

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SAMSUNG ELECTRONICS CO. LTD., SAMSUNG ELECTRONICS
AMERICA, INC., AND APPLE, INC.,
Petitioner,

v.

NEONODE SMARTPHONE LLC,
Patent Owner.

Case IPR2021-00144
Patent 8,095,879

EXHIBIT 2026
DECLARATION OF PER BYSTEDT

Neonode Smartphone LLC, Exhibit 2026
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IPR2021-00144, Samsung Elecs. Co. Ltd. et al. v. Neonode Smartphone LLC

B3

1. I, Per Bystedt, declare as follows:
2. I am over 18 years of age and, if I am called upon to do so, I would be competent to do testify as to the matters set forth herein.
3. In 2002, I became aware of an innovative mobile phone called the N1 developed by a company called Neonode. Neonode's N1 had become famous in Stockholm following its demonstration at the CeBit trade show in Germany in the Spring of 2002. I saw numerous articles about the N1 phone, its novel almost button-less design, and particularly its gesture-based touch screen user interface, on the Internet, in Swedish and international magazines, and in the business press such as Dagens Industri (The Swedish equivalent to The Wall Street Journal) and in the biggest Swedish newspapers. In the Stockholm tech and startup business community at that time, Neonode's N1 was the talk of the town.
4. I knew Neonode was trying to raise money to bring its N1 phone to market, and I knew Marcus Bäcklund, who was also investigating an investment in Neonode. I began meeting with Thomas Ericsson, and Magnus Goertz in early 2004 to discuss an investment in Neonode. They demonstrated a fully-functional N1 phone in our initial meetings, including the user interface with swiping gestures to activate functions and to transition to the start menu screen. I was very excited about the N1 phone because I thought the gesture-based user interface was disruptive: every other mobile phone manufacturer at that time used external

keyboards and buttons to navigate the user interface on their high-end models, and I thought that the N1's gesture-based user interface was the future of mobile handsets.

5. A central part of Neonode's "elevator pitch" for investment in the company at that time was their original conception of a gesture-based user interface that was so simple and intuitive to use that a user could ride a bicycle and navigate the phone with one hand and without having to look at the screen. They told me that after they had conceived of the gesture-based user interface, i.e., an interface that enabled the user to activate functions and transition from one screen to another (such as to the start menu screen) using swiping gestures, they found that then-existing resistive and capacitive touch screen technology did not provide the performance necessary to implement the user interface. So Magnus invented a new technology that they called zForce, which provided the performance they required to implement their gesture-based touch screen interface. Both the user interface and the later-developed zForce touchscreen technology were the subject of pending patent applications, which my father, retired CEO of Electrolux and an engineer, reviewed as part of our due diligence.

6. I thought that the gesture-based user interface of the N1 was surprisingly intuitive and easy to use. I tested the phone with novice users, younger and older friends, who could easily pick the phone up and navigate the user

interface. It was amazing to me that an inventor working in a suburb of Stockholm could have produced such a novel and disruptive mobile phone user interface that was so far ahead of its time.

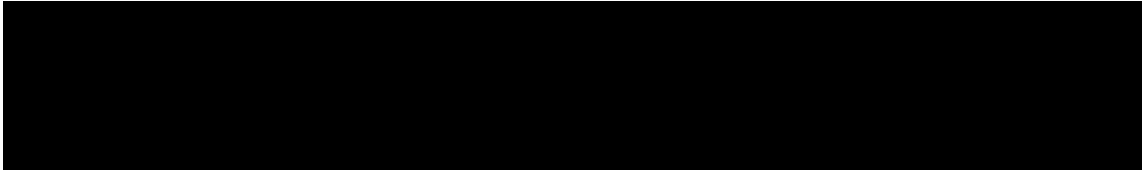
7. In May 2004, I became an investor in Neonode, and in August 2004, I became Chairman of the Board of Directors, a position I held until October 2017. I was appointed as Neonode's Chief Executive Officer from September 2005 to February 2007. And in May 2008—during the financial crisis following the collapse of Lehman Brothers—I was reappointed as CEO of Neonode and held that position until January 2011.

8. In the mobile phone market, Neonode's N1 was famous. Sir Christopher Gent, the CEO of Vodaphone, and senior executives from Samsung Mobile, came to Stockholm to meet with Neonode. In fact, for a period of time I had weekly telephone calls with Samsung's management.

9. Samsung's management was extremely impressed by the Neonode N1, and in early 2005 began discussions with us about licensing the N1's gesture-based user interface and touch screen technology. Ki-Tai Lee (he goes by K. T. Lee), head of Samsung's mobile telecom division, told us that he believed Neonode's intuitive user interface was "the future of mobile phones." We had many hours of meetings with Samsung, culminating to the best of my recollection in a meeting in London, as I recall attended by Marcus Bäcklund, Thomas

Ericsson, and me. Mr. Lee told Samsung's negotiators—in our presence—that “we need this,” referring to the Neonode's N1 gesture-based user interface and the license for the user interface.

10. In July 2005, Neonode signed a license with Samsung providing for,



11. During my time with Neonode, the company enjoyed substantial commercial success as a startup company. To the best of my recollection, Neonode sold 50,000 N1 and N2 phones. Also, to the best of my recollection, Neonode had in the order of 100,000 pre-orders from consumers and network operators for the phones that it was unable to fulfill.

12. Notwithstanding its initial success in the market, Neonode encountered several difficulties that led ultimately to its failure as a mobile phone manufacturer.

13. First, not long after Samsung licensed the Neonode gesture-based user interface, K. T. Lee and other senior Samsung executives were caught up and disgraced in a corruption scandal that had nothing to do with Neonode. Samsung's successor executives regarded the Neonode license as having to do with Mr. Lee and therefore treated Neonode as a pariah.

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