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I N D E X

WITNESS

PAGE

EDDY CUE

Cross-Examination by Mr. Schmidtlein

2574

Redirect Examination by Ms. Bellshaw

2601

Redirect Examination by Mr. Cavanaugh

2602

E X H I B I T S

EXHIBIT

PAGE

Exhibit DX380Admitted into evidence.....

2603

[REDACTED] PROCEEDINGS

1
2 **THE COURT:** Mr. Schmidtlein, I'm ready when you are.

3 **CROSS-EXAMINATION OF EDDY CUE**

4 **BY MR. SCHMIDTLEIN:**

5 Q. Thank you, Your Honor.

6 Good afternoon, Mr. Cue.

7 A. Good afternoon.

8 Q. Earlier this morning, you were asked some questions
9 about your role in the 2015-16 negotiations that you had with
10 Google. Do you recall that?

11 A. I do.

12 Q. And I believe you testified that you were the lead
13 negotiator for that agreement for Apple?

14 A. That's correct.

15 Q. What were the most important factors that you
16 considered when evaluating which default search engine to
17 select for Safari during that 2015-16 timeframe?

18 A. We were interested in making sure that we picked the
19 best one, the one that provided the best results to customers.
20 Obviously we looked at it across multiple countries around the
21 world. Those were the primary functions of it. Secondarily
22 was how well they monetized. But primarily, as I said, we
23 wanted to have the best search results for our customers.

24 Q. And I know you testified you were not the lead
25 negotiator in prior agreements that Apple has entered into with

1 Google. But based on your decades of experience as a senior
2 executive as Apple, is the process and the factors you
3 considered in 2015 and '16, do you believe, consistent with
4 factors that had previously been considered by Apple?

5 A. They were. As an executive team member and a person
6 who worked directly for Steve Jobs for a long time, we were
7 always interested in having the best experience for our
8 customers.

9 Q. In evaluating which search engine to select, has Apple
10 evaluated questions like which default would a majority of our
11 users be most likely to prefer; is that a question you've
12 considered?

13 A. No, that's not -- not in those terms. We were
14 interested in what search engine did customers experience be
15 the best one, and therefore they would like it to be the best
16 one. But the default doesn't -- that's an effect of when we
17 pick what we think is the best one, that's what we do with it.
18 But we don't think of it in those terms. As I said, we make it
19 relatively easy to change the default if you want to, so that's
20 not the issue.

21 Q. Did Apple ever get information or feedback that
22 suggested that its decision about the default had been --
23 making Google the default was the wrong decision?

24 A. No, we've never felt that way.

25 Q. Now, you testified about, I think, certain goals or

1 things that you wanted to accomplish in the 2015-16 agreement.
2 I think you've testified one of those was increasing the rev
3 share; is that right?

4 A. That's correct.

5 Q. And you wanted to increase it from [REDACTED]
6 [REDACTED]?

7 A. That's correct.

8 Q. Did Mr. Pichai push back on your request for
9 [REDACTED]?

10 A. Yes. Look, I mean, it was a negotiation. We took a
11 long time. There was push back from him and push back from me.

12 Q. So on that first goal, did the companies end up
13 reaching a compromise?

14 A. We did, we compromised on that and a few other things.

15 Q. Okay. I think a second goal that you testified to was
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Q. And then I think the third thing you testified to as a

1 goal was the term of the deal, that you wanted a long-term
2 deal; is that right?

3 A. Those were the big things, that's correct.

4 Q. And you wanted a [REDACTED] deal?

5 A. I did.

6 Q. And Google pushed back on that; is that right?

7 A. That's also correct, they didn't wanted to do a
8 long-term deal.

9 Q. And did the parties end up compromising on that term
10 as well?

11 A. I believe so.

12 Q. Does Apple today have agreements with other search
13 providers to be promoted in Safari?

14 A. We do.

15 Q. And who does Apple have agreements with today?

16 A. We have agreements with Bing, with Yahoo!, with
17 DuckDuckGo and a few others.

18 Q. And has Apple had those agreements for a number of
19 years?

20 A. We've had since -- for a long time.

21 Q. Why does Apple have agreements with other search
22 providers that are not the default search engine in Safari?

23 A. Again, everyone gets a benefit, because it's easy to
24 switch. And so we give customers the ability to easily switch
25 to one of those search providers, and then they would get the

1 traffic and the advertising and the other things and they would
2 share that with us. And so it's all about the fact that we
3 make our customers and our software be integrated with those
4 search engines to make it really easy for customers to use.

5 Q. And do those search engines pay a revenue share to
6 Apple pursuant to those agreements?

7 A. They do.

8 Q. And if Apple believed that those other search engines
9 were superior to Google and users preferred them, would Apple
10 switch the default at the conclusion of a Google agreement?

11 A. We would.

12 Q. Now, you talked a little bit earlier this morning
13 about some geographic carve-outs that were included in the
14 Google-Safari agreement. Do you recall that?

15 A. I do.

16 Q. And did Apple seek those carve-outs from Google?

17 A. We did.

18 Q. And did Apple ever seek a carve-out for the United
19 States?

20 A. No, there was no reason to. We picked carve-outs for
21 countries where there was either somebody who was -- we thought
22 already was better than Google at providing search results, or
23 there was an area where it was a little bit of a question and
24 we weren't sure, but it was clear that there was somebody who
25 was close. And so we wanted to have the ability to switch.

1 Q. Did Google retaliate against Apple when Apple demanded
2 the carve-outs for particular foreign countries?

3 A. I'm not aware of anything.

4 Q. Now, you also talked about some discussions that took
5 place between Apple and Google -- excuse me, some discussions
6 that took place between Apple and Microsoft in 2018. Do you
7 recall that?

8 A. That's correct.

9 Q. And in 2018, did Microsoft approach Apple and offer to
10 engage and to do some sort of either joint venture or
11 acquisition or partnership?

12 A. Microsoft, over the years, has continued to approach
13 us: They approached us in 2018, they've approached us later.
14 And so that's correct, they approached us in 2018, again,
15 saying that their search engine had improved even further from
16 2015-2016, from the last time, and that they had gotten better
17 and we should do a deal together.

18 Q. Were you involved in those 2018 discussions?

19 A. I was, not as much as the last time, honestly, because
20 I knew they weren't good enough. And we had had JG, who was an
21 expert in search, that had started, and he was going to do an
22 evaluation. And so I knew he would do the evaluation, and so I
23 didn't want to have a lot of discussions with Microsoft about
24 promises or whatever else they had. But I had discussions with
25 Tim around it, and once I saw the evaluation and the results,

1 it was clear not only was it not good enough, but it had
2 actually gotten worse than from 2016.

3 Q. And just so the Court knows, JG is a reference to John
4 Giannandrea?

5 A. Yes, I'm sorry. As you can see by the name, most
6 people don't know how to say it -- and you did very well, but
7 we call him JG.

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 Q. Did you consider Mr. Giannandrea's opinions valuable
15 on this issue of whether or not to acquire or invest in Bing?

16 A. I did, I thought he was -- at least at Apple, I
17 thought he was one of, if not the most experienced and relevant
18 in understanding technologies and the engineerings of search to
19 do that. So, yes, I thought it was highly valuable.

20 Q. Did you have a reaction to Microsoft offering to sell
21 Bing to Apple in terms of Microsoft's belief and commitment to
22 the Bing search product?

23 A. I did. [REDACTED]

24 [REDACTED] It was clear they were not investing, as
25 I've stated earlier. They didn't want to continue investing,

1 and so, to me, it was just a desperate move to get rid of it.
 2 And so I didn't see it as anything else. I mean, if it was any
 3 good, why would you -- if you think of it logically, if it was
 4 a great product -- I mean, we would never give away iOS to
 5 Microsoft for free, that's not something we would ever
 6 consider. So it's a weird offer.

7 Q. At the time that you were having these conversations
 8 about Bing, were Apple and Microsoft engaged in discussions
 9 about other commercial issues?

10 A. Yeah. In a way, that's the reason we kept talking to
 11 Microsoft. They kept bringing up search. We were interested
 12 in other things. [REDACTED]

13 [REDACTED] [REDACTED]
 14 [REDACTED]
 15 [REDACTED] [REDACTED] [REDACTED]
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 22 [REDACTED] [REDACTED]
 23 [REDACTED] [REDACTED]
 24 [REDACTED] [REDACTED]
 25 [REDACTED]

1 Q. I want to skip ahead to the -- to 2020-2021. And I
2 believe you testified earlier that you had reached out to
3 Mr. Schindler at Google about renewing the Google agreement
4 sometime around 2020; is that right?

5 A. That's correct.

6 Q. And the term of the 2016 agreement I believe we went
7 over this morning: [REDACTED]

8 [REDACTED]. Does that comport
9 with your memory?

10 A. Correct.

11 Q. So in this 2020-2021 time period, Apple had the
12 ability to switch default search providers; is that right?

13 A. It was coming up, that's correct.

14 Q. And did Apple again consider whether or not to use
15 Google or some other search provider as the default search
16 engine for Safari?

17 A. Yeah, we're constantly keeping aware of what's
18 happening in the industry, and what other opportunities we have
19 to improve the product. And so we certainly didn't see
20 anything that was anywhere close to Google as far as its
21 capabilities and what it did, and so I was quite comfortable
22 and wanted to extend the deal.

23 Q. Can we have DX380. Mr. Cue, DX380 appears to be an
24 e-mail that you wrote to Mr. Schindler in April 2020; is that
25 correct?

1 **A.** That's correct.

2 **Q.** And is this the outreach that you testified to earlier
3 this morning about contacting Google about renewing the search
4 agreement?

5 **A.** Yeah, I believe I may have called them ahead of time
6 and had given them -- you know, we had started some discussion
7 about it, telling them that I wanted to do that. But this was
8 the details that I proposed.

9 **Q.** And this is April 2020, so this is COVID times that we
10 all remember, correct?

11 **A.** Unfortunately, that's correct.

12 **Q.** Okay. And you write in the second paragraph there:
13 "Our companies have not worked closer or been in a better
14 relationship since we started the iPhone. Rather than having
15 both sides wondering what the other is planning to do, given
16 the deal ending, I want to preempt this and make sure we keep
17 working on making it even better. I believe we both have the
18 trust and incentives to extend without worrying."

19 What were you conveying to Mr. Schindler there?

20 **A.** Yeah, there's -- look, this is a long history, a long
21 relationship that started back in 2002. By the time that I got
22 involved in 2015, the relationship between Google and Apple was
23 horrible. There was no communication between the two parties.
24 It had just deviated over time. And one of the concerns that I
25 had, it's hard to make the product better if you're not

1 communicating with each other. And so there was a lack of
2 trust, a lack of working relationship between the two parties.
3 And one of the things that I wanted to fix as part of this is I
4 wanted to make sure that we had a very open relationship with
5 Google where they could tell us what they thought would make
6 the product better or what they wanted to do, and likewise, and
7 we'd have those interactions. And that was the way the whole
8 thing started.

9 Google was great at search. We were building Safari on
10 the Mac, and it was all about taking two great things and
11 making it even better for our customers. Honestly, I thought
12 the companies had kind of deviated away from that, and I wanted
13 to change that. And I thought that Sundar and Phillipp had
14 done -- and ourselves had done a good job of doing that. We
15 started learning to trust each other. I told them the things
16 that were important to us, we came to a compromise on the
17 agreement. It wasn't everything I wanted, I know it wasn't
18 everything he wanted. And the teams started working and
19 bringing up ideas of how to make the products better.

20 And so my concern at this point is, so now we're working
21 well together. And anytime a deal of this kind comes up, my
22 experience with this is it causes anxiety; and it causes
23 anxiety on both parties about, oh, are they thinking about
24 doing something else. And my viewpoint around this is I didn't
25 want any of the anxiety that had happened before. At that

1 time, I looked at it and said Google still has the best search
2 engine by far, even more so than when I started back in 2015.
3 And so let's just extend this deal further and not get to the
4 point where all of a sudden we want to open this all up for
5 renegotiations again. And so I thought that was the right
6 thing for us, and honestly, the right thing for Google as well.

7 Q. Do you believe that the Safari agreement with Google
8 has produced a better search experience on Safari?

9 A. I think there's no question about that. It's been
10 true for -- since the beginning, and like I said, continues to
11 be true today.

12 Q. And do you think that the collaboration between Google
13 and Apple on the Safari default agreement has benefitted
14 Apple's consumers?

15 A. I think it's benefitted the consumers, it's benefitted
16 Apple, it's benefitted Google. I think everyone has won in
17 this.

18 Q. Now, again, you've testified about conversations that
19 you had in 2015 with Microsoft around considering Bing to be
20 the default search engine. You later had more conversations --
21 or were involved in meetings with Microsoft about potential
22 acquisitions or partnerships.

23 Have you ever told anyone at Microsoft that you believed
24 that Bing was good enough for Apple to switch from Google to
25 Bing as the Safari default search engine in the United States?

1 **A.** Just even the words "good enough," that's not who
2 Apple is. We don't do things that are good enough, we do
3 things that are great, things that are the best. So there's --
4 those aren't the words that we would use. We don't use the
5 words -- we don't make our products good enough, that's just an
6 unacceptable thing, and so that's not what we would do. We
7 pick the best products.

8 **Q.** Are you aware of anyone at Apple who has told anyone
9 at Microsoft that Bing was good enough for Apple to switch from
10 Google to Bing as the Safari default search engine in the
11 United States?

12 **A.** Again, I can't imagine anyone would, but I'm not aware
13 of it. I know I didn't do it; I know Tim didn't do it; I know
14 Phil Schiller didn't do it; I know Craig Federighi didn't do
15 it. We're the executives at Apple that are responsible for
16 Safari search, we never felt that way.

17 **THE COURT:** Mr. Schmidtlein, if I can just interrupt for a
18 moment and just ask you to be mindful if some of these
19 questions we can push into open session. And I know they're
20 sort of predicated upon topics that were -- and I understand
21 the difficulty in structuring it. But if there's specifics
22 about, again, numbers, percentages that are in the documents,
23 if we could get to that, and then we can open up the courtroom
24 again.

25 **MR. SCHMIDTLEIN:** I mean, these are, again, conversations

1 during these negotiations which counsel had done in closed
2 session. So I was trying to tighten those up.

3 **THE COURT:** I understand.

4 **MR. SCHMIDTLEIN:** I'll move forward here after -- I just
5 have like one or two more around these.

6 **THE COURT:** Okay.

7 **BY MR. SCHMIDTLEIN:**

8 **Q.** Have you been in meetings with Mr. Cook and Microsoft
9 senior executives, including Mr. Nadella, where the issue of
10 the default search engine for the Safari browser was discussed?

11 **A.** Again, yes. I mean, they came in and presented the
12 idea of it, their search engine was as good or better than
13 Google, and they were interested in us pursuing that. So
14 that's been their story, and was their story in 2018, and was
15 their story again in 2021.

16 **Q.** In any of these meetings with Microsoft, did you or
17 anyone else from Apple indicate that you believed that
18 switching from Google to Bing would be a better user experience
19 for Apple customers?

20 **A.** No. It's not true, so we wouldn't -- we're not going
21 to lie to them.

22 **Q.** Have you ever believed that it would be in Apple's
23 best interests to switch to Bing in the United States but keep
24 Google as the Safari default in certain countries outside the
25 United States?

1 **A.** No. Again, we look at it country by country. In the
2 United States, Google is the best search engine by far -- in
3 most countries they are, actually. And in a few countries
4 they're not, and in those we try to carve it out.

5 **Q.** Did you or anyone else from Apple ever tell anyone at
6 Microsoft that Apple was prepared to switch the Safari default
7 from Google to Bing in the United States, but it was prevented
8 from doing so by Apple's contract with Google?

9 **A.** No, we wouldn't -- again, I didn't view that we were
10 prevented from doing it. We were prevented from doing it over
11 a time period. If we thought that Bing was the best search
12 engine, even if we were under contract, we would have continued
13 the discussions and done a deal with Bing whenever the term
14 expired. There was no point in time where there was any deal
15 to be done with Microsoft -- I've stated this before. It was
16 never close. We never traded term sheets, we never traded a
17 contract. Yes, it is true they came and made big offers and
18 big statements about what they could do, but we never believed
19 it. All of our data showed it wasn't true.

20 **Q.** Did you ever have any concern that if Apple decided to
21 switch from Google to Bing for the default search engine in any
22 country, including the United States, that Google would
23 retaliate against Apple in some way?

24 **A.** Again -- look, Apple's a big company, Google's a big
25 company. I wasn't worried about Google retaliating to Apple.

1 It's not something I ever experienced, it wasn't something I
2 ever heard from Google. So, no, that was not a concern for me.

3 Q. Are you aware of anyone at Apple, including Mr. Cook,
4 expressing concerns that Google would retaliate against Apple
5 if Apple switched the Safari default search engine from Bing to
6 Google in the United States?

7 A. I don't ever recall having that discussion with
8 anybody at Apple, and certainly with Mr. Cook.

9 Q. Now, there was a period of time when Bing was the
10 backfill in Siri; is that correct?

11 A. That's correct.

12 Q. And did you get some familiarity with Bing as the
13 backfill for Siri?

14 A. We did. At the time, we would have --

15 **THE COURT:** I'm sorry, can you ask him what -- well, what
16 do you mean by backfill? I didn't quite --

17 **THE WITNESS:** Yeah, let me describe it. So, as I
18 mentioned with Siri, the goal as an assistant was really to
19 give you answers. But if we didn't find an answer for what you
20 were looking for, because we weren't smart enough yet to make
21 the answer, we would give you search results. We wanted to do
22 that deal with Google, but at the time Google wasn't interested
23 in doing it with us. As I said, the discussions between the
24 two companies at the time was not great. And so we looked at
25 Bing as a can we use it as a backdrop. And I say backdrop

1 meaning if I don't have an answer, then I would put the search
2 results and we used Bing as the backdrop for Siri. So
3 obviously it gave us some experience with Bing, as search
4 results were, in Siri for backdrops. And then when we did the
5 deal in 2015, that was something that Google was interested in
6 doing, and I was very interested in replacing Bing, because the
7 search results would be better.

8 **THE COURT:** Can you help me understand, with Siri, when
9 you say producing search results if there's no answer, the
10 search results would appear on --

11 **THE WITNESS:** Yeah, instead of saying -- if I asked you
12 what's the weather in Los Angeles right now, it says
13 84 degrees. But if I said, you know, is there a hurricane in
14 Los Angeles today, Siri may not know how to answer that and so
15 it would just, on your screen, show you search results.

16 **THE COURT:** Thank you.

17 **THE WITNESS:** And so, just to continue, basically at the
18 time we did the 2015 deal, we were able to switch Siri's search
19 results from Bing to Google which I think improved the
20 product -- 2016, I apologize.

21 **BY MR. SCHMIDTLEIN:**

22 **Q.** Are you familiar with a search engine called Neeva?

23 **A.** I am. I was reading an article, as I recall,
24 somewhere on the web that mentioned it. And it was started by
25 a Google engineer. The article was basically starting this new

1 search engine that was supposed to be really cool. He had some
2 new ideas that he thought would make search better. So I
3 reached out to him personally, because I wanted to see what it
4 was about to see if there was something actually interesting or
5 innovative that would be of interest to us.

6 Q. And did you evaluate the Neeva search engine?

7 A. We did. It was very early on, so when I first called
8 him there was nothing yet that actually worked. So he told me
9 what they were working on, but I couldn't evaluate it because
10 it wasn't available. I think it was several months later -- I
11 don't recall the exact timing of it, it became available, and
12 so he sent me a note and said you can go try it. And I did,
13 and just it was way too early, it was an early product. It had
14 some interesting ideas, I will say, but it was in no shape to
15 be a general search engine at that point.

16 Q. Did Apple have any discussions with Neeva about adding
17 Neeva to the list of search engines that could be made the
18 default in Safari?

19 A. I'm not aware of any discussions with Neeva at all
20 that Apple had besides the one that I had, so no.

21 Q. Before a search engine could be added to that list of
22 search providers that could be made the default, would that
23 have to be run by you?

24 A. It wouldn't be run by me. We have a process that the
25 team uses that I'm not involved with that basically evaluates

1 the search engine to make sure that it's actually a legitimate
2 search engine, right, that it provides at least some basic
3 functionality. We don't want to put things in there that
4 really aren't general search engines. And so there's sort of a
5 bar to cross that the team evaluates, but it's a fairly low
6 bar.

7 Q. And did Apple evaluate whether or not to include Neeva
8 as a potential default search option?

9 A. I don't know, I was not involved in that. I would be
10 surprised, but I don't know. I don't know the answer.

11 Q. And then just one question on DuckDuckGo, to follow up
12 on the questions you were asked earlier. Do you know how
13 DuckDuckGo tries to distinguish itself with its search product?

14 A. Yeah, it generally markets itself as a private -- the
15 most private search engine.

16 Q. Do you think that DuckDuckGo's differentiation
17 proposition makes it preferred by a majority of Apple users?

18 A. No, it's not. I think it's preferred by a small
19 minority. I think that -- as I said, you have to -- look,
20 privacy is incredibly important, but it's only important if
21 you're creating a great product. So what we're trying to do is
22 make a great product that has privacy components. In the case
23 of DuckDuckGo, it is the Bing search results, and so it suffers
24 from that issue. So no matter what you do on the privacy side,
25 you have the issue that the search results just aren't good

1 enough. And so from a customer point of view, even if you're
2 interested in it, when you give it a try -- and maybe the
3 privacy thing causes you to have some interest in it, you'll
4 try it and you won't like it, and you'll default back or switch
5 back -- or you won't even switch, which is generally the case.
6 But to a small minority of customers that may like that, it's,
7 again, very easy to switch and they can do that.

8 **MR. SCHMIDTLEIN:** Your Honor, I can do the rest of mine, I
9 think, in open session.

10 **THE COURT:** Okay, terrific. I did have a couple of follow
11 up questions for Mr. Cue relating to a closed matter. ■

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED] [REDACTED]

16 **THE COURT:** [REDACTED] Why has Apple not invested
17 incrementally more to develop its own search engine so that it
18 could monetize the ad revenue that could be generated from that
19 search engine?

20 **THE WITNESS:** That's a great question. I think it goes
21 back to the comment I made: Doing a general search engine is a
22 huge amount of work, and so it's not an insignificant amount of
23 work. It's hard, it's difficult. I think we could do it,
24 certainly Apple can do a lot of things if it sets its mind to.
25 But if we do that, we can't do other things. So you have to

1 make choices in life: If you have limited engineers and
2 resources, do you want to put all of your energies there. And
3 our viewpoint was Google's doing a great job at general search.
4 We have the capability in our agreement -- and this is
5 something we haven't talked about. [REDACTED]

6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED] And so our goal was there's things where they're
10 not general search, the customer's just looking for a specific
11 answer, and we'd like to give them that answer and not have it
12 go to Google or anybody else. And so we think that's an area
13 that we can invest in that makes a great experience for our
14 customers.

15 But building a general search engine, our viewpoint around
16 it is Google does a great job in it. Okay, we can be as good,
17 maybe we can be even better from that standpoint. [REDACTED]

18 [REDACTED]
19 [REDACTED]
20 [REDACTED] These are all engineers, and so you have -- ultimately
21 we have to pick where we invest our resources, and so that just
22 didn't make a lot of sense for us.

23 **THE COURT:** And in your consideration of that issue, did
24 the potential loss of Google revenue share, even in the short
25 term, did that play a role in thinking about that issue?

1 **THE WITNESS:** Look, something I'm unhappy with, we went
2 from [REDACTED], so we tested this in a way. My view
3 around it was, again, we [REDACTED]
4 [REDACTED] I don't know -- I think it's difficult for me to imagine
5 that we would have gone off and built our own given the choices
6 that we had. But honestly, I don't know; at some point, if you
7 have some discussion. I was more worried -- less about that,
8 and more worried about making sure that Google was always
9 providing the best search results for our customers. In other
10 words, what I worried about was that Google would -- we compete
11 with Google aggressively. If you look at the biggest
12 competitor for iPhone, it's Android. And so one of my worries
13 was always that Google would give a better search capability
14 for Android than they would give for Apple, and so I wanted to
15 make sure that was never the case.

16 [REDACTED]
17 [REDACTED]. I
18 always thought we would come to an agreement with them, because
19 they were getting significant benefits from our customers and
20 so we deserved that.

21 [REDACTED] [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED] [REDACTED] [REDACTED]

1 [REDACTED]

2 [REDACTED]

3 [REDACTED] [REDACTED]

4 [REDACTED] [REDACTED]

5 [REDACTED] [REDACTED]

6 **THE WITNESS:** [REDACTED]

7 [REDACTED] Again, I think it

8 gets down to I can see -- and maybe your question -- because
9 I've thought of it in a way, it's like if you do your own and
10 you keep a hundred percent, you make even more money, right?

11 **THE COURT:** Right.

12 **THE WITNESS:** And so, sure, I've thought of that, but
13 again, it gets back to this isn't a money play. And I know
14 it's hard for people to understand this when we're talking
15 about the kind of money that we're talking about. But we --
16 this deal I said was a \$ [REDACTED] billion deal. We're a \$400 billion
17 company, so we have to keep everything in the perspective of
18 the size of the company. And so, from our point of view, we
19 have to choose what we can do and what we want to do. So we
20 felt that us working in these other areas would differentiate
21 our products and let us compete with Google and others in a way
22 that would be better. Doing it with just search and not being
23 able to develop these other products, I think, would be a
24 detriment for us.

25 So, as long as we had a partner that we could work with --

1 and, again, that periodically if something better came along
2 that we could switch to, I thought it was a win for us.

3 **THE COURT:** Any follow up, Mr. Schmidtlein, on those
4 questions?

5 **BY MR. SCHMIDTLEIN:**

6 Q. Yeah, just a quick follow up. [REDACTED]
7 [REDACTED]
8 [REDACTED] [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]

12 [REDACTED] [REDACTED]

13 Q. And does Apple today have any capabilities -- or I
14 should say technologies or development of search advertising
15 technology in the way that Google has search advertising
16 technology?

17 A. No, we don't.

18 Q. And is one of the issues that Apple would have to
19 confront, if it ever decided to build its own general search
20 engine, would be how would Apple begin to either develop or
21 implement search advertising technology?

22 A. Yeah, you're just making the -- which is exactly the
23 point I was trying to make, the work to build what Google has
24 done over a more than 20-year period with some incredible
25 engineers is not an insignificant amount of work to recreate.

1 And so, sure, it's all of the search capabilities, all of that
2 knowledge, all of the advertising capabilities and all of that
3 knowledge. So it is not -- it is a huge, huge project to do.
4 But we shouldn't -- you know, because we need to be careful
5 here. As I said, our number one goal here is to provide the
6 best results for our customers.

7 And so our work in Siri, and our work in Spotlight, and
8 even our work in Safari -- for example, if you type in NY in
9 Safari, and you are an existing Safari customer, we know based
10 on your search history -- and that's within the device, not
11 Apple, the device knows that you go to the New York Times, for
12 example, every day. And so we'll autofill the New York Times
13 there, and you can just click and go, and it doesn't go to
14 Google at all. So we're just trying to make the best
15 experience for our customers irrespective of whether it goes to
16 Google or with Google. Now, when it goes to Google, we would
17 like to have the best experience there as well.

18 But let's not mistake the point that our number one
19 objective and goal is to make sure we give the best answers to
20 customers, and the best experience when they're using Safari,
21 using Siri or using Spotlight. And if that means answering the
22 question or giving them a different result than Google, we do
23 that -- and we do that every day. We've done that since the
24 beginning, and we continue to do that today, which is let's
25 give the customers exactly what they want, if we know that. We

1 haven't always been great at that; sometimes we've made
2 mistakes. Sometimes Google has showed: Hey, you guys are
3 making a mistake here, you should fix this. But that's the way
4 we think about it.

5 Q. And does that implementation lead to situations where
6 Apple actually forgoes revenue that it could generate if they
7 had just sent the results to Google?

8 A. Look, I'm sure the answer to your question is yes. We
9 don't know of a way to measure that, so it's not like we've
10 measured that or anything like that. And the teams that do
11 that aren't even thinking, in a way, about that. We don't tell
12 them -- you know, it's like there are people that think about
13 it, but the teams that are doing the work, we basically -- you
14 know, they do the work, make sure that you give the best
15 experience for the customer, you don't worry about that. And
16 honestly, we don't even know, because we don't understand -- we
17 don't get detailed information from Google on how it monetizes.
18 So I wouldn't know -- I can guess, I can do that, but I don't
19 really know.

20 Q. And those are -- the teams that are working on that
21 are teams that report up to Mr. Giannandrea?

22 A. That's correct.

23 MR. SCHMIDTLEIN: Okay.

24 THE COURT: Any redirect in the closed session?

25 REDIRECT EXAMINATION OF EDDY CUE

1 BY MS. BELLSHAW:

2 Q. Just briefly, Your Honor.

3 Mr. Cue, in response to the question from the Court, [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED] [REDACTED]

7 [REDACTED] [REDACTED] [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED] [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED] [REDACTED]

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7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 **MS. BELLSHAW:** And, Your Honor, the rest of my redirect
 15 can take place in open session.

16 **THE COURT:** Terrific. Let's go ahead and -- I'm sorry,
 17 Mr. Cavanaugh, did you have redirect in closed session?

18 **REDIRECT EXAMINATION OF EDDY CUE**

19 **BY MR. CAVANAUGH:**

20 **Q.** Very quickly, Your Honor.

21 Mr. Cue, if you'd look to Exhibit DX380 which
 22 Mr. Schmidlein handed to you.

23 **A.** Sorry, that was handed to me?

24 **Q.** Yeah, I think it's just one document. I just want to
 25 understand the timing. So in April of 2020, you wrote to

1 Mr. Schindler: "Rather than having both sides wondering what
2 the other is planning to do, given the deal ending, I want to
3 preempt this and make sure we keep working on making it even
4 better. I believe we both have the trust and incentives to
5 extend without worrying."

6 That's what you wrote, correct?

7 A. That's correct.

8 Q. And you go on to state: [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED] correct?

13 A. I believe that's correct.

14 Q. And in between when you wrote this memo -- this e-mail
15 in April of 2020 talking about trust and incentives to extend
16 without worrying, and when you had your big check-in, in
17 between that, you had further discussions with Microsoft,
18 correct?

19 A. We did.

20 MR. CAVANAUGH: Thank you. Nothing further, Your Honor.

21 MR. SCHMIDTLEIN: Your Honor, I inadvertently did not move
22 in 380, but I'd like to do so now.

23 THE COURT: Okay, 380 will be admitted.

24 (Exhibit DX380 admitted into evidence)

25 THE COURT: Just give us a couple of minutes, folks, we'll

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C E R T I F I C A T E

I, Jeff M. Hook, Official Court Reporter,
certify that the foregoing is a true and correct transcript of
the record of proceedings in the above-entitled matter.

September 26, 2023

DATE



Jeff M. Hook