IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT DELAWARE

ARENDI S.A.R.L.,	)	
	)	
Plaintiff,	)	C.A. No. 13-919-JLH
	)	
v.	)	**JURY TRIAL DEMANDED**
	)	
GOOGLE LLC,	)	**PUBLIC VERSION**
	)	
Defendant.	)	

LETTER TO THE HONORABLE JENNIFER L. HALL FROM DAVID E. MOORE
REGARDING LICENSED SAMSUNG PRODUCTS

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Dear Judge Hall:

Per the Court's instructions, the parties have discussed how the issue of potentially-licensed Accused Apps should be handled at trial and have not come to agreement. Google respectfully requests that the Court decide ***before*** trial (rather than during or after) whether the Accused Apps installed on Samsung devices are licensed under Arendi's existing license to Samsung ("Samsung Agreement"). These Samsung-device apps make up a significant portion—about [redacted]—of the total installations upon which Arendi's expert, Mr. Weinstein, bases his damages calculation. Yet the Samsung Agreement is unambiguous: those apps are licensed and thus must be excluded from any damages. Waiting until the JMOL or post-trial stage to decide as a matter of law whether the Samsung-device apps are licensed would allow the jury to hear an incorrect, overstated damages figure that will significantly prejudice Google. It would also require Google to address alternative damages theories by Mr. Weinstein (depending on whether the Samsung-device apps are licensed), which would confuse the jury and may even require them to return hypothetical verdicts. Such prejudice and confusion risks undermining any damages verdict and requiring a new trial.

At the very least, Google respectfully asks that the Court clarify what evidence and arguments regarding the Agreement the parties may present to the jury by deciding as a matter of law whether or not the Agreement is ambiguous. That ruling will determine whether the jury can be asked to interpret the contract based on extrinsic evidence about Arendi's and Samsung's intent, as well as what jury instructions and verdict form are appropriate.

I. Google Will Be Seriously Prejudiced If Arendi Is Allowed to Present Inflated Damages Numbers to the Jury

At the pretrial conference, the Court stated that it would not decide before trial whether, as a matter of law, any product was licensed, preferring to address that issue after trial. Ex. 1 at 7:1–9. Google respectfully requests the Court to reconsider the timing of that determination to avoid unnecessary prejudice, jury confusion, and wasted trial time.

Without a pretrial ruling, Arendi will present a damages argument that Google believes is contrary to the Samsung Agreement and will introduce evidence that may turn out to be irrelevant and highly prejudicial. Mr. Weinstein opines that Arendi is owed approximately [redacted] as a reasonable royalty for installations of Accused Apps, including those installed on Samsung devices. D.I. 420, Ex. 1 at 6. Eliminating the Samsung-device apps reduces Mr. Weinstein's damages number by [redacted]. *Id.*, at Ex. 5. If the Court ultimately determines that the Samsung-device apps are licensed and/or that Arendi's claims based on the Samsung devices have been released, then Mr. Weinstein's opinion as to the [redacted] is ***irrelevant*** and untethered from any actual damages. *See TC Tech. LLC v. Sprint Corp.*, 2019 WL 5295232, at *2 (D. Del. Oct. 18, 2019) (excluding damages theory as irrelevant where it was based on technology no longer at issue). Furthermore, presenting this inflated damages number to the jury will be highly prejudicial—giving Arendi an "anchor number" nearly double that which would apply if the Court later decides the Samsung-device apps were licensed. *See Stewart v. GEICO Insurance*, 2020 WL 6020578, at *1 (W.D. Pa. Oct. 11, 2020); *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1320 (Fed. Cir. 2011) (approving a new damages trial where plaintiff improperly relied on an inflated revenue number, and the "$19 billion cat was never put back into the bag" even by a limiting instruction).

Delaying resolution of this issue will also needlessly complicate trial and waste limited trial time. If the coverage of the Samsung Agreement is not determined until ***after*** trial, then Google will need to address and explain two alternative damage scenarios under Arendi's theory: one assuming that the Samsung Agreement does cover a portion of the Accused Apps and the other assuming it does not. Delaying the issue also invites the parties to present background context and extrinsic evidence that will be irrelevant if the Court later finds the Agreement unambiguous. Proceeding with trial in this way presents a substantial likelihood of confusing the jury. *See TC Tech.*, 2019 WL 5295232 at *2 (excluding damages theory premised on technology no longer in case, as the theory would "require background and create dispute about collateral issues," which would "confuse the issues, mislead the jury, and use up extremely limited trial time.").

II. The Samsung Agreement Unambiguously Forecloses Arendi's Claim for Damages

Despite coming to opposite conclusions, both parties believe that the Samsung Agreement is unambiguous, *see* D.I. 420 (Google); Ex. 1 at 6:9–11 (Arendi), so the Court can decide the scope of the Agreement without further evidence. "Construction of an unambiguous contract is a matter of law, and the intention of the parties may be gathered from the four corners of the instrument and should be enforced according to its terms." *Beal Sav. Bank v. Sommer*, 865 N.E.2d 1210, 1213–14 (N.Y. 2007).[1] Where a contract is unambiguous, extrinsic evidence is inadmissible and may not be considered. *S. Road Assocs., LLC v. IBM Corp.*, 826 N.E.2d 806, 809 (N.Y. 2005).

The Samsung Agreement grants to Samsung a license under the '843 Patent "to make, have made, import, use, sell, offer for sale, or otherwise dispose of or exploit any Licensed Product." D.I. 420, Ex. 3 § 2.1. Licensed Products are defined as "any past, present, or future product (including hardware and software and any service relating thereto) that is made, used, sold offered for sale by or for" Samsung and its affiliates. *Id.* § 1.6. Therefore, Licensed Products include all Samsung devices upon which Accused Apps are installed plus the Android operating system, which is pre-installed on each device. Arendi does not dispute these points. D.I. 426. Its only argument is that the Samsung Agreement does not cover "after-market downloads" of the Accused Apps to Samsung devices. *Id.* Arendi is wrong for three reasons.

First, the Samsung Agreement contains a broad release that encompasses Arendi's claims against Google regarding the Samsung-device apps: Arendi "hereby irrevocably releases and forever discharges [Samsung] and its Affiliates . . . together with their ***suppliers***, distributors, wholesalers, resellers, retailers, and customers from ***any or all claims in connection with any Licensed Product*** . . . ." The release thus applies to a claim if two conditions are met: 1) the claim is against Samsung, an Affiliate, or a party with one of the identified relationships to Samsung or an Affiliate, and 2) the claim at issue is in connection with a Licensed Product. Both conditions are met in this case. Google is a supplier to Samsung, as Google supplies Android OS, which is installed on numerous Samsung devices.[2] And Arendi's claims in this action against the Samsung-device apps are "in connection with" Licensed Products, as Arendi claims infringement by apps downloaded to and used on Samsung devices, which are Licensed Products. Additionally, the Samsung-device apps

[1] The Samsung Agreement is governed by New York law. D.I. 420, Ex. 3 § 8.5.

[2] Although Arendi argues that Google does not fulfill a "supplier" role for after-market apps, D.I. 426 at 4, the release is not so limited. The release does not specify that a beneficiary of the release must be a supplier of the particular instrumentality accused of infringement. D.I. 431 at 2.

interoperate with Android OS, another Licensed Product. Thus, Arendi's infringement claims against the Accused Apps that are download onto a Licensed Product and rely on another Licensed Product to function are clearly "in connection with" a Licensed Product. The Agreement releases Google, as a supplier, from all Arendi claims involving the Samsung-device apps.

Second, the purportedly infringing use of the Accused Apps is licensed. The Agreement provides that Samsung and its "customers" may "use any Licensed Product" "under the Licensed Patents." D.I. 420, Ex. 3 § 2.1. Each of Arendi's infringement theories requires a customer to "use" a Samsung device—a "Licensed Product." Infringement of the asserted method claims requires an end user of a Samsung device—a Samsung "customer"—to "use" her device to perform each claimed step. Similarly, infringement of the computer-readable-medium claims requires an end user to use her Samsung device to install an Accused App on that device. In the context of purported infringement related to Samsung devices, those devices are Licensed Products whose "use" is licensed. *Id.* § 2.1. Because customers' use is licensed, there can be no direct or secondary infringement involving licensed Samsung devices.

Third, even aside from the Agreement's explicit release and license, Arendi's claim to damages for Samsung-device apps also fails as a matter of law because its infringement allegations rely on Licensed Products—Samsung hardware and preinstalled Android OS, both of which are necessary to practice each asserted claim. Samsung hardware is required at least to perform the document "display" limitation of method claims 1 and 8; and Samsung hardware is the recited "computer readable medium" of the computer-readable-medium claims 23 and 30. Arendi's only response is that the Accused Apps do not include Samsung hardware. D.I. 426 at 5. But this response ignores that Arendi's accusations regarding the Accused Apps include functionality of Android OS, which is part of a "Licensed Product." D.I. 431 at 1–2. Arendi may not claim infringement based on licensed products. *See Oyster Optics, LLC v. Alcatel-Lucent USA, Inc.*, 816 F. App'x 438, 445–46 (Fed. Cir. 2020); *Quanta Comp., Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 628–30 (2008).

III. The Court Should at Least Decide Whether or Not the Agreement Is Ambiguous

Alternatively, if the Court believes the Samsung Agreement is ambiguous, a pretrial decision to that effect is needed for clarification of the trial issues. "Determining whether a contract is ambiguous 'is an issue of law for the courts to decide.'" *Donohue v. Cuomo*, 184 N.E.3d 860, 867 (N.Y. 2022).[3] Here, that determination is necessary for the parties to determine what evidence and arguments to present, and what jury instructions and verdict form to propose.

Absent a Court ruling resolving the scope of the Samsung Agreement, Google believes there are currently two diverging implications for trial: (1) if the Agreement is unambiguous, the jury should be told that the Court (not the jury) will be deciding later on whether or not the Samsung-device apps are licensed; or (2) on the other hand, if the Agreement is ambiguous, the jury could be asked to consider extrinsic evidence to resolve the ambiguity. The Court should at least decide the threshold question of whether the Samsung Agreement is ambiguous, to clarify whether and how Google will be allowed to argue to the jury that the Samsung-device apps are covered by it.

[3] To the extent Arendi reserves any argument in the alternative that the Agreement is ambiguous, *see* D.I. 456 at 5, the Court cannot let the ***parties*** decide whether or not the Agreement is ambiguous, as it may have indicated at the pretrial conference, *see* Ex. 1 at 7:10–13.

Respectfully,

/s/ *David E. Moore*

David E. Moore

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Enclosure
cc: Clerk of the Court (via hand delivery)
Counsel of Record (via electronic mail)