IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TEXARKANA DIVISION

MAXELL, LTD., **Plaintiff** **v.** **APPLE INC.,** **Defendant.**	**CASE NO. 5:19-CV-00036-RWS**

DEFENDANT APPLE INC.'S RESPONSE TO PLAINTIFF'S ARGUMENTS AND AUTHORITIES PRESENTED TO THE COURT ON MARCH 11, 2021

Apple respectfully responds to Maxell's new arguments and authorities presented to the Court via Mr. Culbertson's email on March 11, 2021 (attached as Exhibit A), regarding Apple's objections to the admission of PX-80, 81, 83, 84, and 86, the "Made for iPod" (MFi) agreements and royalty reports (MFi Exhibits). Apple's objection should be sustained because these exhibits are irrelevant and any probative value they may have is far outweighed by the prejudice they would cause. *See* Fed. R. Evid. 402, 403.

A. The MFi Exhibits Are Irrelevant To Damages.

The *Rembrandt* decision stands for the proposition that if a party "opens the door" by unfairly characterizing evidence it moved *in limine* to exclude, the opposing party may introduce the excluded evidence to rebut the party's arguments. *See Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, No. 2:13-CV-213-JRG-RSP, 2015 WL 627430, at *5 (E.D. Tex. Jan. 31, 2015). That is not the case here. The MFi Exhibits do not "rebut" Mr. Gunderson's "critici[sm] [of] Ms. Mulhern for utilizing a running royalty calculation as part of her damages analysis" because they are fundamentally different from the *inbound patent license* that would result from the hypothetical negotiation here. The MFi agreements are *outbound* licenses to Apple

trademarks and technology from eight years before the hypothetical negotiation. Tellingly, Ms. Mulhern does not cite or mention the MFi agreements at all. Nor has any technical expert cited or mentioned them, let alone opined that they involve technology comparable to the asserted patents. Thus, Mr. Gunderson's criticism about Ms. Mulhern's "running royalty" opinion has not "opened the door" to these MFi agreements.

Mr. Gunderson's opinion about Apple's preference for lump-sum patent licenses also does not "open the door" to these agreements. He will not opine about the MFi agreements or any other outbound licenses to Apple technology and trademarks. On the contrary, he analyzes comparable inbound patent licenses to conclude that Apple prefers lump-sum payments when it licenses patents from third parties. The MFi agreements are not relevant to damages, even by way of "rebuttal," and the *Rembrandt* decision does not support their admission.

B. The MFi Exhibits Are Not "Background" Information.

The *Bosch* decision from the Central District of Illinois is also inapposite. The MFi Exhibits are not relevant to "establishing chronology, providing background, [and] outlining the relationship between the parties." *Bosch v. Ball-Kell*, No. 03-1408, 2007 WL 601721, at *6 (C.D. Ill. Feb. 21, 2007). The MFi agreements were executed beginning in 2005, more than eight years before the parties or their predecessors began discussing a potential patent license to Hitachi's smartphone portfolio. None of the witnesses in this case were involved in these 2005-era agreements, and Maxell provided no corporate testimony on any events before June 2013—which by itself makes admitting the MFi Exhibits improper and prejudicial. *See* Exhibit B, Nakamura Depo. at 48:5-49:10. Other than a conclusory statement, Maxell offers no reason why the MFi Exhibits would be admissible to provide "background" here, because they are not.

C. The MFi Exhibits Are Irrelevant To Willful Infringement.

Contrary to Maxell's citation to Fed. R. Evid. 401, the MFi Exhibits do not make Apple's alleged willful infringement "more or less probable than it would be without the evidence." Rather, "[t]o establish willfulness, the patentee must show the accused infringer had a specific intent to infringe at the time of the challenged conduct." *Bayer Healthcare LLC v. Baxalta Inc.*, No. 2019-2418, 2021 WL 771700, at *15 (Fed. Cir. Mar. 1, 2021). The MFi Exhibits have nothing to do with the asserted patents, and therefore are irrelevant to whether Apple had "a specific intent to infringe." *Id.* And because they are outbound technology and trademark licenses and date back to 2005, they do not, as Maxell argues, bear on whether Apple acted "consistently with the standards of behavior for its industry." Ex. A.

D. Maxell Confirms That It Seeks To Use The "Licensing Rates" In The MFi Agreements For A Prejudicial Purpose.

Finally, the MFi agreements are more prejudicial than probative. Fed. R. Evid. 403. Given their lack of relevance and their glaring absence from any expert opinions, Maxell's only purpose in introducing these agreements is a prejudicial one: Maxell wants the jury to see the per-unit "licensing rates" in these agreements to make their damages demand appear reasonable. Maxell's email tacitly confirms this. Ex. A (agreeing not to "directly compare" the MFi rates to Maxell's "damages request."). Whether any comparison is "direct" or not matters none because any use of the MFi agreements will undoubtedly "skew the damages horizon for the jury," *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F. 3d 1292, 1320 (Fed. Cir. 2011) as the jury will surely compare the per-unit rates in the MFi agreements to Maxell's damages request and believe it is reasonable—particularly without any expert testimony on the issue. This is what Rule 403 was designed to prevent. The jury cannot be expected to distinguish the non-comparable, outbound MFi agreements from the hypothetical inbound patent license here.

Dated: March 14, 2021

Respectfully submitted,

By: */s/ Mark D. Fowler*

Melissa Richards Smith
Texas Bar No. 24001351
GILLAM & SMITH, LLP
303 South Washington Avenue
Marshall, TX 75670
Telephone: (903) 934-8450
Facsimile: (903) 934-9257
Email: melissa@gillamsmithlaw.com

Mark D. Fowler (*Pro Hac Vice*)
Brent K. Yamashita
Christian Chessman
DLA PIPER LLP (US)
2000 University Ave.
East Palo Alto, CA 94303-2214
Tel: 650.833.2000
Fax: 650.833.2001

Sean C. Cunningham (*Pro Hac Vice*)
Erin P. Gibson (*Pro Hac Vice*)
David R. Knudson (*Pro Hac Vice*)
DLA PIPER LLP (US)
401 B Street, Suite 1700
San Diego, CA 92101
Tel: 619.699.2700
Fax: 619.699.2701

Michael Jay (*Pro Hac Vice*)
DLA PIPER LLP (US)
2000 Avenue of the Stars, Suite 400
Los Angeles, CA 90067
Tel: 310.595.3000
Fax: 310.595.3300

Aaron G. Fountain
Zachary Loney
DLA PIPER LLP (US)
401 Congress Avenue, Suite 2500
Austin, Texas 78701-3799
Tel: 512.457.7000
Fax: 512.457.7001

Dawn M. Jenkins
DLA PIPER LLP (US)

1000 Louisiana, Suite 2800
Houston, TX 77002-5005
Tel: 713.425.8490
Fax: 713.300.6012

Paul Steadman
Stephanie Lim (*Pro Hac Vice*)
DLA PIPER LLP (US)
444 West Lake Street, Ste. 900
Chicago, IL 60606
Tel: 312.368.4000
Fax: 312.236.7516

COUNSEL FOR DEFENDANT APPLE INC.

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS
Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS
Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS
Sync your system to PACER to automate legal marketing.