction in which Motorola filed an earlier declaratory judgment action, and that as a result Apple's proposed staging is unnecessary. If the Court is inclined to consider some form of staging, Motorola submits that the issue should be discussed later in the case after the parties and the Court have had time to more fully evaluate the scope of the issues in the case.

G. Other Matters Affecting the Just, Speedy and Inexpensive Disposition of this Case

The parties disagree on matters affecting the just, speedy and inexpensive disposition of this case:

1. **Apple's and NeXT's Position**

Motorola argues that the twelve patents from Apple's amended complaint that are also at issue in Delaware should be litigated in that forum, but does not dispute that the parties have mutually agreed to submit to this Court's jurisdiction or that efficiency would be better served by reducing the number of concurrent litigations. Indeed, as discussed above, a motion to dismiss or, in the alternative, to transfer is currently pending in the Delaware litigation. Specifically, Apple and NeXT moved to dismiss Motorola Mobility's Delaware declaratory judgment complaint on the basis of improper venue or, in the alternative to dismiss or transfer Motorola Mobility's declaratory judgment claims to the Western District of Wisconsin for the convenience of the parties. As described above, Motorola introduced unnecessary complexity into this multi-jurisdictional dispute between the parties by simultaneously filing suit in Illinois, Florida, Delaware, and the ITC. Because venue is improper in Delaware, Apple expects that the Delaware action will be dismissed or transferred to this District. Eliminating the duplicative litigation in the District of Delaware would be a more efficient allocation of resources for the parties and the judicial system. For example, many, if not all of the Motorola Mobility products that would be the subject of Motorola Mobility's declaratory judgment action in Delaware will be accused products in this action regardless of whether the Apple and NeXT declaratory judgment patents are litigated here or in Delaware.

There may be other issues, such as Apple's defense based on the doctrines of equitable estoppel and/or unclean hands, that could lead to the efficient disposition of the case if addressed early in the proceedings. Specifically, Apple believes many of Motorola's infringement claims are barred because of (1) Motorola's failures to identify

(or timely identify) its intellectual property rights that may be essential to certain industry standards, (*e.g.*, GSM/WCDMA, UMTS/3GPP, GPRS, or EDGE), to various standards setting organizations, including but not limited to ETSI and IEEE and (2) Motorola's refusal to license such patents to Apple on fair, reasonable, and non-discriminatory ("FRAND") or reasonable and non-discriminatory ("RAND") terms. Early resolution of this issue would obviate the need for further resources to be expended on at least three of Motorola's Patents-in-Suit, U.S. Patent Nos. 6,175,559, 6,359,898, and 5,490,230.

2. **Motorola's and Motorola Mobility's Position**

The determination of the proper forum for the twelve patents added to this action by the Plaintiffs' amended complaint of December 3, 2010 is likely to significantly affect the just, speedy and inexpensive disposition of this case. Specifically, Motorola and Motorola Mobility believe that Delaware is the proper forum for these patents because they were first implicated in Motorola Mobility's complaint filed there on October 8, 2010. Apple and NeXT have already asserted these patents in other actions pending before the United States District Court for the District of Delaware in Cases Nos. 1:10-cv-00166 and 1:10-cv-00167. The other cases, as well as Motorola's declaratory judgment complaint against Apple and NeXT, are all pending before the same Judge in Delaware (Judge Sleet). Motorola respectfully submits that it would be inefficient to have competing actions on the same patents pending before Judges in two different districts. Apple and NeXT are already litigating the same patents before Judge Sleet, as a result of their choice to file actions involving these patents in Delaware. Allowing duplicative litigation to proceed in this Court is the most inefficient result. The resolution of the issue will substantially reduce the scope of discovery and the need for a

lengthy and complex trial if Apple’s motion to transfer is denied or this Court grants Motorola’s motion to dismiss. Accordingly, in addition to opposing Apple’s motion to dismiss or transfer in Delaware, Motorola plans to shortly file in this Court a motion to dismiss the additional 12 patents added by Apple in its Amended Complaint.

With respect to the other issues Apple suggests could be addressed early in the proceedings, as the Court is well aware those issues are typical of the defenses raises in patent cases such as this, and discovery and resolution of those defenses should occur on the same timeline as the other issues in the case.

II. PROPOSED DISCOVERY PLAN PURSUANT TO FED. R. CIV. P. 26

A. Discovery Schedule

The parties propose the following pretrial schedule:

Event	Dates proposed by Apple and NeXT	Dates proposed by Motorola and Motorola Mobility
Filing	October 29, 2010	
Preliminary Pretrial Conference	December 17, 2010	
Deadline for Initial Disclosures Pursuant to Rule 26(a)(1)	January 7, 2011	
Deadline to Amend Pleadings	January 28, 2011	
Deadline to Add Additional Parties	January 28, 2011	
Deadline for Parties to Submit Joint Proposed Protective Order	January 28, 2011	
Deadline to Disclose Initial Infringement Contentions and Asserted Claims	March 25, 2011	
Deadline to Disclose Initial Invalidity and Unenforceability Contentions	May 6, 2011	
Deadline to Exchange List of Claim Terms and Proposed Constructions	May 27, 2011	

Event	Dates proposed by Apple and NeXT	Dates proposed by Motorola and Motorola Mobility
Deadline to File Opening Claim Construction Brief (Simultaneous briefs by all parties)	July 1, 2011	
Deadline to File Responsive Claim Construction Brief (Simultaneous briefs by all parties)	August 5, 2011	
Claim Construction Hearing (if granted)	September 30, 2011	
Deadline to File Opening Expert Reports (Liability or Liability and Damages)	December 16, 2011 (Liability)	December 9, 2011 (Liability and Damages)
Deadline to File Rebuttal Expert Reports (Liability or Liability and Damages)	February 3, 2012 (Liability)	January 20, 2012 (Liability and Damages)
Deadline to File Motions for Summary Judgment	March 9, 2012	February 24, 2012
Deadline to File Opening Expert Reports (Damages)	May 18, 2012 (Damages)	n/a (See above)
Deadline to File Rebuttal Expert Reports (Damages)	June 29, 2012 (Damages)	n/a (See above)
End of Discovery	July 20, 2012	March 9, 2012
Deadline for all Rule 26 Disclosures	August 10, 2012	March 16, 2012
<i>In limine</i> motions filed and served	August 10, 2012	March 16, 2012
Deadline for all Rule 26 Objections	August 17, 2012	March 30, 2012
Oppositions to <i>in limine</i> motions filed and served	August 17, 2012	March 30, 2012
Final pre-trial conference	August 30, 2012	April 16, 2012
Trial	September 10, 2012	April 23, 2012

1. **Apple's and NeXT's Position**

Although the parties agree on the deadlines leading up to the claim construction hearing, Apple's and NeXT's proposed pretrial schedule is more reasonable because it allows sufficient time for claim construction of a large number of patents and claims and sufficient time for the Court to issue a claim construction order, and for the parties to incorporate the results of that order in their opening expert reports on liability issues. Likewise, given the number of patents at issue, only Apple's and NeXT's proposed schedule allows sufficient time for the Court to consider and rule on motions for summary judgment before trial.

Given the number of asserted patents and accused products as well as the complexity of the technology at issue, a trial date in September 2012 rather than April 2012 would be beneficial to the Court and the parties by allowing adequate time to fully develop and consider the issues raised. A September 2012 trial date would also provide the parties adequate time to conduct discovery on the key issues. The expedited schedule proposed by Motorola and Motorola Mobility cannot be squared with the number of depositions they propose.

With respect to expert reports, Apple and NeXT believe that expert reports regarding liability issues should be filed prior to motions for summary judgment, while expert reports regarding damages should be filed after the summary judgment stage. Such scheduling is not only a common practice in this district, but makes particular sense in this case given the number of patents asserted and the complexity of the issues spanning numerous wide-ranging technological fields. Separately dealing with expert reports on liability and damages will help streamline the litigation schedule and enhance

efficiency, particularly if the Court's rulings on summary judgment reduce the number of patents at issue. Indeed, this is likely, given the equitable defenses Apple and NeXT have pleaded, as described above. Regardless, the parties' expert reports on liability and the Court's summary judgment rulings will likely clarify and refine the issues that need to be addressed in the damages reports.

2. **Motorola's and Motorola Mobility's Position**

Motorola's position is that regardless of the number of patents ultimately at issue in the case, its proposal that trial take place in April 2012 is much in keeping with this Court's practice for the length of time to trial. With respect to expert reports, Motorola is not strongly opposed to separating liability and damages reports, particularly if the Court is inclined to do so. However, under Apple's proposed schedule, the separation of liability and damages reports results in a trial date that is unnecessarily delayed. Also, Apple's proposal places a burden on the Court to rule on liability summary judgment motions in advance of the damages expert report phase, based on a presumption that the Court's rulings may simplify the damages issues in the case. Given Apple's view of the scope of this case, that burden is not insignificant.

B. **Other Items**

1. **Protective Order**

The parties will submit to the Court a proposed Protective Order governing the production and use of confidential information to be produced.

a. **Discovery Limits**

The parties agree that deposition discovery shall be governed by the Federal Rules of Civil Procedure, with the exceptions that:

(1) there shall be a total of 30 interrogatories permitted per side;

(2) As described in detail below, the parties do not agree on the number of depositions that should be allowed. Apple and NeXT believe there should be a total of 40 depositions permitted per side, excluding 30(b)(6) testimony and depositions of expert witnesses. Motorola and Motorola Mobility believe there should be a total of 20 depositions permitted per side, but 30(b)(6) testimony and depositions of expert witnesses, inventors named on the face of any asserted patent, and one prosecuting attorney per patent should not count toward this limit.

The parties agree that the seven-hour limit set forth in the Federal Rules shall be the presumptive limit, although the parties agree to make reasonable accommodations for additional time, as necessary. With regard to Rule 30(b)(6) depositions, the parties agree that each side shall be limited to 50 hours total of 30(b)(6) testimony. The parties agree to use all reasonable efforts to coordinate the scheduling of the 30(b)(6) depositions to coincide with depositions taken of individuals in their personal capacity, to minimize inconveniencing the witnesses. In addition, the parties shall meet and confer in good faith regarding the number and scope of 30(b)(6) topics in order to minimize any undue burden;

(3) there shall be a total of 200 requests for production permitted per side;

(4) there shall be a total of 100 requests for admission permitted per side, excluding requests for admission that are solely for purposes of authenticating documents.

Notwithstanding this agreement, either party can seek leave of court to exceed these agreed upon limits for good cause shown.

1. **Apple's and NeXT's Position**

Apple and NeXT believe that the parties should be allowed a fixed number of fact depositions and that the parties should work within that limit as they see fit. Inventor depositions and prosecutor depositions should not be treated any differently than other individual fact witnesses. Under Motorola's and Motorola Mobility's proposal which does not count such depositions, however, Motorola and Motorola Mobility would be allowed to take 60 depositions more than Apple and NeXT.

2. **Motorola's and Motorola Mobility's Position**

Motorola's goal is not to have more depositions than Apple. However, given Apple's view of the potential magnitude of this case, its proposal on the number of depositions is not realistic. By way of example, one Apple patent lists twenty-five inventors. Motorola's certainly does not plan to take the deposition of every inventor, but it is unreasonable for Apple to attempt to litigate fifteen of its patents here and then set arbitrary limits on deposition discovery that impact Motorola's ability to lodge a full and fair defense. Moreover, it is unreasonable to require Motorola to guess which inventors Apple intends to bring to trial.

b. **Expert Discovery**

The parties agree that, consistent with the 2010 amendments to Federal Rule of Civil Procedure 26, communications with experts and drafts of expert reports are not discoverable. The parties further agree that materials relied upon by experts in forming opinions expressed in final expert reports shall be discoverable.

c. Electronic Service

The parties hereby consent in writing that service by electronic means shall be allowed as set forth in Federal Rule of Civil Procedure 5(b)(2)(E) and that such service shall be deemed complete upon transmission, provided that the sender does not receive any indication that such electronic transmission was unsuccessful. The parties agree that a document is deemed served on a particular day if sent by midnight CT on that calendar day; otherwise it is deemed served on the next calendar day. The parties will meet and confer regarding service lists.

d. Document Production

The parties agree to produce all documents electronically and are conferring regarding the logistics to ensure that such production occurs in a mutually-agreeable format. The parties further agree that production of any electronic source code will be done by making such source code available for inspection in a mutually agreeable manner. The parties will meet and confer regarding specific procedures to allow counsel and expert consultants access to such source code.

Dated: December 14, 2010

Respectfully Submitted,

/s/ Jill J. Ho

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CERTIFICATE OF SERVICE

I hereby certify that on December 14, 2010, I caused the foregoing document to be electronically filed with the Clerk of Court using the ECF system, which will make this document available to all counsel of record for viewing and downloading from the ECF system.

/s/ Jill J. Ho

Jill J. Ho