

EXHIBIT 12

**In the Sixth Court of Appeals
Texarkana, Texas**

Samsung Electronics Co., Ltd.,
Appellant,

v.

Koninklijke KPN N.V.
Appellee.

On Appeal from the 71st Judicial District Court
Harrison County, Texas
Cause No. 22-0762

**BRIEF OF PROFESSOR JORGE L. CONTRERAS
AS AMICUS CURIAE IN SUPPORT OF
APPELLANT SAMSUNG ELECTRONICS CO., LTD.**

Matthew D. Reade
Texas Bar No. 24126203
KELLOGG, HANSEN, TODD,
FIGEL & FREDERICK, P.L.L.C.
1615 M Street, N.W., Suite 400
Washington, D.C. 20036
Tel.: (202) 326-7900
Fax: (202) 326-7999
mreade@kellogghansen.com

Counsel for Amicus Curiae

March 6, 2025

TABLE OF CONTENTS

INDEX OF AUTHORITIES	iii
INTEREST OF AMICUS CURIAE.....	1
SUMMARY OF THE ARGUMENT	3
BACKGROUND.....	4
A. The 2016 Settlement Agreement.....	4
B. The 2022 Litigation.....	6
C. Basis for the Jury’s Damages Award	7
ARGUMENT.....	9
A. The Jury’s Award Reflected Damages for Patent Infringement, Not Breach of Contract	10
B. The Jury’s Patent Damages Verdict Failed to Take Validity into Account	12
C. The Court’s Damages Instructions to the Jury Did Not Include Key Elements Relating to Patent Infringement	14
D. The Adjudication of Patent Matters Is Reserved Exclusively to the Federal Courts	15
i. <i>Federal Jurisdiction over Patent Cases</i>	15
ii. <i>A Breach of Contract Claim that Depends on a Finding of Patent Infringement Raises Substantial Issues of Federal Law</i>	17
iii. <i>KPN’s Damages Theory Is Grounded in Patent Law and Should Not Have Been Adjudicated in State Court</i>	19

E. The State Court Adjudication of Patent Damages Claims Will Severely Impact Patent Law and Harm the Public Interest 21

F. Barring the Removal of This Case to Federal Court, this Case Should be Dismissed, or a New Trial Should be Ordered, Excluding Evidence Relating to Patent Infringement..... 23

CONCLUSION 25

CERTIFICATE OF COMPLIANCE 27

INDEX OF AUTHORITIES

CASES

<i>Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg.</i> , 545 U.S. 308 (2005)	16, 20
<i>Gunn v. Minton</i> , 568 U.S. 251 (2013)	17
<i>Jang v. Boston Sci. Corp.</i> , 532 F.3d 1330 (Fed. Cir. 2008)	19
<i>Lear, Inc. v. Adkins</i> , 395 U.S. 653 (1969)	22-23
<i>Scherbatskoy v. Halliburton Co.</i> , 125 F.3d 288 (5th Cir. 1997)	18
<i>Ultra-Precision Mfg., Ltd. v. Ford Motor Co.</i> , 411 F.3d 1369 (Fed. Cir. 2005)	19
<i>U.S. Valves, Inc. v. Dray</i> , 190 F.3d 811 (7th Cir. 1999), <i>aff'd in part, rev'd in part & remanded after transfer</i> , 212 F.3d 1368 (Fed. Cir. 2000).....	17-18

STATUTES

28 U.S.C. § 1338(a)	15, 21
35 U.S.C. § 282(b)(1).....	12
35 U.S.C. § 282(b)(2).....	12

RULE

Tex. R. Civ. P. 277 14

OTHER MATERIALS

7 *Chisum on Patents* § 21.02[1][a][viii] (2024) 15-16

7 *Chisum on Patents* § 21.02[1][c] (2024) 17

Final Judgment, *Koninklijke KPN N.V. v. Samsung Elecs. Co.*,
No. 22-0762 (71st Dist. Ct., Harrison Cnty., Tex. May 2, 2024) 7

Jorge L. Contreras,
Intellectual Property Licensing And Transactions: Theory And
Practice (Cambridge Univ. Press 2022) 23

Jorge L. Contreras & Michael Eixenberger,
Model Jury Instructions for Reasonable Royalty Patent Damages,
57 *Jurimetrics* 1 (2016) 14

Model Patent Jury Instructions § 10.0 (AIPLA 2025) 14

Order, *Koninklijke KPN N.V. v. Samsung Elecs. Co.*,
No. 2:24-cv-0135-JRG-RSP (E.D. Tex., Sept. 23, 2016),
ECF No. 316..... 4

Order of Remand, *Koninklijke KPN N.V. v. Samsung Elecs. Co.*,
No. 2:24-cv-0135-JRG-RSP (E.D. Tex., Apr. 24, 2024),
ECF No. 49..... 24

R. & R., *Koninklijke KPN N.V. v. Samsung Elecs. Co.*,
No. 2:24-cv-0135-JRG-RSP (E.D. Tex., Apr. 4, 2024),
ECF No. 43..... 6, 24

INTEREST OF AMICUS CURIAE

Jorge L. Contreras, the James T. Jensen Endowed Professor for Transactional Law and Director of the Program on Intellectual Property and Technology Law at the University of Utah S.J. Quinney College of Law, is an internationally recognized expert on intellectual property law. His comprehensive casebook, *Intellectual Property Transactions and Licensing: Theory and Practice* (Cambridge University Press 2022), has been adopted in law schools across the country. Professor Contreras has particular expertise in the area of patent law remedies and jurisdictional issues in patent litigation. He has edited two books,¹ published numerous articles and testified before the U.S. Senate Intellectual Property Subcommittee on these specific topics. He currently serves as Chair of the Remedies Section of the Association of American Law Schools (AALS). Professor Contreras has received no fee or compensation for preparing this brief.

¹ *Injunctions in Patent Law: Trans-Atlantic Dialogues on Flexibility and Tailoring* (Jorge L. Contreras & Martin Husovec eds., Cambridge Univ. Press 2022); *Patent Remedies and Complex Products: Toward a Global Consensus* (C. Bradford Biddle, Jorge L. Contreras, Brian J. Love, Norman V. Siebrasse eds., Cambridge Univ. Press 2019).

Professor Contreras is licensed to practice law in the District of Columbia and was a partner at the international law firm Wilmer Cutler Pickering Hale and Dorr LLP prior to entering academia. He holds a B.S.E.E. degree in electrical and computer engineering and a B.A. degree in English from Rice University (Houston, Texas) and earned his J.D. from Harvard Law School (Cambridge, Massachusetts). Following graduation, he served as briefing attorney to Chief Justice Thomas R. Phillips on the Texas Supreme Court.

Professor Contreras has no personal interest in the outcome of this case but has a professional interest in seeing that this case is decided in accordance with longstanding and well-settled principles of law. The resolution of this case is important not only to the resolution of the present dispute, but to the development of patent law more broadly. Were licensors permitted to seek damages for breach of patent licensing agreements in state court without any requirement to prove validity or infringement of the underlying patents, then some of the most significant mechanisms protecting contractual parties and the public from the assertion of invalid and noninfringed patents would be eliminated.

SUMMARY OF THE ARGUMENT

KPN's economic expert admitted that KPN's theory of contractual expectation damages sounded largely in the law of patent infringement. Yet, unlike a patent infringement case, Samsung had no opportunity to challenge the validity or infringement of the patents on which KPN's damages calculation was based. Nor, when instructing the jury, did the trial court explain that obtaining such damages requires finding that the asserted patents are valid and infringed, as courts do in patent infringement cases. Given the relevance and importance of patent law to the calculation of damages, this case, as litigated, should properly have been adjudicated in federal court. Allowing a state court to award damages reflecting patent infringement without corresponding evidence of validity and infringement contravenes overriding federal policy concerning patents, innovation and the public interest. Accordingly, this court on appeal should either vacate the judgment of the court below, or order a new trial with instructions that any arguments and evidence based on patent infringement be excluded.

BACKGROUND

A. The 2016 Settlement Agreement

1. On December 30, 2014, KPN sued a number of related Samsung entities (collectively, “Samsung”) in the U.S. District Court for the Eastern District of Texas for direct and indirect infringement of four U.S. patents (the “Infringement Litigation”).²

2. In September 2016, Samsung and KPN entered into a Settlement, License and Non-Assertion Agreement (the “Settlement Agreement”). The parties then stipulated to dismiss the Infringement Litigation; the district court dismissed KPN’s claims with prejudice on September 21, 2016.³

² See Compl., *Koninklijke KPN N.V. v. Samsung Telecomm’s Am. LLP*, No. 2:14-cv-01165-JRG (E.D. Tex. Dec. 30, 2014). The original complaint filed by KPN accused Samsung of infringing two U.S. patents. Two further patents were added in 2015 via amended complaints and the consolidation of this case with a separate case between the same parties. See Third Am. Compl., *Koninklijke KPN N.V. v. Samsung Elecs. Co.*, No. 2:14-cv-01165-JRG (E.D. Tex., Nov. 3, 2015), ECF No. 90.

³ See Jt. Stipulation and Mot. To Dismiss, *Koninklijke KPN N.V. v. Samsung Elecs. Co.*, No. 2:14-cv-01165-JRG (E.D. Tex., Sept. 21, 2016), ECF No. 315 & Order, *Koninklijke KPN N.V. v. Samsung Elecs. Co.*, No. 2:14-cv-01165-JRG (E.D. Tex., Sept. 23, 2016), ECF No. 316.

3. Under Section 2.1 of the Settlement Agreement, KPN granted Samsung a paid-up license to practice five patent families controlled by KPN.⁴ In addition, under Section 2.3.1 of the Settlement Agreement, the parties agreed that liability would not accrue to Samsung with respect to its practice of the licensed KPN patents or any other patents controlled by KPN. The parties further agreed that:

In the event that Samsung takes a license from a Patent Pool, KPN shall have the right, as an exception to the foregoing, to receive the KPN share of any Patent Pool Payment made by Samsung to that Patent Pool during the Term of the [Settlement] Agreement.

4. Under Article 1 of the Settlement Agreement, “Patent Pool Payment” is defined as “any payment by Samsung or any of its Affiliated Companies to a Patent Pool during the Term of the Agreement.” The term “KPN share” is not defined in the Settlement Agreement.

5. As provided under Section 13.1 of the Settlement Agreement, the Settlement Agreement is governed by New York law.

⁴ Samsung’s Opp’n to KPN’s Mot. To Remand at 4, *Koninklijke KPN N.V. v. Samsung Elecs. Co.*, No. 2:24-cv-00135-JRG-RSP (E.D. Tex., Mar. 18, 2024), ECF No. 38.

B. The 2022 Litigation

6. On July 1, 2021, Samsung entered into a Settlement and License Agreement concerning unrelated patent litigation with Sisvel International and related entities (the “Sisvel Agreement”). Under the Sisvel Agreement, Samsung obtained a license to practice patents available under Sisvel’s Mobile Communications Program. The Sisvel Mobile Communications Program included certain KPN patents, though Samsung excluded those KPN patents from the scope of its license.

7. In September 2022, KPN filed suit against Samsung in the 71st Judicial District of Texas in Harrison County,⁵ alleging that Samsung breached Section 2.3.1 of the Settlement Agreement by failing to pay KPN the “KPN share” upon and after entering the Sisvel Agreement.⁶

⁵ See Pet., *Koninklijke KPN N.V. v. Samsung Elecs. Co.*, No. 22-0762 (71st Dist. Ct., Harrison Cnty., Tex. Sept. 28, 2022).

⁶ See R. & R., *Koninklijke KPN N.V. v. Samsung Elecs. Co., Ltd.*, No. 2:24-cv-00135-JRG-RSP (E.D. Tex., Apr. 4, 2024), ECF No. 43.

8. In February 2024, after a four-day trial, the jury found that Samsung breached Section 2.3.1 of the Settlement Agreement.⁷ The jury awarded KPN damages of \$287 million, to “fairly and reasonably compensate KPN for” the breach.⁸

9. The court entered judgment for KPN for breach of contract in the amount of \$286,929,726, plus prejudgment interest dating back to mid-2021.⁹ The court also ruled that KPN “preserved its right of recovery under its in-the-alternative claim of unjust enrichment.”¹⁰

C. Basis for the Jury’s Damages Award

10. The jury’s calculation of damages for Samsung’s breach of contract appears to be based on trial testimony of KPN’s economic expert,

⁷ See Charge of the Court, *Koninklijke KPN N.V. v. Samsung Elecs. Co.*, No. 22-0762, (71st Dist. Ct., Harrison Cnty., Tex. Feb. 23, 2024) (Question 2). This Brief does not consider the correctness of the jury’s finding of breach and will assume, *arguendo*, that Samsung breached Section 2.3.1 of the Settlement Agreement as found by the jury.

⁸ *Id.* (Question 3).

⁹ See Final Judgment, *Koninklijke KPN N.V. v. Samsung Elecs. Co.*, No. 22-0762 (71st Dist. Ct., Harrison Cnty., Tex. May 2, 2024).

¹⁰ *Id.* at 1.

J. Donald Fancher. Mr. Fancher estimated the total amount of damages due to KPN for Samsung's breach of contract to be \$286,929,726.¹¹

11. Mr. Fancher calculated the total KPN share based on Samsung's sale of allegedly infringing products during three distinct time periods:

- a. 2010 to 2016 [the six years prior to signing the Settlement Agreement]
- b. 2016 to 2021 [signing of the Settlement Agreement to signing of the Sisvel Agreement]
- c. 2021 to 2024 [signing of the Sisvel Agreement to the present].

12. During cross-examination, Mr. Fancher was asked why his damages estimate began with Samsung's product sales in 2010, given that Samsung's alleged breach of the Settlement Agreement occurred in 2021, when it entered into the Sisvel Agreement. He responded as follows:

. . . one of the allowances in patent law, I know we're not in a patent case, but we're talking about patents, is you

¹¹ Trial Tr. at 157:8-11, *Koninklijke KPN N.V. v. Samsung Elecs. Co.*, No. 22-0762 (71st Dist. Ct., Harrison Cnty., Tex. Feb. 20, 2024) (testimony of J. Donald Fancher).

can actually go back six years to look for past damages. So whatever date that you say I believe this organization's infringing my patent, I can go back six years and collect damages, royalties for all of that period of time. So that's one reason to go back to 2010. It sets a foundation for what Sisvel would be looking at.

But it's also an expectation for KPN, because we're talking about a breach of contract here. And in 2016, when KPN signed its agreement with Samsung, they didn't have to settle that case. And even if they settled that case for those five patent families, they didn't have to go through the process of also giving a covenant not to sue for the remainder of their portfolio. They could have walked out of that negotiating table after signing that agreement and say, now we're going to sue you on other patents. And had they done that, they could have gone back to 2010 to seek damages.

So because of the expectation that Sisvel would do so and because they gave up that right to do so, but then the contract that includes that right was breached, it's appropriate to go back to 2010.¹²

ARGUMENT

KPN did not seek expectation damages from any breach of the parties' settlement; it instead sought damages for a hypothetical patent infringement. Yet the jury was never instructed on patent validity or infringement. Nor could it have been. Federal courts have exclusive jurisdiction to decide questions of patent law. And because findings of

¹² *Id.* at 150:3-151:1.

validity and infringement were necessary to support KPN's damages award, the judgment below required deciding patent-law questions. Accordingly, this court should vacate the judgment for KPN because it exceeded the trial court's jurisdiction. And if a new trial is ordered, the trial court must exclude any evidence or argument for KPN's patent-infringement theory of damages.

A. The Jury's Award Reflected Damages for Patent Infringement, Not Breach of Contract

13. Assuming, *arguendo*, that Samsung breached Section 2.3.1 of the Settlement Agreement with KPN when it entered into the 2021 Sisvel Agreement, KPN was entitled to contractual "expectation" damages under New York law. As the court instructed the jury,

The basic principle of damages in a contract action is to leave the injured party in as good a position as he or she would have been if the contract had been fully performed. In other words, so far as possible, the law attempts to secure to the injured party the benefit of that party's bargain. . . . Damages are measured as of the time of the breach.¹³

¹³ See Charge of the Court, *Koninklijke KPN N.V. v. Samsung Elecs. Co.*, No. 22-0762, (71st Dist. Ct., Harrison Cnty., Tex. Feb. 23, 2024) (Question 3).

14. Assuming that Samsung were obligated under Section 2.3.1 of the Settlement Agreement to pay KPN the “KPN share,” and assuming this amount should have been calculated based on Samsung’s sales of products covered by patents in the Sisvel Mobile Communications Program, the timeframe for calculating the KPN share should have begun in 2021, when the Sisvel Agreement was executed and when the alleged breach of the Settlement Agreement occurred.¹⁴

15. Mr. Fancher’s calculation of the KPN share, however, expressly included Samsung product sales beginning in 2010, six years before Samsung and KPN entered into the Settlement Agreement.

16. Mr. Fancher admitted¹⁵ that his damages calculation was based not on the amount of the KPN share that Samsung allegedly failed to pay to KPN after its 2021 breach of Section 2.3.1 of the Settlement Agreement, but instead on the amount that KPN could have collected from Samsung had the parties never entered into the Settlement

¹⁴ The author does not have access to the Sisvel Agreement and do not opine on the actual amount of the KPN share as it may or may not be defined in that agreement.

¹⁵ See testimony quoted in Paragraph 12 above.

Agreement in 2016. And this amount, going back to 2010, represented damages for patent infringement.

17. As a result, the jury's damages calculation, based entirely on Mr. Fancher's testimony, appears to represent not KPN's expectation damages arising from Samsung's alleged 2021 breach of the Settlement Agreement, but patent infringement damages arising from a hypothetical scenario in which KPN and Samsung never executed the Settlement Agreement.

B. The Jury's Patent Damages Verdict Failed to Take Validity into Account

18. An award of damages for patent infringement is only justified if the asserted patents are found to be both valid and infringed.¹⁶

19. It does not appear that any evidence at trial was directed to the validity or infringement of KPN's patents. This omission is not surprising, given that the case was brought as a contractual suit in state court (a point discussed below). As a result, however, the jury was likely led to place undue weight on the existence of KPN's untested patents that

¹⁶ 35 U.S.C. § 282(b)(1)-(2) (noninfringement and invalidity as defenses to any claim of patent infringement).

had never been shown to cover the Samsung products whose sales formed the basis for Mr. Fancher's damages estimate.

20. Indeed, the validity and infringement of the asserted KPN patents were contested in the Infringement Litigation that was resolved by the Settlement Agreement. If all of KPN's asserted patents were undeniably valid and infringed, then KPN would have had no motivation to settle the Infringement Litigation and would have prevailed in the Infringement Litigation. Instead, KPN chose to settle the Infringement Litigation on the terms of the Settlement Agreement, which did not call for Samsung to make a retroactive royalty payment going back to 2010.

21. Ironically, the jury verdict in this state contract case effectively gave KPN the damages that it would have received only after a complete victory in the Infringement Litigation that it elected to settle, but with no risk to the validity of the patents that were challenged in that earlier litigation.¹⁷

¹⁷ If the validity of a patent is successfully challenged in litigation, the patent is rendered invalid against all infringers, not only the party that challenged the patent's validity.

C. The Court’s Damages Instructions to the Jury Did Not Include Key Elements Relating to Patent Infringement

22. The court has a responsibility to instruct the jury on the applicable legal standards pertaining to the questions put to the jury.¹⁸

23. Given the complexity and unfamiliarity of patent matters to most jurors, accurate jury instructions are particularly crucial in patent cases.¹⁹

24. The American Intellectual Property Association’s (AIPLA) 2025 Model Patent Jury Instructions, which are widely adopted in patent cases, recommend that juries in patent infringement cases be instructed with respect to damages determinations along the following lines:

If you find that the accused [[device] [method]] infringes any of the claims of the [asserted] patent, and that those claims are not invalid, you must determine the type and amount of damages to be awarded [the Plaintiff] for the infringement. On the other hand, if you find that each of the asserted patent claims is either invalid or is not infringed, then you should not consider damages in your deliberations.²⁰

¹⁸ See Tex. R. Civ. P. 277.

¹⁹ See Jorge L. Contreras & Michael Eixenberger, *Model Jury Instructions for Reasonable Royalty Patent Damages*, 57 *Jurimetrics* 1, 2 (2016).

²⁰ Model Patent Jury Instructions § 10.0 (AIPLA 2025).

25. In this case, however, the trial court failed to instruct the jury on issues of patent validity or infringement – crucial omissions that likely led the jury to over-value KPN’s untested patents.

26. In the alternative, if the court believed that its statement of the law regarding damages for breach of contract was adequate, it should have excluded the testimony of Mr. Fancher pertaining to patent infringement and damages flowing therefrom.²¹

D. The Adjudication of Patent Matters Is Reserved Exclusively to the Federal Courts

i. Federal Jurisdiction over Patent Cases

27. Federal law provides that the federal district courts shall have original jurisdiction over cases “arising under any Act of Congress relating to patents.”²² Conversely, it further provides that “[n]o State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents.”²³

28. As explained by the leading U.S. patent law treatise,

²¹ On December 20, 2023, Samsung moved to exclude the expert opinions of Mr. Fancher under Texas Rule of Evidence 702, but that motion was denied by the court without explanation.

²² 28 U.S.C. § 1338(a).

²³ *Id.*

There are two ways in which a case can “arise” under federal law. First, a case arises under federal law if federal law creates the plaintiff’s cause of action. Second, a case arises under federal law if, though created by state law, the plaintiff’s cause of action necessarily raises a substantial and actually disputed federal issue that a federal court may adjudicate without disturbing any congressionally approved balance of federal and state judicial responsibilities.²⁴

29. The Supreme Court held in *Grable & Sons Metal Products, Inc. v. Darue Engineering & Manufacturing* that when a claim that involves a federal matter is brought under a state law theory, four factors determine whether a federal court has jurisdiction over the state law claim: whether the federal issue is: (1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution in federal court without disrupting the federal-state balance approved by Congress.²⁵

30. The rationale for giving federal courts jurisdiction over certain state law claims is rooted in longstanding policy rationales that rely on “the experience, solicitude, and hope of uniformity that a federal forum offers on federal issues.”²⁶

²⁴ 7 *Chisum on Patents* § 21.02[1][a][viii] (2024).

²⁵ See *Grable & Sons Metal Prods., Inc. v. Darue Eng’g & Mfg.*, 545 U.S. 308, 314 (2005).

²⁶ *Grable*, 545 U.S. at 312.

31. The authority of federal courts to hear matters concerning state law matters that implicate federal patent law was most recently addressed by the Supreme Court in *Gunn v. Minton*, in which the Court reaffirmed the four-factor framework that it set out in *Grable*.²⁷

ii. *A Breach of Contract Claim that Depends on a Finding of Patent Infringement Raises Substantial Issues of Federal Law*

32. There are numerous cases in which patent licenses have been breached. When a party's damages in such a case depends on a question of patent law, such cases are most properly decided in federal court. As Chisum explains, "a suit ostensibly for breach of a license may yet arise under patent law if a patent law issue is a necessary element of the plaintiff's claim."²⁸

33. For example, in *U.S. Valves, Inc. v. Dray*, the Seventh Circuit held that "If the only way for U.S. Valves to establish this claim is for it to show that Dray sold valves covered by the patents licensed to U.S. Valves (the 'Licensed Product'), then the court must first examine the

²⁷ *Gunn v. Minton*, 568 U.S. 251, 258 (2013) (holding that a state law legal malpractice claim involving an attorney's failure to raise the patent law experimental use defense in an infringement action did not raise a substantial federal issue).

²⁸ 7 *Chisum on Patents* § 21.02[1][c] (2024).

patent and determine which valves are covered and whether the patent was infringed. Thus patent law is a necessary element of U.S. Valves' breach of contract action, and jurisdiction belongs to the Federal Circuit."²⁹

34. Likewise, in *Scherbatskoy v. Halliburton*, the Fifth Circuit held that "determining whether [the defendant] infringed the [plaintiff's] patents is a necessary element to recovery of additional royalties or a finding that [the defendant] breached the Patent License Agreement."³⁰

35. And in *U.S. Valves*, the Federal Circuit held that "[t]he only way to tell whether a valve is covered by the licensed patents is to apply substantive patent law. Moreover, the only means by which to fix damages is to evaluate each valve sold, and determine whether that valve is an infringing valve. As in *Scherbatskoy*, whether a breach occurred depends on whether [the defendant] infringed the licensed patents, and this issue 'requires the application of the federal patent laws.'"³¹

²⁹ *U.S. Valves, Inc. v. Dray*, 190 F.3d 811, 813-14 (7th Cir. 1999), *aff'd in part, rev'd in part & remanded after transfer*, 212 F.3d 1368 (Fed. Cir. 2000).

³⁰ *Scherbatskoy v. Halliburton Co.*, 125 F.3d 288, 291 (5th Cir. 1997).

³¹ *U.S. Valves*, 190 F.3d at 814.

36. The Federal Circuit again reached this conclusion in *Jang v. Boston Scientific Corp.*, in which it held that “[a]lthough this case arises from a contract claim, rather than directly as a patent infringement claim, [the plaintiff’s] right to relief on the contract claim . . . depends on an issue of federal patent law – whether the [products] sold by [the defendants] would have infringed the [two] patents.”³²

37. And in *Ultra-Precision Manufacturing, Ltd. v. Ford Motor Co.*, the Federal Circuit held that a state law claim that “seeks a patent-like remedy” for “making, using, and selling products” is preempted by federal law.³³

iii. KPN’s Damages Theory Is Grounded in Patent Law and Should Not Have Been Adjudicated in State Court

38. As in the cases cited in Paragraphs 32-37 above, the damages calculation in this case depended on the application of patent law and, as such, should have been adjudicated in federal court. That is, even though KPN couched its damages theory in terms of contractual expectation damages, the calculation of these damages was premised entirely on

³² *Jang v. Boston Sci. Corp.*, 532 F.3d 1330, 1334 n.5 (Fed. Cir. 2008).

³³ *Ultra-Precision Mfg., Ltd. v. Ford Motor Co.*, 411 F.3d 1369, 1382 (Fed. Cir. 2005).

Samsung's alleged infringement of KPN's patents from 2010 through 2024. As such, the claim "necessarily raise[s]" issues of patent law, thereby satisfying the first *Grable* factor.

39. The second *Grable* factor, that a matter of patent law be "actually disputed" is satisfied as Samsung clearly disputed its infringement of the KPN patents asserted against it in the Infringement Litigation, and there is no indication that Samsung conceded the validity or infringement of those patents prior to the entry of the verdict in this case.

40. The third *Grable* factor requires that the matter of patent law in dispute be "substantial." Given that damages were calculated in this case based on the infringement of KPN's patents beginning in 2010, the resolution of the federal patent question is substantial in relation to the case. It is also a substantial question for the federal patent system, as discussed in Paragraphs 43-46 below.

41. The fourth *Grable* factor requires that the patent law matter be capable of resolution in federal court without disrupting the federal-state balance approved by Congress. In this case, the infringement of patents played a central role in KPN's damages theory; the adjudication

of the patent-related questions arising under that theory was most appropriately performed by a federal court; and the jurisdiction of a federal court over such a case would not disrupt the balance between the federal and state judiciaries contemplated by 28 U.S.C. § 1338. On the contrary, the state court, by adjudicating these questions without giving due consideration to issues of patent validity and infringement, disrupted that very balance and gave undue weight to untested patents that were never fully litigated.

42. Given the above, the damages theory asserted by KPN raises a “claim for relief arising under [an] Act of Congress relating to patents,” and should properly have been decided in federal district court.³⁴

E. The State Court Adjudication of Patent Damages Claims Will Severely Impact Patent Law and Harm the Public Interest

43. The resolution of this case is important not only to the resolution of the dispute between Samsung and KPN, but to the development of patent law more broadly. Were licensors permitted to seek damages for breach of patent licensing agreements in state court without any requirement to prove validity or infringement of the

³⁴ 28 U.S.C. § 1338(a).

underlying patents, then some of the most significant mechanisms protecting contractual parties and the public from the assertion of invalid and noninfringed patents would be eliminated.

44. In *Lear, Inc. v. Adkins*, the Supreme Court held that a patent licensee cannot be prevented from challenging the validity of a patent under which it is licensed, and that such challenges support “the important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain.”³⁵ In abolishing the doctrine of licensee estoppel, the Court reasoned “that the technical requirements of contract doctrine must give way before the demands of the public interest,”³⁶ and that prior “judicial efforts to accommodate the competing demands of the common law of contracts and the federal law of patents” had been “a failure”³⁷.

45. The Court’s ruling in *Lear* is influential. It has been cited more than 700 times,³⁸ making it “one of the most famous cases in patent

³⁵ *Lear, Inc. v. Adkins*, 395 U.S. 653, 670 (1969).

³⁶ *Id.* at 670-71.

³⁷ *Id.* at 668.

³⁸ Shepherd’s statistics obtained by the author via Lexis+ on February 16, 2025.

law.”³⁹ *Lear* teaches that the ability to challenge the validity of patents – including patents that are contractually licensed – is of significant importance to the public interest.

46. Permitting KPN to recover damages from its licensee Samsung under a patent infringement theory, without giving the licensee any opportunity to challenge the validity or infringement of those patents, and without even informing the jury that validity and infringement are required in order to assess patent infringement damages, runs counter to the clear teaching of *Lear* and to the public interest.

F. Barring the Removal of This Case to Federal Court, this Case Should be Dismissed, or a New Trial Should be Ordered, Excluding Evidence Relating to Patent Infringement

47. On February 26, 2024, three days after the jury verdict was entered in the current litigation, Samsung removed this case to the U.S. District Court for the Eastern District of Texas, arguing that KPN’s

³⁹ Jorge L. Contreras, *Intellectual Property Licensing And Transactions: Theory And Practice* 699 (Cambridge Univ. Press 2022).

damages theory was grounded in federal patent law.⁴⁰ On April 24, the federal district court remanded the case back to the state court “based upon a lack of subject matter jurisdiction.”⁴¹ In remanding the matter, the federal court relied on the Report and Recommendation of the Magistrate Judge, which accepted KPN’s argument that the jury instructions given at trial made no mention of patent law.⁴² But as discussed in Paragraphs 22-26 above, the court’s instructions to the jury were incorrect. Moreover, the Magistrate’s Report and Recommendation misapplied the *Grable* four-part test for determining whether a matter “arises under” the patent law by applying the well-pleaded complaint inquiry to the first *Grable* factor (whether a federal issue is “necessarily raised” by the claim).⁴³ Yet, as explained in Paragraph 29 above, the *Grable* four-part analysis is invoked when a federal issue is not pleaded in the complaint. Thus, the Magistrate’s Report and Recommendation,

⁴⁰ See Notice of Removal of Def. Samsung Elecs. Co., *Koninklijke KPN N.V. v. Samsung Elecs. Co.*, No. 2:24-cv-00135-JRG-RSP (E.D. Tex., Feb. 26, 2024), ECF No. 1.

⁴¹ Order of Remand at 1, *Koninklijke KPN N.V. v. Samsung Elecs. Co.*, No. 2:24-cv-0135-JRG-RSP (E.D. Tex., Apr. 24, 2024), ECF No. 49.

⁴² R. & R. at 3, *Koninklijke KPN N.V. v. Samsung Elecs. Co.*, No. 2:24-cv-0135-JRG-RSP (E.D. Tex., Apr. 4, 2024), ECF No. 43.

⁴³ *Id.* at 2-3.

on which the federal district court relied, misapplied the law by substituting a well-pleaded complaint rule for the first factor of the *Grable* inquiry.

48. Given, however, that the federal court, at this stage, has remanded this case to the state court, this court on appeal can cure the harms caused by the trial court below by (a) vacating the judgment of the trial court or (b) ordering a new trial with instructions that arguments and evidence based on patent infringement – whether framed as breach of contract, unjust enrichment, or otherwise – be excluded.

CONCLUSION

This Court should vacate the trial court's judgment or order a new trial that excludes any arguments or evidence of patent infringement.

Respectfully submitted,

/s/ Matthew D. Reade

Matthew D. Reade

Texas Bar No. 24126203

KELLOGG, HANSEN, TODD,

FIGEL & FREDERICK, P.L.L.C.

1615 M Street, N.W., Suite 400

Washington, D.C. 20036

Tel: (202) 326-7900

Fax: (202) 326-7999

mreade@kellogghansen.com

Counsel for Amicus Curiae

CERTIFICATE OF COMPLIANCE

I certify that this document contains 4,798 words, excluding the portions described in Texas Rule of Appellate Procedure 9.4(i)(1).

/s/ Matthew D. Reade

Matthew D. Reade

Counsel for Amicus Curiae

CERTIFICATE OF SERVICE

I certify that on March 6, 2025, this document was served via email on the following Counsel of Record:

Kurt Truelove
Truelove Law Firm, PLLC
1001 West Houston
P.O. Box 1409
Marshall, TX 75671
kurt@truelovelawfirm.com
Counsel for Koninklijke KPN N.V.

Hunter A. Vance
Susman Godfrey L.L.P.
1000 Louisiana Street, Suite 5100
Houston, TX 77002
hvance@susmangodfrey.com
Counsel for Koninklijke KPN N.V.

Andres Healy
Susman Godfrey, L.L.P.
401 Union Street, Suite 3000
Seattle, WA 98101
ahealy@susmangodfrey.com
Counsel for Koninklijke KPN N.V.

Eliza Finley
Susman Godfrey, L.L.P.
1900 Avenue of the Stars, Suite 1400
Los Angeles, CA 90067
efinley@susmangodfrey.com
Counsel for Koninklijke KPN N.V.

Tamar Lusztig
Susman Godfrey, L.L.P.
1301 Avenue of the Americas, 32nd Floor

New York, NY 10019
tlusztig@susmangodfrey.com
Counsel for Koninklijke KPN N.V.

Warren W. Harris
Bracewell LLP
711 Louisiana Street, Suite 2300
Houston, TX 77002
warren.harris@bracewell.com
Counsel for Koninklijke KPN N.V.

Andrew Thompson Gorham
Gilliam & Smith LLP
102 N. College, Suite 800
Tyler, TX 75702
tom@gilliamsmithlaw.com
Counsel for Samsung Electronics Co., Ltd.

Melissa R. Smith
Harry L. Gilliam, Jr.
Gilliam & Smith LLP
303 South Washington Avenue
Marshall, TX 75670
melissa@gilliamsmithlaw.com
gil@gilliamsmithlaw.com
Counsel for Samsung Electronics Co., Ltd.

Scott D. Powers
Thomas R. Phillips
Baker Botts L.L.P.
401 South 1st Street, Suite 1300
Austin, TX 78704-1296
scott.powers@bakerbotts.com
tom.phillips@bakerbotts.com
Counsel for Samsung Electronics Co., Ltd.

Kevin M. Sadler
Baker Botts L.L.P.

1001 Page Mill Road
Building One, Suite 200
Palo Alto, CA 94304
kevin.sadler@bakerbotts.com
Counsel for Samsung Electronics Co., Ltd.

John Bash
Landon Smith
Alex Van Dyke
Quinn Emanuel Urquhart & Sullivan, LLP
300 West 6th St., Suite 2010
Austin, TX 78701
johnbash@quinnemanuel.com
landonsmith@quinnemanuel.com
alexvandyke@quinnemanuel.com
Counsel for Samsung Electronics Co., Ltd.

/s/ Matthew D. Reade
Matthew D. Reade
Counsel for Amici Curiae