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

MAXELL, LTD., Plaintiff, v. APPLE INC., Defendant.	§ § § § § § § § § §	CIVIL ACTION NO. 5:19-CV-00036-RWS

ORDER

Before the Court is Defendant Apple's Sealed Motion to Strike and Renewed Motion for Partial Summary Judgment (Docket No. 664) and Plaintiff Maxell's Sealed Response (Docket No. 667). The Court heard argument on the motion on Friday, March 19, 2021. Docket No. 677. For the reasons set forth below, Apple's motion is **GRANTED**.

I. Background

On May 7, 2020, Maxell served the initial report of its damages expert, Carla Mulhern, that used the "start dates" for damages-related sales as follows: July 1, 2013, for the '317, '999, '498 and '493 patents and May 17, 2018, for the '438 and '794 patents. Docket No. 667 at 1. Later, on June 23, 2020, Maxell served Ms. Mulhern's supplemental disclosures, which contemplated notice dates of December 3, 2013, for the '317 patent and May 17, 2018, for the other five patents. *Id.* at 2. The dates in Ms. Mulhern's supplemental disclosures were based on Apple's position regarding notice dates and mirrored the dates used by Apple's damages expert Lance Gunderson. *Id.*

In June 2020, Apple moved for partial summary judgment limiting Maxell's claim for damages for the '317, '999, '498 and '493 patents for lack of notice under 35 U.S.C. § 287(a).

Docket No. 368. In that motion, Apple argued that Maxell's (and thus Ms. Mulhern's) July 1, 2013 start date for damages was based on a June 25, 2013 letter ("the June 2013 letter") from Hitachi to Apple that could not, as a matter of law, provide actual notice of infringement. *Id.* at 8–10. Apple's motion also stipulated that actual notice of infringement of the '317 patent occurred on December 3, 2013, and for the other five patents-in-suit on May 17, 2018. *Id.* at 10. In its response, Maxell disputed Apple's stipulated notice dates, arguing that "Apple and Maxell held several meetings and exchanged several rounds of correspondence between June 2013 and May 2018" that Apple's motion did not address; therefore, fact issues regarding the date of actual notice remained for the jury. Docket No. 420 at 10.

On November 17, 2020, the Court granted-in-part Apple's motion, finding that the June letter did not constitute notice under § 287(a) as a matter of law. Docket No. 586 at 26. But the Court could not determine that Apple's stipulated dates could constitute actual notice of infringement as a matter of law. Docket No. 586 at 26. Accordingly, Maxell would be permitted to introduce evidence that actual notice occurred after June 25, 2013, but before December 3, 2013, and May 17, 2018. *Id.*

After the Court's ruling, Maxell did not provide Apple with an updated damages figure or any supplemental disclosures from Ms. Mulhern until February 27, 2021, when the parties exchanged drafts of the joint pretrial order. Docket No. 667 at 4. A footnote in Maxell's statement of contentions described its basis for its revised $435 million damages figure: "Under Maxell's notice scenario (as adjusted by the Court's order on summary judgment (D.I. 586)), Apple had notice of its infringement of the '317, '999, '498, and '493 patents by at least December 2013, and of the remaining patents by no later than May 2018." Docket No. 637 at 10 n.2. Maxell noted that this figure was revised "in light of (1) amended notice dates due to the Court's order on summary

judgment, (2) the narrowed claims as a result of the Court's order to narrow the case for trial, and (3) updated sales information produced by Apple." *Id.* at 35–36.

At the pretrial conference, Apple objected to Maxell's December 3, 2013 basis for its updated damages figure, arguing that the $435 million demand was never disclosed before February 27, 2021, and reflected undisclosed opinions of Ms. Mulhern. Docket No. 664 at 2. In light of Apple's objection, the Court ordered Maxell to present Ms. Mulhern for a limited deposition regarding her revised damages calculations, which took place on March 15, 2021. Docket No. 664 at 2. Maxell also provided Apple with supplemental disclosures from Ms. Mulhern supporting her revised damages figure on March 10, 2021, following the pretrial conference. *Id.*; Docket No. 664-1, Ex. A ("Updated Mulhern Exhibits").

II. Apple's Motion and Maxell's Response

On March 16, 2021, Apple filed the instant motion. Docket No. 664. In its motion, Apple does not dispute the revision of Ms. Mulhern's damages calculations based on the narrowing of the case or Apple's additional sales data. *Id.* at 3. But Apple argues that any revision of Ms. Mulhern's damages figure based on the December 3, 2013 date for the '999, '498 and '493 patents should be prohibited as untimely and prejudicial under Federal Rules of Civil Procedure 26(e) and 37(c)(1). *Id.* at 4–5. Apple further argues that Maxell's proffered evidence—an email from Hitachi to Apple dated December 3, 2013 ("the December 2013 email")—cannot constitute actual notice for the '999, '498 and '493 patents as a matter of law. *Id.* at 7. Thus, Apple renews its summary judgment motion to limit Maxell's damages based on lack of notice under 35 U.S.C. § 287(a). *Id.*

Maxell responds that it did not immediately revise Ms. Mulhern's damages calculations based on the Court's order because the trial had been reset to March 2021 and"[s]ome narrowing

of the case was expected." Docket No. 667 at 3. Maxell argues that it was therefore more efficient to postpone updating the damages total based on the Court's exclusion of the June 2013 letter until all issues impacting the damages total were resolved (*i.e.*, dropping asserted claims and receiving updated sales information). *Id.* at 4. Those issues, Maxell contends, were resolved by February 9, 2021, and so Maxell provided its updated damages total to Apple a few weeks later on February 27, 2021. *Id.* Maxell argues that Apple's motion mischaracterizes the updates made to the damages figure, as there was "no change to the damages theory, the royalty rates, the damages methodology, or Mr. Mulhern's opinions on those matters." *Id.*

Maxell also contends that Apple has known of its reliance on the December email for notice for almost two years, as Maxell produced it in 2019 and identified it in several interrogatory responses that year. *Id.* At the hearing on Apple's motion, Maxell confirmed that it had no evidence other than the December 2013 email to support a December 3, 2013 notice date for the '999, '498 and '493 patents. But Maxell argued that the December 2013 email is sufficient to convey actual notice for the '999, '498 and '493 patents under the Federal Circuit's guidance in *Gart v. Logitech, Inc.*, 254 F.3d 1334 (Fed. Cir. 2001). The parties do not dispute that the December 2013 email provided notice for the '317 patent. The dispute thus centers around whether the December 2013 email and surrounding circumstances provide notice as to the other three patents (the '999, '498 and '493 patents).

III. The December 2013 Email

The relevant portions of the December 2013 email read as follows:

> As we discussed at the meeting on October 18, our [people] have prepared the documents which show the relationship between our smartphone patents and Apple's smartphones/tablets. Attached patent list is also updated one as some patents were newly issued.

> Hitachi Maxell and our patent engineers would be pleased to visit you to introduce and explain our understanding on these patents and the relationship, and answer to your questions, if any. . . In the meantime, did you receive any feedback from your engineers about . . . our patents available for sales?

Docket No. 664-3, Ex. C at 2. Attached to the email are claims charts for five Hitachi Maxell patents, including the '317 patent, but not for any other patents-in-suit. *Id.* at 3–30. Also attached is a "List of Hitachi Maxell Patents" that includes the '999, '498 and '493 patents. *Id.* at 31–33. This patent list is identical to the patent list attached to the June letter except for the addition of several patents not asserted here. *See* Docket No. 664-2, Ex. B at 9–12.

IV. Analysis

Under Federal Rule of Civil Procedure 54(b), a court that enters any order or decision adjudicating "fewer than all of the claims or the rights and liabilities of fewer than all the parties. . . may be revised at any time before the entry of a judgment adjudicating all the claims and all the parties' rights and liabilities." FED. R. CIV. P. 54(b). Accordingly, interlocutory orders, such as grants of partial summary judgment, are "left within the plenary power of the court that rendered them to afford such relief from them as justice requires." *McKay v. Novartis Pharm. Corp.*, 751 F.3d 694, 701 (5th Cir. 2014). "[T]he trial court is free to reconsider and reverse its decision for any reason it deems sufficient, even in the absence of new evidence or an intervening change in or clarification of the substantive law." *Lavespere v. Niagara Mach. & Tool Works, Inc.*, 910 F.2d 167, 185 (5th Cir. 1990), *abrogated on other grounds, Little v. Liquid Air Corp.*, 37 F.3d 1069, 1075 n.14 (5th Cir. 1994).

In light of Federal Rule of Civil Procedure 54(b) and the prevailing law, the Court considers Apple's renewed motion for summary judgment as a motion for reconsideration. The Court previously declined to find Apple's stipulated notice dates were correct as a matter of law because Apple had not carried its burden of demonstrating that no genuine issues of material fact remained

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