

United States District Court
Northern District of California

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

DANIEL NORCIA,
Plaintiff,

v.

SAMSUNG TELECOMMUNICATIONS
AMERICA, LLC, et al.,
Defendants.

Case No. [14-cv-00582-JD](#)

**ORDER RE FINAL APPROVAL,
ATTORNEYS' FEES AND COSTS,
AND INCENTIVE AWARD**

Re: Dkt. Nos. 178, 188

This is a consumer deception class action alleging that defendant Samsung manipulated its Galaxy S4 smartphones' performance on "benchmarking" apps, which are performance-measuring tools used by reviewers and consumers. Dkt. No. 51 ¶¶ 2-4. Samsung is said to have "rigged" the phones to detect commonly used benchmarking apps and artificially boost performance of the central and graphics processing units during the benchmarking cycle. *Id.* ¶¶ 19-22.

After years of litigation -- which included a bench trial on arbitration contract formation, the denial of arbitration, and an appeal to the Ninth Circuit, which affirmed the Court's denial of arbitration -- plaintiff Norcia was left with a single claim against Samsung under the "unfair" prong of the Unfair Competition Law, Cal. Bus. & Prof. Code § 17200 ("UCL"), based on Samsung's alleged omissions about its benchmarking manipulation. Dkt. Nos. 67, 133. Extensive settlement efforts followed, and led to a proposed class action settlement which the Court has approved on a preliminary basis. Dkt. No. 177. The proposed settlement class, which has been conditionally certified, consists of "[a]ll persons or entities who purchased one or more 16 GB Galaxy S4 smart phones in the State of California from April 2013 until July 2013." *Id.* at 2.

This order resolves Norcia's motion for final approval of class action settlement, Dkt. No. 188, and the motion for attorneys' fees and reimbursement of expenses, and plaintiff incentive

1 award. Dkt. No. 178. Final approval is granted, and the fees, expenses and incentive award
2 requests are granted in part.

3 **DISCUSSION**

4 **I. FINAL APPROVAL OF CLASS ACTION SETTLEMENT**

5 Pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, the claims of a certified
6 class may be settled only with the Court’s approval. Rule 23(e) outlines the procedures that apply
7 to the proposed class settlement, including the requirement to direct notice in a reasonable manner
8 to all class members who would be bound by the proposal. Fed. R. Civ. P. 23(e)(1).

9 Under Rule 23(e)(2), the Court may approve a proposal that would bind class members
10 “only after a hearing and only on finding that it is fair, reasonable, and adequate after considering
11 whether:

12 (A) the class representatives and class counsel have adequately represented the
13 class;

14 (B) the proposal was negotiated at arm’s length;

15 (C) the relief provided for the class is adequate, taking into account:

16 (i) the costs, risks, and delay of trial and appeal;

17 (ii) the effectiveness of any proposed method of distributing relief to the class,
including the method of processing class-member claims;

18 (iii) the terms of any proposed award of attorney’s fees, including timing of
payment; and

19 (iv) any agreement required to be identified under Rule 23(e)(3); and

20 (D) the proposal treats class members equitably relative to each other.”

21 Fed. R. Civ. P. 23(e)(2).

22 In addition, our circuit has determined that “[t]he factors in a court’s fairness assessment
23 will naturally vary from case to case, but courts generally must weigh: (1) the strength of the
24 plaintiff’s case; (2) the risk, expense, complexity, and likely duration of further litigation; (3) the
25 risk of maintaining class action status throughout the trial; (4) the amount offered in settlement;
26 (5) the extent of discovery completed and the stage of the proceedings; (6) the experience and
27 views of counsel; (7) the presence of a governmental participant; and (8) the reaction of the class
28 members of the proposed settlement.” *In re Bluetooth Headset Products Liability Litig.*, 654 F.3d

1 935, 946 (9th Cir. 2011) (quoting *Churchill Vill., L.L.C. v. Gen. Elec.*, 361 F.3d 566, 575 (9th Cir.
2 2004)).

3 Before turning to the application of these factors here, the Court confirms the certification
4 of the proposed settlement class under Rules 23(a) and 23(b)(3) of the Federal Rules of Civil
5 Procedure. Nothing material has changed on this score since preliminary approval. The parties
6 had initially estimated that the settlement class had approximately 780,000 members, but they
7 have subsequently determined, through cell phone carriers' data, that the actual class size is
8 approximately 367,000 individuals. Dkt. No. 188 at 2 & n.3. This number is more than ample for
9 the numerosity requirement under Rule 23(a). No class member or party has challenged the
10 propriety of the class certification, and the Court certifies a final settlement class of "all persons or
11 entities who purchased one or more 16 GB Galaxy S4 smart phones in the State of California from
12 April 2013 until July 2013." The Court also confirms the appointment of Daniel Norcia as class
13 representative, as well as the appointment of Eduardo G. Roy and Daniel C. Quintero of
14 Prometheus Partners, L.L.P., and Alec Cierny of The Cierny Firm as class counsel.

15 On the Rule 23(e)(1) notice requirement, the Court approved the parties' notice plan,
16 which included email notice, two publication notices, and a settlement website. Dkt. No. 177.
17 The parties took the extra steps of arranging for publication notice on a third occasion, providing
18 personnel to staff a live, toll-free settlement telephone number, and providing supplemental,
19 follow-up email notice on three separate occasions. Dkt. No. 188 at 6. The Court finds that all of
20 this provided notice in the best practicable manner to class members who will be bound by the
21 proposal. Fed. R. Civ. P. 23(e)(1).

22 For the Rule 23(e)(2) and *Churchill Village* factors, the class representative and class
23 counsel have adequately served in those roles. As the ECF docket indicates, the settlement
24 negotiations took a number of tries and many meetings over a long period of time, facilitated by
25 Magistrate Judge Laurel Beeler as the settlement judge. This record establishes that the settlement
26 agreement was negotiated at arm's length, which weighs in favor of final approval. The Court
27 also notes that the agreement was revised to remove a "clear sailing" provision, namely
28

1 Samsung's agreement not to contest any requested attorneys' fees award. *See* Dkt. No. 169-1 at
2 ECF p. 17.

3 On the adequacy of the relief provided to the class, the proposed settlement consists of
4 \$2.8 million in cash to be funded by Samsung. Class members who make valid claims will
5 receive cash payments of up to \$10 per claim from this fund. Attorneys' fees, costs, and a
6 potential incentive award are all to be paid from the fund, and then the rest is proposed to be
7 distributed to the Samuelson Law, Technology & Public Policy Clinic at the University of
8 California, Berkeley School of Law, as a *cy pres* beneficiary. The settlement also includes an
9 injunction pursuant to which Samsung, for a period of three years, "shall require the entity from
10 which it purchases new Samsung smartphones to confirm that such smartphones have not been
11 pre-loaded with software that detects and boosts the performance scores from benchmarking
12 applications." Dkt. No. 169-1 ¶ 46.

13 The Court finds that, on this record, the relief provided by the settlement is adequate and
14 fair. The settlement fairly reflects the fact that plaintiff's claims were significantly cut down from
15 the four claims in the operative complaint, Dkt. No. 51, to just a portion of the UCL claim
16 following the Court's rulings on Samsung's pleadings motions. Dkt. Nos. 67, 133. The size of
17 the class was significantly reduced by virtue of limiting an undefined and open class period in the
18 complaint, Dkt. No. 51 ¶ 40, to a 4-month period for the settlement class. Dkt. No. 169-1 ¶ 14.
19 For this class, the parties agree that the class members' recovery should be capped at \$10 per
20 claim, and they have explained that this is because the processor at issue "cost about \$20 at the
21 relevant time" and the "10-11 millisecond 'boost' that the GS4 allegedly gave to its CPU" can
22 fairly be compensated with \$10 each, *i.e.*, 50% of the cost of the chipset at issue. Dkt. No. 170 at
23 14-15. The Court accepts that explanation, and finds that the proposed cash payout amount is fair
24 in this case.

25 The adequacy of the relief is further bolstered by the fact that the class members will
26 benefit broadly from the *cy pres* distribution to the Samuelson Clinic. Class counsel stated in a
27 declaration that the proposed *cy pres* beneficiary is a "leading clinical program in technology law
28 and the public interest," which "trains law and graduate students in public interest work on

1 emerging technologies, privacy, intellectual property, free speech, consumer and citizen interests
2 in technology deployment and design, creativity, innovation, and other information policy issues.”
3 Dkt. No. 169 ¶ 20. The Court has no doubt that the Samuelson Clinic is a worthy recipient, and in
4 any event, the *cy pres* doctrine does not “require as part of that doctrine that settling parties select
5 a *cy pres* recipient that the court or class members would find ideal. On the contrary, such an
6 intrusion into the private parties’ negotiations would be improper and disruptive to the settlement
7 process.” *Lane v. Facebook, Inc.*, 696 F.3d 811, 820-21 (9th Cir. 2012). Rather, the goal is to
8 ensure “that a *cy pres* remedy must be the ‘next best distribution’ of settlement funds,” which
9 means that “a district court should not approve a *cy pres* distribution unless it bears a substantial
10 nexus to the interests of the class members.” *Id.* at 821. The Court finds that a substantial nexus
11 is present here in that the Samuelson Clinic trains the next generation of practitioners on issues of
12 consumer rights and interests in the technology arena, matters that were front and center in this
13 consumer protection lawsuit over smartphone processing speeds. Consequently, the proposed *cy*
14 *pres* distribution is approved. The 3-year injunctive relief negotiated by the parties also adds to
15 the relief to the class, and on the whole, the adequacy of relief factor weighs in favor of final
16 approval.

17 The Court finds no issues with the proposed treatment of class members relative to each
18 other. All class members who submit valid claims may recover up to \$10 each, which will be
19 issued to them by check.

20 The reaction of class members favors final approval. While the claims rate of
21 approximately 2.035% (7,468 claims received from approximately 367,000 class members) is not
22 necessarily something to write home about, it is on par with similar cases. In addition, only one
23 class member has requested to be excluded from the settlement, and only a single objection was
24 filed by Steven Helfand. This is overall a positive response.

25 As for Helfand, the Court has reviewed his deposition testimony, Dkt. No. 187, and
26 questioned him directly at the final approval hearing about his standing as a class member.
27 Helfand was not able to credibly explain his inability to provide any evidence at all which would
28 validate his alleged ownership of two Galaxy S4 phones during the class period. Helfand has

1 instead stated that one of his phones was destroyed in an “insurance casualty or a situation where
2 all of my possessions were destroyed,” when he was evicted from his building by a landlord who
3 “w[as] violating [Helfand’s] civil right” and “the landlord’s property manager instructed the
4 condominium association to dispose of all of the possessions,” which “were all disposed of by 1-
5 800 Got Junk.” Dkt. No. 187 at 8. Helfand stated at his deposition that his other Galaxy S4 was
6 traded in at a “shop . . . on Van Ness” which “was like a pawn shop,” *id.* at 14, though Helfand
7 was unclear about whether he “traded both phones or one in” or if “one of the phones wasn’t
8 traded in.” Dkt. No. 187 at 83-84; *see also* Dkt. No. 185 (“the phones . . . were traded in”); Dkt.
9 No. 186 (“Helfand did not, in fact, trade-in, the second S4 Galaxy, he owned, if it even matters.”).
10 He provided other testimony at his deposition that the Court finds doubtful, for example that he
11 purchased two Galaxy S4 phones to use as “universal controller[s] in the house” and that he
12 purchased two of them for “different room[s].” Dkt. No. 187 at 17, 21. These are unusual facts
13 that if true, would rather conveniently explain why no carrier has any record of Helfand’s
14 ownership of these phones.

15 After considering the substance of his deposition and in-court testimony, and observing his
16 demeanor at the final approval hearing, which was held by remote access, the Court concludes that
17 Helfand was not a credible witness, and that he did not establish that he is a member of the
18 settlement class. The Court also notes that Helfand is a disbarred attorney who acknowledges he
19 has “been involved in 50 or 60 cases . . . as an objector or as an attorney for objectors.” Dkt.
20 No. 187 at 36. The adverse credibility finding here is consistent with those of other courts. *See,*
21 *e.g., Collins v. Quincy Bioscience, LLC*, No. 19-22864-CIV, 2020 WL 7135528 (S.D. Fla. Nov.
22 16, 2020). Helfand’s objections are overruled for lack of standing, and because the points he has
23 raised lack merit for the reasons discussed in this order.

24 **II. ATTORNEYS’ FEES**

25 When awarding fees in a common fund case like this one, the Court has “discretion to
26 employ either the lodestar method or the percentage-of-recovery method.” *In re Bluetooth*, 654
27 F.3d at 942. The choice between lodestar and percentage calculation depends on the
28 circumstances, and “in common fund cases, [there is] no presumption in favor of either the

1 percentage or the lodestar method.” *In re Washington Public Power Supply Sys. Litig.*, 19 F.3d
2 1291, 1296 (9th Cir. 1994).

3 Class counsel has asked for \$1,398,861.24 in fees. Dkt. No. 178. Counsel justifies this as
4 “10.44% of the total settlement value,” by relying on its expert’s valuation of \$10,594,921 for the
5 injunctive relief in this case and adding that to the \$2,800,000 cash fund, for a “total settlement
6 value of \$13,394,921.” *Id.* at 1-5. Counsel further states that the requested fee is reasonable when
7 using the lodestar method because the lodestar is approximately \$1,951,060, and so the requested
8 \$1.398 million in fees work out to a multiplier of negative 0.72. *Id.* at 2, 5-8.

9 The Court cannot agree with plaintiff’s counsel’s calculation of a \$13.394 million “total
10 settlement value.” To start, the Court rejects the inclusion of the injunctive relief in that
11 calculation. In *Staton v. Boeing Company*, 327 F.3d 938, 945-46 (9th Cir. 2003), the circuit
12 directed that injunctive relief “should generally be excluded from the value of a common fund
13 when calculating the appropriate attorneys’ fees award, as the benefit of that relief to the class
14 members is most often not sufficiently measurable.” *Staton* also “decline[d] to rely in [the court’s]
15 assessment of the injunctive provisions upon ‘the approval of several disinterested experts’”
16 because the experts’ positive assessments relied heavily on an understanding of the decree that the
17 court did not agree with. *Id.* at 961. The Court finds that rejection of plaintiff’s proffered expert
18 valuation is appropriate here as well. Most critically, plaintiff’s expert pursued the wrong
19 question. *See* Dkt. No. 198, Ex. A ¶ 9 (“I was engaged by Mr. Daniel Norcia to measure the
20 economic gains Samsung Electronics America, Inc. obtained, as alleged, through its unfair
21 benchmarking manipulation scheme.”). Analytically, Samsung’s theoretical lost profits are not
22 equivalent to “the value to individual class members of benefits deriving from injunctive relief.”
23 *Staton*, 327 F.3d at 974. It is “tangible relief to class members” that matters, *id.* at 973, and that is
24 simply not what is addressed by Professor Arnold’s declaration, putting aside the Court’s
25 additional concerns about his data set and methods of calculating Samsung’s supposed ill-gotten
26 gains.

27 While the Court has in other cases suggested that reliance on the lodestar method may be
28 useful, *see, e.g., Vasquez v. USM Inc.*, No. 3:13-cv-05449-JD, 2016 WL 612906 (N.D. Cal. Feb.

1 16, 2016), it is not suitable here. As in *Staton*, the “record as it stands” is insufficient for a
2 lodestar inquiry, “as it contains only the barest estimate of hours expended, with no detail.” 327
3 F.3d at 966. Counsel has presented only summary tables of the total hours associated with each
4 timekeeper, and then separately a table of the total hours associated with each “category of work
5 performed.” Dkt. No. 190-1 at 2-3. This does not allow the Court to query, for example, whether
6 there was any excessive double-billing by multiple timekeepers for the same specific task.

7 Consequently, on these circumstances, the Court follows the path set out in *Staton*: the
8 Court excludes the value of the injunctive relief from the value of a common fund for attorneys’
9 fees purposes, but the Court does consider “[t]he fact that counsel obtained injunctive relief in
10 addition to monetary relief for their clients” as a “relevant circumstance . . . in determining what
11 percentage of the fund is reasonable as fees.” 327 F.3d at 945-46. Under that approach, the Court
12 finds it appropriate to award slightly more than the usual 25% benchmark from the \$2.8 million
13 common fund. While counsel did obtain the 3-year injunctive relief, which could generate
14 possible benefits for some class members (those that choose to buy Galaxy S4 phones again)
15 beyond the cash settlement fund, overall, the Court cannot say counsel obtained “exceptional
16 results for the class” justifying anything more than 30%. *See Vizcaino v. Microsoft Corp.*, 290
17 F.3d 1043, 1048-50 (9th Cir. 2002). As discussed, the settlement class size is significantly
18 reduced from the litigation class size; the negotiated injunctive relief is not specifically targeted
19 towards benefitting class members; and the \$10 per class member payouts, while adequate, are not
20 a wildly overwhelming success. Taking into account all of the circumstances of the case, the
21 Court finds that 30% of the \$2.8 million common fund, or \$840,000.00, is an appropriate
22 attorneys’ fees award in this case.

23 **III. COSTS**

24 Class counsel has also requested reimbursement of expenses in the amount of \$101,138.76.
25 That is a reasonable amount given the litigation activity that has taken place in this case, and the
26 expenses have reasonably been explained in the declarations of counsel. Dkt. Nos. 179, 180. The
27 requested reimbursement is granted. The settlement administrator’s requested additional
28 settlement administration costs of up to \$155,500 are also approved. Dkt. No. 188 at 8.

1 **IV. INCENTIVE AWARD**

2 Class counsel has requested a \$7,500 incentive award for named plaintiff Daniel Norcia.
 3 Dkt. No. 178. “Incentive awards are fairly typical in class action cases.” *Rodriguez v. West*
 4 *Publishing Corp.*, 563 F.3d 948, 958 (9th Cir. 2009); *see also In re Online DVD-Rental Antitrust*
 5 *Litig.*, 779 F.3d 934, 947-48 (9th Cir. 2015) (approving \$5,000 incentive awards for each of nine
 6 class representatives as reasonable where litigation was “complicated” and “took up quite a bit of
 7 the class representatives’ time”).

8 Here, the Court knows firsthand from seeing plaintiff Norcia on the witness stand during
 9 the arbitration agreement bench trial that he has put time and effort into this case, likely more than
 10 is asked of the usual named class action representative. Class counsel has also declared that
 11 plaintiff Norcia devoted “in excess of one hundred hours assisting Class Counsel in this case.”
 12 Dkt. No. 179 ¶ 75. Still, \$7,500 is too high, especially in comparison to the \$10 that each of the
 13 other class members will be receiving. The Court awards \$3,000 to Norcia.

14 **CONCLUSION**

15 Final approval of the class action settlement is granted. The single opt-out is ordered
 16 excluded from the settlement. The pending objection by Steven Helfand is overruled for the
 17 reasons discussed in this order and at the final approval hearing.

18 Class counsel is awarded \$840,000 in attorneys’ fees, and ordered reimbursed \$101,138.76
 19 in litigation expenses. The settlement administrator is awarded additional costs of up to \$155,500.
 20 The named class representative, Daniel Norcia, is awarded a \$3,000 incentive payment.

21 The case will remain closed, but counsel must file the post-distribution accounting
 22 document on the ECF docket when the time comes, as required by the Northern District’s
 23 Procedural Guidance for Class Action Settlements.

24 **IT IS SO ORDERED.**

25 Dated: July 20, 2021

26
 27
 28


 JAMES DONATO
 United States District Judge