

## Maxell, ZTE Reach Settlement After \$43M Patent Verdict

By **Daniel Siegal**

*Law360 (February 4, 2019, 10:26 PM EST)* -- Japanese electronics manufacturer Maxell and Chinese smartphone maker ZTE have reached a confidential settlement ending an Eastern District of Texas dispute over seven Maxell patents that a jury found were infringed by ZTE, awarding \$43.3 million in damages last year.

The settlement ends a pair of suits arising from a complaint Maxell initially filed against ZTE USA Inc. in November 2016. The patents-in-suit cover various technologies used in smartphones, including camera patents, a cellular data transmission patent, a power supply management patent, two audio decoding patents and a walking location patent.

In a joint motion to stay all deadlines and notice of settlement, Maxell and ZTE USA told U.S. District Judge Robert W. Schroeder III that “All matters in controversy between the parties have been settled in principle.”

The two companies asked that all pending deadlines be stayed for 30 days so they can file the appropriate dismissal papers, and they said that because the deal is confidential, it will be filed with the court under seal.

Maxell and ZTE USA entered patent licensing negotiations in June 2013, but ZTE USA later refused to enter into a formal agreement with its rival, according to the complaint. As a result, the suit claimed that ZTE USA has knowingly infringed Maxell patents for years and used infringing technology in multiple models of its smartphones.

Shortly before trial, ZTE USA voluntarily withdrew one of the eight patents-in-suit that had expired in an effort to streamline the case. The trial then began on June 18. After two weeks, a six-member jury found in June 2018 that ZTE USA infringed all seven of the asserted patents and that the infringement was willful, allowing the court to triple the damages.

Maxell has initially named as defendants Richardson, Texas-based ZTE USA and its Chinese parent company, ZTE Corp. The Shenzhen-based ZTE Corp. would not accept service, and the case was put on hold for nearly a year. In March 2018, the district judge bifurcated the case against ZTE USA and ZTE Corp. and sent the claims against ZTE USA to a jury, leaving the claims against ZTE Corp. in a separate suit.

On Monday, Maxell and ZTE Corp. filed an identical notice of settlement in the bifurcated case as well.

An attorney for ZTE declined to comment on Tuesday. An attorney for Maxell did not immediately respond to a request for comment.

The patents-in-suit are U.S. Patent Nos. 6,748,317; 8,339,493; 8,736,729; 6,408,193; 6,329,794; 6,816,491 and 8,098,695.

Maxell is represented by Jamie B. Beaver, Alan M. Grimaldi, Kfir B. Levy, James A. Fussell III, Baldine B. Paul, Tiffany A. Miller, William J. Barrow, Saqib Siddiqui, Brian C. Nese, Robert G. Pluta and Amanda S. Bonner of Mayer Brown LLP and by Geoff Culbertson and Kelly Tidwell of Patton Tidwell & Culbertson LLP.

ZTE USA is represented by Lionel M. Lavenue of Finnegan Henderson Farabow Garrett & Dunner LLP.

The instant suit is Maxell v. ZTE Corp. et al., case number 5:16-cv-00179, in the U.S. District Court for the Eastern District of Texas. The bifurcated suit is Maxell Ltd. v. ZTE Corp., case number 5:18-cv-00080, in the U.S. District Court for the Eastern District of Texas.

--Additional reporting by Dorothy Atkins. Editing by Haylee Pearl.

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