

United States District Court  
For the Northern District of California

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

APPLE, INC., a California corporation,	)	Case No.: 11-CV-01846-LHK
	)	
Plaintiff and Counterdefendant,	)	
v.	)	ORDER DENYING SAMSUNG'S
	)	MOTIONS FOR RELIEF FROM
SAMSUNG ELECTRONICS CO., LTD., A	)	MAGISTRATE JUDGE ORDERS;
Korean corporation; SAMSUNG	)	CLARIFYING SUMMARY JUDGMENT
ELECTRONICS AMERICA, INC., a New York	)	ORDER
corporation; SAMSUNG	)	
TELECOMMUNICATIONS AMERICA, LLC,	)	
a Delaware limited liability company,	)	
	)	
Defendants and Counterclaimants.	)	

Before the Court are three motions. Samsung filed a conditional<sup>1</sup> motion for relief from a non-dispositive order of a Magistrate Judge. ECF No. 953. Samsung also filed a second motion for relief from a non-dispositive order of a Magistrate Judge. ECF No. 1216. Apple filed an opposition to Samsung's motion. ECF No. 1242. Finally, Samsung filed a motion to clarify the Court's Order Denying Samsung's Motion for Summary Judgment. ECF No. 1258. Apple filed an opposition to Samsung's motion. ECF No. 1282. Pursuant to Civil Local Rules 7-1(b) and 72-2, these matters were deemed submitted without oral argument. In light of the parties' need for finality in light of the ongoing trial, the analysis will be brief.

<sup>1</sup> After Judge Grewal issued the Order, Samsung filed two concurrent motions: (1) a motion for clarification of the order in front of Judge Grewal, and (2) a conditional motion before this Court in the event that Judge Grewal ruled against Samsung in clarifying the original order. As a procedural matter, Civil Local Rule 72-2 states that "Unless otherwise ordered by the assigned District Judge, no response need be filed and no hearing will be held concerning the motion. The District Judge may deny the motion by written order at any time, but may not grant it without first giving the opposing party an opportunity to respond. If no order denying the motion or setting a briefing schedule is made within 14 days of filing the motion, the motion shall be deemed denied. The Clerk shall notify parties when a motion has been deemed denied." The Court did not order a response from Apple. Apple filed an administrative motion, essentially arguing that Samsung's motion had been deemed denied 14 days after the conditional motion was filed and that the Court need not even reach the merits of Samsung's motion. ECF No. 1274. Because the Court denies Samsung's motion on the merits, Apple's administrative motion is DENIED as moot.

**I. Motions for Relief From Non-Dispositive Magistrate Judge Orders**

On December 22, 2011, Judge Grewal granted Apple's Motion to Compel Samsung to produce its accused products' source code no later than December 31, 2011 (the "Order to Compel Source Code"). On May 4, 2012, Judge Grewal issued an order, pursuant to FRCP 37, sanctioning Samsung for failure to timely produce the source code by December 31, 2011 ("Sanction Order"). Judge Grewal found that Samsung had failed to comply with an order to produce source code related to three of Apple's utility patents at issue in this case. In the Sanction Order, Judge Grewal ordered that "Samsung shall be precluded from offering any evidence of its design-around efforts for the '381, '891, and '163 patents, and shall not argue that the design-arounds are in any way distinct from those versions of code produced in accordance with the court's order." ECF No. 898, at 9. In response, Samsung filed a motion for clarification of the order before Judge Grewal because Samsung argued that some design around source code had been produced before the December 31, 2011 deadline. Judge Grewal clarified the Sanction Order on June 19, 2012 ("Clarification Order"). ECF No. 1106. In the Clarification Order, Judge Grewal explained that despite the fact that Samsung now asserted that some source code had been produced before the December 31, 2011 deadline, Samsung was nonetheless precluded from introducing evidence of design-arounds relating to the '381, '891, and '163 patents: "This means no source code evidence, no non-source code evidence, no evidence of any kind, whether for liability purposes or any other purpose. Period. Because Apple only requested this sanction as to the upcoming jury trial, this restriction does not extend beyond trial to any post-trial proceeding such as those relating to the permanent injunction sought by Apple or contempt proceedings."

On June 27, 2012, Judge Grewal issued an order granting-in-part and denying-in-part Apple's motion to strike portions of Samsung's expert reports ("Order Striking Expert Reports"). ECF No. 1144. Judge Grewal reasoned that: "many of the expert reports offer theories or rely on evidence never previously disclosed as required. Even if disclosed somewhere, the parties have forced each other to comb through the extraordinarily voluminous record to find them, rather than simply amending their contentions or interrogatory responses as they should. This is unacceptable.

1 Patent litigation is challenging and expensive enough without putting one party or the other to the  
2 task of sifting through mountains of data and transcripts to glean what is at issue.” *Id.* at 2-3.

3 Pursuant to Federal Rule of Civil Procedure 72, a district judge may set aside a magistrate  
4 judge’s non-dispositive pretrial order only if it is “clearly erroneous or contrary to law.” Fed. R.  
5 Civ. P. 72(a). Therefore, this Court reviews Judge Grewal’s Sanction Order and Judge Grewal’s  
6 Order Striking Expert Reports to determine whether they were clearly erroneous or contrary to law.

7 **A. Samsung’s Motion for Relief from Judge Grewal’s Sanction Order**

8 Samsung does not argue that Judge Grewal’s Sanction Order was “contrary to law.”  
9 Instead, Samsung argues that Judge Grewal’s Sanction Order was clearly erroneous because the  
10 sanction precluding all evidence of design-arounds of the ’381 patent and the ’163 patent<sup>2</sup> exceeds  
11 the scope of the discovery violation in light of the fact that Samsung produced some source code  
12 prior to the December 31, 2011 deadline. Samsung requests that the Court grant relief and permit  
13 Samsung to introduce at trial: (1) source code for the blue glow function (a design around for the  
14 bounce back feature) as evidence of Samsung’s efforts to design around the ’381 patent; and (2)  
15 evidence of design-arounds and non-infringing alternatives other than source code produced after  
16 December 31, 2011.

17 Rule 37 provides that, “[i]f a party or a party’s officer, director, or managing agent — or a  
18 witness designated under Rule 30(b)(6) or 31(a)(4) — fails to obey an order to provide or permit  
19 discovery . . . the court where the action is pending may issue further just orders.” Fed. R. Civ. P.  
20 37(b)(2)(A). As Judge Grewal explained, before granting a dismissal or default judgment for  
21 noncompliance with court-ordered discovery under Rule 37, the court must weigh the following  
22 factors:

23 (1) The public’s interest in expeditious resolution of the litigation; (2) the court’s  
24 need to manage its docket; (3) the risk of prejudice to the defendants; (4) the public  
25 policy favoring disposition of cases on their merits; and (5) the availability of less  
26 drastic actions.

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 <sup>2</sup> The ’891 patent is no longer asserted by Apple in this case.

1 *Payne v. Exxon Corp.*, 121 F.3d 503, 507 (9th Cir. 1997).<sup>3</sup> Where a court order is violated, the first  
2 factor (the public’s interest in expeditious resolution of the litigation) and the second factor (the  
3 court’s need to manage its docket) weigh in favor of default. The fourth factor (the public policy  
4 favoring disposition of cases on their merits) weighs against default. Therefore, the third factor  
5 (risk of prejudice to the party seeking sanctions) and fifth factor (availability of less drastic actions)  
6 are decisive. *Id.* (citing *Adriana Int’l Corp. v. Theoren*, 913 F.2d 1406, 1412 (9th Cir. 1990)).  
7 There are two limitations to the application of a Rule 37(b)(2) sanction. First, “any sanction must  
8 be ‘just’; second, the sanction must be specifically related to the particular ‘claim’ which was at  
9 issue in the order to provide discovery.” *Ins. Corp. of Ireland, Ltd. v. Compagnie des Bauxites de*  
10 *Guinee (Compagnie des Bauxites)*, 456 U.S. 694 707 (1982).

11 The Court reviews Judge Grewal’s Sanction Order under the clearly erroneous standard.  
12 The Court cannot say that Judge Grewal’s Sanction Order was clearly erroneous. Judge Grewal’s  
13 Sanction Order mistakenly stated that no source code for design-arounds related to the ’381 Patent  
14 had been produced by the December 31, 2011 deadline. However, as Judge Grewal’s Clarification  
15 Order makes clear, that mistake of fact was as a result of Samsung’s own statement to Judge  
16 Grewal that Samsung “did not produce any blue glow [design around] source code until January  
17 23, 2012,” in violation of the Court Order to produce all source code by December 31, 2011. *See*  
18 ECF No. 1106 at 3. This Court defers to the Magistrate Judge’s ultimate judgment that even if  
19 Samsung had produced *some* source code before the Court ordered deadline, Samsung was hardly  
20 in compliance with Judge Grewal’s Order to produce *all* source code (including *all* blue glow  
21 source code) by December 31, 2011. Even crediting Samsung’s partial compliance of source code  
22 production, it was not clearly erroneous for Judge Grewal to find that Apple was still prejudiced by  
23 Samsung’s failure to fully comply with Judge Grewal’s order to produce all source code.

24 Nor was Judge Grewal’s exclusion of all design around evidence for these two patents  
25 clearly erroneous. Although this aspect of the Sanction Order is broader than the issue of source  
26 code addressed in the Order to Compel Source Code, Judge Grewal determined that “it would

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28 <sup>3</sup> “Because the imposition of a discovery sanction is not a matter substantially related to patent law,  
[the Federal Circuit applies] the law of the regional circuit.” *Transocean Corp. v. Bridgewood*  
*Servs., Inc.*, 290 F.3d 1364 (Fed Cir. 2002).

1 hardly be fair to allow Samsung to offer what little design-around code it may have produced for a  
2 handful of the accused products, or to allow Samsung to produce all kinds of non-source code  
3 evidence, after it withheld substantial source code that would have permitted Apple to challenge  
4 such evidence.” ECF No. 1106 at 3. Indeed, it was a reasonable finding that Samsung’s failure to  
5 fully comply with the Order to Compel Source Code necessarily prejudiced Apple’s ability to build  
6 its case as to each infringing product and to defend itself against cross-examination of its expert  
7 witnesses. *See* June 19, 2012 Hr’g Tr. at 20-21 (Apple’s experts vulnerable on cross examination  
8 to attacks that they had not thoroughly analyzed the source code). Judge Grewal’s solution was not  
9 unjust or unrelated to the particular issue addressed in the Order to Compel Source Code, nor was  
10 the Sanction Order clearly erroneous in light of the facts presented. Accordingly, Samsung’s  
11 motion is DENIED.

12 **B. Samsung’s Motion for Relief from Judge Grewal’s Order Striking Portions of**  
13 **Expert Reports**

14 On June 27, 2012, Judge Grewal issued an order granting-in-part and denying-in-part  
15 Apple’s motion to strike portions of Samsung’s expert reports. ECF No. 1144. Judge Grewal  
16 reasoned that: “many of the expert reports offer theories or rely on evidence never previously  
17 disclosed as required. Even if disclosed somewhere, the parties have forced each other to comb  
18 through the extraordinarily voluminous record to find them, rather than simply amending their  
19 contentions or interrogatory responses as they should. This is unacceptable. Patent litigation is  
20 challenging and expensive enough without putting one party or the other to the task of sifting  
21 through mountains of data and transcripts to glean what is at issue.” *Id.* at 2-3.

22 At issue in this motion for relief is Judge Grewal’s ruling excluding portions of the expert  
23 reports of Robert Anders, Itay Sherman, and Sam Lucente. *See, e.g.*, ECF No. 1144 at 3-5; ECF  
24 No. 1216 at 1. Specifically, Samsung argues that Judge Grewal’s ruling was clearly erroneous and  
25 contrary to law because it excluded evidence or opinions that (1) were made known during  
26 discovery; (2) were submitted solely in rebuttal to arguments and analyses Apple disclosed for the  
27 first time in their opening reports; and (3) Apple affirmatively represented to the Court it was not  
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1 seeking to exclude because the evidence or opinions had been disclosed at the preliminary  
2 injunction stage.

3 Both parties sought to strike portions of expert reports based on evidence and theories not  
4 disclosed in discovery pursuant to Federal Rules of Civil Procedure 26(a) and (e) and 37(c)(1).  
5 Rule 26(e)(1) of the Federal Rules of Civil Procedure requires all parties to supplement or correct  
6 their initial disclosures, expert disclosures, pretrial disclosures, and responses to discovery requests  
7 “in a timely manner if the party learns that in some material respect the disclosure or response is  
8 incomplete or incorrect, and if the additional or corrective information has not otherwise been  
9 made known to the other parties during the discovery process or in writing.” Fed. R. Civ. P.  
10 26(e)(1)(A). The parties are expected to supplement and/or correct their disclosures promptly  
11 when required under that Rule, without the need for a request from opposing counsel or an order  
12 from the Court. *See Oracle USA, Inc., et al. v. SAP AG, et al.*, 264 F.R.D. 541, 544 (N.D. Cal.  
13 2009). In addition, Rule 37 mandates that a party’s failure to comply with the obligations under  
14 Federal Rule of Civil Procedure 26(e)(1) results in that party being precluded from “use [of] that  
15 information . . . to supply evidence on a motion, at a hearing or at trial, unless the failure was  
16 substantially justified or is harmless.” Fed. R. Civ. P. 37(c)(1). Once non-compliance is shown,  
17 the burden is on the party who failed to comply to demonstrate that it meets one of the two  
18 exceptions to mandatory sanctions. *See Oracle USA*, 264 F.R.D. at 545 (*citing Carr v. Deeds*, 453  
19 F.3d 593, 602 (4th Cir. 2006), and *Yeti by Molly, Ltd. v. Deckers Outdoor Corp.*, 259 F.3d 1101,  
20 1107 (9th Cir. 2001). A court need not find bad faith before imposing sanctions for violations of  
21 Rule 37(c)(1). *See Yeti by Molly*, 259 F.3d at 1106.

22 Although Samsung argues briefly in passing that Judge Grewal’s ruling was “contrary to  
23 law,” in reality Samsung seeks review of Judge Grewal’s factual findings, which are reviewed  
24 under the “clearly erroneous” standard. Fed. R. Civ. P. 72(a). Even employing a “careful  
25 inspection of the record,” this Court cannot say that Judge Grewal’s findings, and ultimate  
26 conclusion to strike portions of the expert reports of Messrs. Anders, Lucente, and Sherman were  
27 clearly erroneous. *See Silver v. Executive Car Leasing Long-Term Disability Plan*, 466 F.3d 727,  
28 733 (9th Cir. 2006) (reviewing a district court’s decision under clearly erroneous standard, while

1 carefully inspecting the record because the district court adopted the findings of fact and  
2 conclusions of law of one party).

3 *Evidence Made Known In Discovery.* First, although Samsung may have disclosed in  
4 discovery some of the references and documents upon which its experts relied, Samsung also failed  
5 to supplement its answers to contention interrogatories to disclose to Apple some of the bases of its  
6 invalidity, infringement, and lack of distinctiveness theories until after the close of discovery. The  
7 record in this case is enormous, and the discovery burdens onerous on both parties. Judge Grewal  
8 did not clearly err in finding that Samsung's disclosure of prior art references, witnesses, and  
9 documents in discovery was not sufficient to "make known" to Apple, Samsung's theories of  
10 invalidity and infringement.<sup>4</sup> For example, buried among 29,000 pages of documents, Samsung  
11 inserted the Nokia Fingerprint, a prior art reference in support of invalidity that Judge Grewal  
12 struck from Samsung's expert report. Similarly, Samsung's response to Apple's contention  
13 interrogatory number 12, which sought disclosure of Samsung's theories of anticipation,  
14 obviousness, and other grounds of invalidity, contained 595 prior art references comprising 5,600  
15 pages of documents. It would have been difficult, if not impossible, for Apple to have known  
16 which prior art references and evidence were intended to support which theory, without Samsung  
17 amending its responses to the contention interrogatories in a timely manner.

18 Although Samsung's answers to the contention interrogatories were amended on March 19,  
19 2012, after the fact discovery deadline, but before the close of *expert* discovery, it was not clearly  
20 erroneous for Judge Grewal to find that Apple was nonetheless prejudiced by the untimely  
21 disclosed amendments. Specifically, because Samsung did not disclose its theories prior to the  
22 close of *fact* discovery, Apple did not have the opportunity to conduct additional fact discovery  
23 regarding Samsung's new theories. Although expert discovery had not yet concluded, the experts  
24 were in effect locked-in to the factual record as of the time fact discovery closed and could not test

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26 <sup>4</sup> Samsung also raises an argument raised below, that Apple's motion to strike breached an  
27 agreement between the parties that Apple would not bring a motion to strike if Samsung amended  
28 its contentions by March 19, 2012. *See* ECF No. 1216, at 5 n.7. However, this argument was  
specifically raised in the hearing on the motion to strike, and by inference, Judge Grewal rejected  
the argument. In light of the factual dispute, the Court cannot say that Judge Grewal's implicit  
finding that there was no such agreement was clearly erroneous.

1 the factual basis for the newly amended contentions by conducting additional discovery.

2 Accordingly, Judge Grewal did not clearly err in striking these portions of the expert reports.

3 *Exclusion of Evidence Or Opinions Made In Rebuttal.* Samsung also argues that its failure  
4 to disclose its non-infringement theories prior to the rebuttal expert reports of Messrs. Lucente and  
5 Anders was “substantially justified or [] harmless” because Apple’s contention interrogatory  
6 responses did not contain sufficient detail from which it could discern Apple’s infringement  
7 contentions. Fed. R. Civ. P. 37(c)(1). Although Samsung claims that Apple’s contention  
8 interrogatory responses were not sufficiently detailed, the evidence contradicts Samsung’s position.  
9 Apple provided 58 pages of side-by-side comparisons disclosing Apple’s infringement theories  
10 upon which it would rely at trial. Martin Decl. Ex. 20. That Apple’s expert reports disclosed  
11 additional detail did not relieve Samsung of its duty to amend its answers to contention  
12 interrogatories in a timely manner. Thus, Samsung has failed to establish that it was substantially  
13 justified in failing to disclose its non-infringement contentions until the rebuttal reports of its expert  
14 witnesses. Additionally, Judge Grewal’s determination that any failure to disclose was not  
15 harmless was also not clearly erroneous. Indeed, as explained above, the parties needed to  
16 crystallize and disclose their theories and contentions in a timely manner. Samsung’s failure to  
17 timely disclose its amended answers to contention interrogatories until after the close of fact  
18 discovery impeded Apple’s ability to conduct fact discovery on the undisclosed theories. Judge  
19 Grewal’s ruling on that issue was not clearly erroneous.

20 *Exclusion of Theories Based on Evidence Disclosed In the Preliminary Injunction Briefing.*

21 Finally, Samsung also argues that evidence identified in its preliminary injunction briefing, was  
22 disclosed to Apple in August 2011, well before the close of discovery. Although Samsung  
23 discussed several prior art references in its opposition to Apple’s motion for a preliminary  
24 injunction, Samsung did not disclose that it intended to use the evidence to support its infringement  
25 and invalidity theories in its preliminary injunction briefing. Indeed, Samsung did not disclose that  
26 it intended to rely on these references to support its infringement and invalidity theories until after  
27 the close of discovery.

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1 For example, Samsung referenced clips from “Space Odyssey” and “Tomorrow People” in  
2 its opposition to the preliminary injunction in a general discussion of the background of the field.  
3 Samsung did not, however, argue that these references supported an invalidity or non-infringement  
4 theory. That Samsung changed tack after the close of fact discovery to include these references in  
5 their invalidity theories likely prejudiced Apple, who was not made aware during the preliminary  
6 injunction proceedings that Samsung intended to rely on these two prior art references for  
7 invalidity.

8 Similarly, although Samsung argued at the preliminary injunction stage that the 1994 Fidler  
9 Tablets and the Compaq TC1000 likely rendered the D’889 Patent obvious, Samsung did not argue  
10 that these prior art references supported its non-infringement contentions as well. Apple was put  
11 on notice of Samsung’s intention to use these references for invalidity, but did not have the same  
12 notice with respect to Samsung’s late disclosed non-infringement theory which Samsung disclosed  
13 after fact discovery closed. Samsung’s late disclosure impeded Apple’s ability to test these  
14 contentions through fact discovery. Accordingly, Judge Grewal did not clearly err in striking these  
15 portions of the expert reports. In sum, Samsung’s motion for relief from Judge Grewal’s Order is  
16 DENIED.

## 17 **II. Motion to Clarify Court’s Order Denying Summary Judgment.**

18 Samsung also filed a motion to clarify the Court’s Order denying Samsung’s motion for  
19 summary judgment. *See* ECF No. 1158. Specifically, the Court concluded that Judge Grewal’s  
20 Order Granting-in-Part and Denying-in-Part Apple’s motion to strike portions of Samsung’s expert  
21 reports prohibited the admission of certain evidence in support of Samsung’s theories of  
22 infringement and/or invalidity that were not properly disclosed in discovery. *See* Order Denying  
23 Summary Judgment at 30, 32-33. Samsung seeks to clarify that the Court’s Order denying  
24 summary judgment does not preclude Samsung from introducing the prior art references and other  
25 evidence that were struck from the expert report for other purposes at trial.

26 Samsung seeks, in large part, to rehash arguments it made in its motion for relief of Judge  
27 Grewal’s Order Striking Expert Reports (see above), and its opposition to Apple’s motion to strike  
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1 Samsung's expert reports. Procedurally, Samsung has already had an opportunity to challenge the  
2 merits of Judge Grewal's ruling, and therefore the Court will not revisit these arguments here.

3 To the extent Samsung seeks to clarify that Judge Grewal's Order does not preclude it from  
4 offering prior art references or other evidence for other purposes at trial, the Court cannot say in the  
5 abstract whether this evidence will be admissible or not. Judge Grewal's Order struck portions of  
6 Samsung's expert reports because Samsung failed to timely amend its answers to contention  
7 interrogatory numbers 5 (lack of distinctiveness for trade dress contention interrogatory), 11 (non-  
8 infringement of design patents contention interrogatory), and 12 (invalidity of design patents  
9 contention interrogatory).

10 Based on Judge Grewal's Order, Samsung's expert testimony regarding the invalidity, non-  
11 infringement, and lack of distinctiveness arguments that were not timely disclosed in amended  
12 contention interrogatory answers are inadmissible pursuant to Judge Grewal's Order. In light of  
13 Judge Grewal's ruling, Samsung will not be permitted to argue, through fact witnesses or  
14 otherwise, for invalidity of design patents, non-infringement of design patents, or lack of  
15 distinctiveness of trade dress based on theories not timely disclosed in Samsung's amended  
16 responses to contention interrogatories. Although it is difficult to determine in the abstract, the  
17 Court is doubtful that many (if not most) of the prior art references and other evidence will be  
18 admissible for purposes, unrelated to the untimely disclosed theories. These stricken prior art  
19 references will have to be relevant and admissible under FRE 401, 402 and 403.

20 In order to aid the parties, the Court summarizes<sup>5</sup> the admissibility of evidence upon which  
21 the Court has ruled:

<b>EVIDENCE</b>	<b>ADMISSIBLE/NOT ADMISSIBLE</b>
'381 Patent and '163 Design Around (including blue glow source code and evidence of other design arounds)	Not Admissible at trial.  May be Admissible post trial in determining any injunction.
"Space Odyssey" and "Tomorrow People"	Not Admissible for Invalidity Theory.
1994 Fidler Tablet and TC1000	Not Admissible for Non-Infringement.

28 <sup>5</sup> This summary is non-exhaustive and is intended as a reference to assist the parties.

United States District Court  
For the Northern District of California

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	Admissible for Invalidity.
035 Mockup	Not Admissible for Invalidity. Admissible for Non-Infringement.
Other portions of expert reports of Lucente, Anders, and Sherman struck by Judge Grewal	Not Admissible.
Sony Style Designs	Not Admissible.  The Howarth e-mail and accompanying photo in Sherman Report and Nishibori testimony are admissible only to show functionality.

**IT IS SO ORDERED.**

Dated: August 2, 2012

  
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 LUCY H. KOH  
 United States District Judge