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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

Mformation Techs., Inc.,

NO. C 08-04990 JW

Plaintiff,

v.

ORDER GRANTING IN PART AND DENYING IN PART MOTIONS TO EXCLUDE EXPERT TESTIMONY; DENYING MOTION TO BIFURCATE TRIAL; DENYING MOTION FOR PRECLUSIVE SANCTIONS

Research in Motion Ltd., et al.,

Defendants.

Presently before the Court are: (1) Plaintiff’s Motion to Exclude Portions of the Expert Report of Dr. Anthony Acampora;¹ (2) Defendants’ Motion to Exclude the Opinions of Mr. Roy Weinstein;² (3) Defendants’ Motion to Exclude the Opinions of Dr. Vijay Madiseti;³

¹ (Plaintiff’s Motion to Exclude Portions of the March 4, 2011 Expert Report of Defendants’ Expert, Dr. Anthony Acampora, hereafter, “Acampora Motion,” Docket Item No. 419 (filed under seal).)

² (Research in Motion Ltd.’s and Research in Motion Corp.’s Notice of Motion and Motion Under Daubert to Exclude the Opinions of Mr. Roy Weinstein, hereafter, “Weinstein Motion,” Docket Item No. 416 (filed under seal).)

³ (RIM’s Notice of Motion and Motion Under Daubert to Exclude Dr. Vijay Madiseti’s Opinions on Secondary Considerations of Non-Obviousness, hereafter, “Madiseti Motion,” Docket Item No. 708 (filed under seal).)

1 (4) Defendants' Motion to Bifurcate;⁴ and (5) Defendants' Motion for Sanctions.⁵ The Court finds it
 2 appropriate to take the Motions under submission without oral argument. See Civ. L.R. 7-1(b).
 3 Based on the papers submitted to date, the Court DENIES Plaintiff's Motion to Exclude Portions of
 4 the Expert Report of Dr. Anthony Acampora, GRANTS in part and DENIES in part Defendants'
 5 Motion to Exclude the Opinions of Mr. Roy Weinstein, DENIES Defendants' Motion to Exclude the
 6 Opinions of Dr. Vijay Madiseti, DENIES Defendants' Motion to Bifurcate and DENIES
 7 Defendants' Motion for Sanctions.

8 **A. Standards**

9 **1. Expert Testimony**

10 Rule 702 requires that a testifying expert be "qualified as an expert by knowledge, skill,
 11 experience, training, or education." Fed. R. Evid. 702. The threshold for qualification is low; a
 12 minimal foundation of knowledge, skill, and experience suffices. Hangarter v. Provident Life &
 13 Accident Ins. Co., 373 F.3d 998, 1015-16 (9th Cir. 2004); see also Thomas v. Newton Int'l Enters.,
 14 42 F.3d 1266, 1269 (9th Cir. 1994). When faced with a proffer of expert testimony, a district court
 15 must determine whether the testimony is both reliable and relevant. Daubert v. Merrell Dow
 16 Pharms., Inc., 509 U.S. 579, 589 (1993) ("Daubert I"). The court has broad discretion in assessing
 17 both requirements. See United States v. Alatorre, 222 F.3d 1098, 1100 (9th Cir. 2000).

18 The reliability requirement ensures "that an expert, whether basing testimony on professional
 19 studies or personal experience, employs in the courtroom the same level of intellectual rigor that
 20 characterizes the practice of an expert in the relevant field." Kumho Tire Co. v. Carmichael, 526
 21 U.S. 137, 152 (1999). The offering party must show by a preponderance of the evidence (1) that the
 22 expert is qualified to render the opinion and (2) that the opinion offered has adequate support.
 23 Daubert I, 509 U.S. at 588-90. Expert testimony is not admissible if it is speculative. See Gen. Elec.

24 ⁴ (RIM's Notice of Motion and Motion to Bifurcate Trial Pursuant to Federal Rule of Civil
 25 Procedure 42(B) [sic], hereafter, "Motion to Bifurcate," Docket Item No. 697 (filed under seal).)

26 ⁵ (Research in Motion Limited's and Research in Motion Comporation's Renewed Motion
 27 and Memorandum for Sanctions, hereafter, "Sanctions Motion," Docket Item No. 747 (filed under
 28 seal).)

1 v. Joiner, 522 U.S. 136, 146 (1997). To satisfy the relevance requirement, the proffered expert
 2 testimony must assist the trier of fact in understanding or determining a fact in issue. Daubert I, 509
 3 U.S. at 591. In assessing relevance, the court must look to the governing substantive legal standard.
 4 See Daubert v. Merrell Dow Pharms., Inc., 43 F.3d 1311, 1320 (9th Cir. 1995) (“Daubert II”).

5 2. Bifurcation

6 Federal Rule of Civil Procedure 42(b) states: “For convenience, to avoid prejudice, or to
 7 expedite and economize, the court may order a separate trial of one or more separate issues”
 8 “In the Ninth Circuit, ‘[b]ifurcation . . . is the exception rather than the rule of normal trial
 9 procedure.’” GEM Acquisitionco, LLC v. Sorenson Grp. Holdings, LLC, No. C 09-01484 SI, 2010
 10 WL 1729400, at *3 (N.D. Cal. Apr. 27, 2010) (citation omitted). The party seeking bifurcation “has
 11 the burden of proving that bifurcation is justified.” Spectra-Physics Lasers, Inc. v. Uniphase Corp.,
 12 144 F.R.D. 99, 101 (N.D. Cal. 1992).⁶ Courts “consider several factors in determining whether
 13 bifurcation is appropriate, including separability of the issues, simplification of discovery and
 14 conservation of resources, and prejudice to the parties.” McDermott v. Potter, No. C 07-06300 SI,
 15 2010 WL 956808, at *1 (N.D. Cal. Mar. 12, 2010) (citations omitted). The question of whether to
 16 bifurcate a trial is committed to the discretion of the trial court. See Danjaq LLC v. Sony Corp., 263
 17 F.3d 942, 961 (9th Cir. 2001).

18 B. Discussion

19 1. Motions to Exclude Expert Testimony

20 a. Anthony Acampora

21 Plaintiff moves to exclude portions of the expert report of Dr. Anthony Acampora
 22 (“Acampora”),⁷ Defendants’ invalidity expert, on the ground that those portions of the Acampora
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24 ⁶ In patent cases, as in other types of cases, bifurcation “is the exception, not the rule.” Real
 25 v. Bunn-O-Matic Corp., 195 F.R.D. 618, 620 (N.D. Ill. 2000); see also WeddingChannel.com, Inc.
 26 v. The Knot, Inc., No. 03 Civ. 7369(RWS), 2004 WL 2984305, at *1 n.1 (S.D.N.Y. Dec. 23, 2004)
 (noting that it “is not unusual in patent infringement cases to try all issues in a single trial”).

27 ⁷ (Expert Report of Dr. Anthony Acampora Regarding the Invalidity of U.S. Patent No.
 6,970,917, hereafter, “Acampora Report,” Docket Item No. 605 (filed under seal).)

1 Report improperly rely solely on uncorroborated witness testimony.⁸ Plaintiff contends that because
 2 uncorroborated testimony cannot invalidate a patent as a matter of law, those portions of the
 3 Acampora Report that are not corroborated should be stricken. (Id.) Defendants respond that the
 4 Report is sufficiently corroborated, as point-by-point corroboration is not required for testimony
 5 supporting the invalidation of a patent.⁹

6 Generally, “corroboration is required of any witness whose testimony *alone* is asserted to
 7 invalidate a patent, regardless of his or her level of interest.” Finnegan Corp. v. Int’l Trade
 8 Comm’n, 180 F.3d 1354, 1369 (Fed. Cir. 1999) (emphasis added). However, the Federal Circuit has
 9 “not imposed an impossible standard of independence on corroborative evidence by requiring that
 10 *every point . . . be corroborated by evidence having a source totally independent of the witness.*”
 11 Lazare Kaplan Int’l Inc. v. Photocopy Techs., Inc., 628 F.3d 1359, 1374 (Fed. Cir. 2010) (emphasis
 12 added) (internal citations omitted). Rather, the Federal Circuit has rejected the notion that a prior
 13 use claim “must be proved in detail by an unbroken chain of corroboration.” Cooper v. Goldfarb,
 14 154 F.3d 1321, 1330 (Fed. Cir. 1998) (citation omitted). Thus, a claim of prior use “does not require
 15 corroboration for every factual issue contested by the parties.” Id.

16 Here, Plaintiff contends that the Court should exclude twenty-three paragraphs of the
 17 Acampora Report because the opinions expressed in these paragraphs cite only to the
 18 uncorroborated deposition testimony of three third-party witnesses. (Acampora Motion at 1-2.) As
 19 a threshold matter, the Court observes that eighteen of the paragraphs Plaintiff moves to exclude rely

22 ⁸ (Acampora Motion at 1-2.) Specifically, Plaintiff seeks to exclude the following
 23 paragraphs of Dr. Acampora’s Report: 141, 142, 269, 280, 333, 340, 346, 348, 352, 354, 399, 409,
 24 410, 418, 420, 421, 427, 430, 434, 438, 439, 451, 454, 457, 461, 462, 463 and 467. (Id. at 1.)
 25 Because five of these paragraphs relate to patent claims that have been previously dismissed by the
 26 Court, the Court only addresses Plaintiff’s Motion as to the remaining twenty-three paragraphs.
 27 (See Acampora Report ¶¶ 346-354 (discussing Claim 7 of the ‘917 Patent); Acampora Report ¶ 467
 28 (discussing Claim 8 of the ‘917 Patent).)

⁹ (RIM’s Opposition to Mformation’s Motion to Exclude Portions of the March 4, 2011
 Expert Report of Defendants’ Expert, Dr. Anthony Acampora at 1, hereafter, “Acampora Opp’n,”
 Docket Item No. 651 (filed under seal).)

1 on other evidence.¹⁰ Thus, for purposes of this Motion, the Court considers only the five paragraphs
 2 in which Dr. Acampora relied solely on the testimony of a single witness.¹¹

3 Upon review, the Court does not find good cause to strike the five paragraphs at issue. In
 4 particular, the Court finds that Dr. Acampora bases his opinions on numerous prior art documents
 5 and sworn testimony from multiple witnesses.¹² Thus, because the Federal Circuit has made clear
 6 that every point need not be independently corroborated, the Court finds that it need not strike the
 7 paragraphs at issue for lack of corroboration. Moreover, the Court finds that Plaintiff's remaining
 8 objections to the paragraphs at issue go to the weight, rather than the admissibility, of the
 9 testimony.¹³

10 Accordingly, the Court DENIES Plaintiff's Motion to Exclude Portions of the Expert Report
 11 of Dr. Anthony Acampora.

12 **b. Roy Weinstein**

13 Defendants move to exclude the testimony of Mr. Roy Weinstein ("Weinstein"), Plaintiff's
 14 damages expert, on the grounds that his opinions are unreliable and improperly inflate Plaintiff's
 15 alleged damages. (Weinstein Motion at 2.) Specifically, Defendants contend that Weinstein's
 16 opinions¹⁴ are not reliable because: (1) he relies on the "Nash Bargaining Solution" in determining a
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18 ¹⁰ Paragraphs 141, 142, 269, 280, 333, 340, 399, 409, 410, 418, 420, 421, 427, 434, 438,
 19 439, 451, and 462 rely on corroborative documentary evidence. (Declaration of Meredith Zinanni in
 20 Support of RIM's Opposition to Mformation's Motion to Exclude Portions of the March 4, 2011
 21 Expert Report of Defendants' Expert, Dr. Anthony Acampora, hereafter, "Zinanni Decl.," Ex. 10,
 22 Table of Supporting Evidence, Docket Item No. 652 (filed under seal).) Paragraph 280 relies on
 23 testimony from multiple witnesses and documentary evidence. (See Acampora Report ¶ 280.)

24 ¹¹ (See Acampora Report ¶¶ 430, 454, 457, 461 and 463.)

25 ¹² (See Acampora Report.)

26 ¹³ See, e.g., Adenta GmbH v. OrthoArm, Inc., 501 F.3d 1364, 1372 (Fed. Cir. 2007)
 27 (concluding that assessing the sufficiency of corroborating evidence regarding patent invalidity is a
 28 matter for the jury).

¹⁴ The opinions at issue are discussed in Weinstein's expert report. (See Declaration of
 26 Tiffany P. Cunningham in Support of RIM's Notice of Motion and Motion Under Daubert to
 27 Exclude the Opinions of Mr. Roy Weinstein, Ex. A, Expert Report of Roy Weinstein, hereafter,
 "Weinstein Report," Docket Item No. 417-1 (filed under seal).) Because the entirety of the

1 royalty rate, which is an inadmissible rule of thumb; and (2) he attributes the entire market value of
 2 Defendants' product to the allegedly infringing technology, ignoring the value of non-infringing
 3 components. (Id. at 4, 7.) Plaintiff responds that Weinstein's analysis is based on reliable economic
 4 tools and Defendants' objections go to the weight, and not the admissibility, of his opinions.¹⁵

5 **i. Royalty Rate**

6 At issue is whether Weinstein's royalty rate calculation should be excluded because the
 7 economic theories upon which he relies are not sufficiently reliable or applicable to the facts at
 8 issue.

9 The plaintiff generally bears the burden of proving damages in a patent infringement case.
 10 Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301, 1324 (Fed. Cir. 2009). To properly carry this
 11 burden, a plaintiff's expert must "sufficiently [tie his testimony on damages] to the facts of the
 12 case." Daubert I, 509 U.S. at 591. The calculation of damages for infringement generally involves a
 13 determination of a "reasonable royalty rate" for the infringer's use of the invention. See 35 U.S.C. §
 14 284. The calculation of a reasonable royalty rate "is often determined on the basis of a hypothetical
 15 negotiation, occurring between the parties at the time that infringement began." Uniloc USA, Inc. v.
 16 Microsoft Corp., 632 F.3d 1292, 1312 (Fed. Cir. 2011). "The hypothetical negotiation tries, as best
 17 as possible, to recreate the *ex ante* licensing negotiation scenario and to describe the resulting
 18 agreement. In other words, if infringement had not occurred, willing parties would have executed a
 19 license agreement specifying a certain royalty payment scheme." Lucent, 580 F.3d at 1324. In
 20 constructing a hypothetical negotiation, the Federal Circuit has "consistently upheld" the reliability
 21 of expert testimony where the expert considers the factors enumerated in Georgia-Pacific Corp. v.
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 25 Weinstein Report was filed under seal, the Court discusses its contents, and the parties' contentions
 26 regarding its contents, solely in general terms.

26 ¹⁵ (Mformation Technologies, Inc.'s Opposition to Research in Motion LTD's and Research
 27 in Motion Corp.'s Motion Under Daubert to Exclude the Opinions of Mr. Roy Weinstein, hereafter,
 28 "Weinstein Opp'n," Docket Item No. 654 (filed under seal).)

1 U.S. Plywood Corp.¹⁶ See i4i Ltd. P'ship v. Microsoft Corp., 598 F.3d 831, 854 (Fed. Cir. 2010)
 2 (citations omitted).¹⁷

3 Because the negotiation at issue is hypothetical, “any reasonable royalty analysis ‘necessarily
 4 involves an element of approximation and uncertainty.’” Lucent, 580 F.3d at 1325 (citation
 5 omitted). “Daubert and Rule 702 are safeguards against unreliable or irrelevant opinions, not
 6 guarantees of correctness.” i4i Ltd. P'ship, 598 F.3d at 854. “When the methodology is sound, and
 7 the evidence relied upon sufficiently related to the case at hand, disputes about the degree of
 8 relevance or accuracy (above this minimum threshold) may go to the testimony’s weight, but not its
 9 admissibility.” Id. at 852 (citations omitted).

10 Here, the Court finds that Weinstein engaged in extensive analysis of the Georgia-Pacific
 11 factors, including, *inter alia*, considerations of analogous licensing agreements, the prevalence of the
 12 relevant technology in Defendants’ products, and Defendants’ profits since the ‘917 Patent was
 13 issued.¹⁸ Thus, the Court finds that Weinstein’s royalty rate calculation is sufficiently tied to the
 14 facts of the case.¹⁹ i4i Ltd. P'ship, 598 F.3d at 852-54.

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 16 ¹⁶ 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970) modified sub nom. Georgia-Pac. Corp. v. U.S.
 17 Plywood-Champion Papers, Inc., 446 F.2d 295 (2d Cir. 1971).

18 ¹⁷ The Georgia-Pacific factors include: (1) royalties received by the patentee for licensing
 19 the patent to others; (2) rates paid by the licensee for the use of comparable patents; (3) the nature
 20 and scope of the license; (4) any established policies or marketing programs by the licensor to
 21 maintain its patent monopoly; (5) the commercial relationship between the licensor and licensee; (6)
 22 the effect of selling the patented specialty in promoting sales of other products of the licensee; (7)
 23 the duration of the patent and license term; (8) the established profitability of the product made
 24 under the patent; (9) the utility and advantages of the patent property over old modes or devices;
 25 (10) the nature of the patented invention and the benefits to those who have used the invention; (11)
 26 the extent to which the infringer has used the invention and the value of that use; (12) the portion of
 27 profit or of the selling price that may be customary in the particular business to allow for use of the
 28 invention; (13) the portion of the realizable profit that should be credited to the invention; (14) the
 opinion testimony of qualified experts; and (15) the results of a hypothetical negotiation between the
 licensor and licensee. See i4i Ltd. P'ship, 598 F.3d at 853 n.3.

¹⁸ (See Weinstein Report ¶¶ 106-09, 111-13, 119-40, 143-44.)

¹⁹ In addition to performing an extensive Georgia-Pacific analysis, Weinstein also used the
 Nash Bargaining Solution system “as a check” on the reasonableness of the rate reached through his
Georgia-Pacific analysis. (See Weinstein Report at 23.) Because Weinstein used this system in
 addition to, rather than in lieu of, the Georgia-Pacific analysis, the Court finds that it does not

1 Accordingly, the Court finds that Weinstein’s royalty rate calculation should not be
2 excluded.

3 **ii. Royalty Base**

4 At issue is whether Weinstein’s calculation of a royalty base is sufficiently reliable.
5 Defendants contend that Weinstein’s use of a certain dollar amount as the royalty base is improper
6 because it includes the entire market value of *all* devices of a certain type sold by Defendants, even
7 though a certain software used in those devices includes features and software components that are
8 entirely unrelated to the patented methods at issue. (Weinstein Motion at 7-9.)

9 “Under certain circumstances, a trial court may exercise its discretion to apply the ‘entire
10 market value rule’ in calculating the reasonable royalty base.” Cornell Univ. v. Hewlett-Packard
11 Co., 609 F. Supp. 2d 279, 285 (N.D.N.Y. 2009) (citing King Instruments Corp. v. Perego, 65 F.3d
12 941, 951 n. 4 (Fed. Cir. 1995)). “The entire market value rule allows a patentee to assess damages
13 based on the entire market value of the accused product.” Uniloc, 632 F.3d at 1318. However, the
14 entire market value rule is only applicable “where the patented feature creates the ‘basis for
15 customer demand’ or ‘substantially create[s] the value of the component parts.’” Id. (citation
16 omitted). Application of “[t]he entire market value rule in the context of royalties requires adequate
17 proof of three conditions: (1) the infringing components must be the basis for customer demand for
18 the entire machine including the parts beyond the claimed invention; (2) the individual infringing
19 and non-infringing components must be sold together so that they constitute a functional unit or are
20 parts of a complete machine or single assembly of parts; and (3) the individual infringing and
21 non-infringing components must be analogous to a single functioning unit.” Cornell, 609 F. Supp.
22 2d at 285-87 (internal citations omitted). “Notably, these requirements are additive, not alternative
23 ways to demonstrate eligibility for application of the entire market value rule.” Id. at 287.

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constitute a ground for exclusion of his testimony.

1 Here, Weinstein opines that Defendants made a total profit of a certain amount from a certain
2 number of devices sold by Defendants between December 2005 and February 2011.²⁰ Weinstein
3 applies this entire profit to the royalty rate derived above, because “it is [his] understanding that all
4 [of Defendants’] devices have the *capability* to infringe the Patent-in-Suit when connected with a
5 [certain] system.” (Id. (emphasis added).)

6 Upon review, the Court finds that the application of the entire market value rule is not
7 warranted in this case, because Weinstein did not adequately attribute all of Defendants’ customer
8 demand to use of the Patent-In-Suit. Even if all of Defendants’ devices are *capable* of infringing
9 Plaintiff’s patent when connected with the system at issue, it does not establish that customer
10 demand was driven by this capability, as opposed to other features of the device. See Cornell, 609
11 F. Supp. 2d at 285-87. Further, the Court finds that in light of Weinstein’s failure to tie the allegedly
12 infringing technology to customer demand, unfair prejudice would result from letting the jury hear
13 that the accused devices generated a certain amount in profits.²¹ Thus, the Court excludes
14 Weinstein’s testimony as to the total profitability of Defendants’ products.²²

15 Accordingly, the Court GRANTS in part and DENIES in part Defendants’ Motion to
16 Exclude the Opinions of Mr. Roy Weinstein. Weinstein may testify as to his calculation of damages

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20 ²⁰ (Weinstein Report ¶ 160.)

21 ²¹ See Uniloc, 632 F.3d at 1320 (“This case provides a good example of the danger of
22 admitting consideration of the entire market value of the accused where the patented component
23 does not create the basis for customer demand. . . . The disclosure that a company has made \$19
billion dollars in revenue from an infringing product cannot help but skew the damages horizon for
the jury, regardless of the contribution of the patented component to this revenue.”).

24 ²² Additionally, Defendants contend that Weinstein disclosed a new calculation for the first
25 time at his deposition on May 18, 2011, and thus move to exclude “all opinions not timely
26 disclosed.” (RIM’s Reply in Support of Its Motion Under Daubert to Exclude the Opinions of Mr.
27 Roy Weinstein, Docket Item No. 668 (filed under seal).) The Court finds, however, that Defendants
28 have not demonstrated any prejudice from additional details regarding Weinstein’s methodology
being revealed at his deposition, and, accordingly, DENIES Defendants’ request to exclude late-
disclosed opinions.

1 using the profit-per-product methodology disclosed in his report.²³ He may not testify as to the total
2 profitability of Defendants' allegedly infringing products.

3 **c. Vijay Madiseti**

4 Defendants move to exclude Dr. Vijay Madiseti's ("Madiseti") opinions on secondary
5 considerations of non-obviousness. (Madiseti Motion at 2.) Defendants contend that as to each
6 secondary consideration of non-obviousness, Madiseti did not perform any analysis and failed to
7 establish a nexus between the consideration and the claimed invention. (*Id.*) Plaintiff responds that
8 because it will establish the requisite nexus as to each consideration at trial, the fact that Madiseti
9 did not do so in his report²⁴ is not grounds for exclusion.²⁵ The Court considers each secondary
10 consideration of non-obviousness in turn.

11 **i. Long-Felt Need and Failure of Others**

12 At issue is whether Madiseti's opinions on long-felt need and failure of others are reliable.

13 The "proper inquiry for determining the admissibility of evidence proffered to support a
14 secondary consideration . . . is whether the proffered evidence has any tendency, either by itself or in
15 conjunction with other evidence, permits the trier of fact to infer the existence of the secondary
16 factor." *Rambus Inc. v. Hynix Semiconductor Inc.*, 254 F.R.D. 597, 603 (N.D. Cal. 2008). A court

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19 ²³ (*See* Weinstein Report ¶¶ 159-61.)

20 ²⁴ (*See* Declaration of Amar L. Thakur in Support of Mformation Technologies, Inc.'s
21 Opposition to RIM's Motion for Summary Judgment that U.S. Pat. No. 6,970,917 Is Not Entitled to
22 Claim Priority to U.S. Prov. Pat. Appl. 60/251,304 and that Claim 1 of the '917 Patent Is Invalid
23 Under 35 U.S.C. § 102, Ex. A, Expert Report of Dr. Vijay Madiseti Regarding Validity, Docket
24 Item No. 591-1 (filed under seal).) Only a portion of this Report is at issue in the present Motion.
25 (*See* Declaration of Maria A. Maras in Support of RIM's Notice of Motion and Motion Under
Daubert to Exclude Dr. Vijay Madiseti's Opinions on Secondary Considerations of Non-
Obviousness, Ex. 1, Expert Report of Vijay Madiseti, PH.D. [sic] Regarding Validity of U.S. Patent
No. 6,970,917, hereafter, "Madiseti Report," Docket Item No. 709-1 (filed under seal).) Because
the Madiseti Report was filed under seal, the Court discusses its contents, and the parties'
contentions regarding its contents, solely in general terms.

26 ²⁵ (Mformation Technologies, Inc.'s Opposition to RIM's Motion Under *Daubert* to Exclude
27 Dr. Vijay Madiseti's Opinions on Secondary Considerations of Non-Obviousness, hereafter,
"Madiseti Opp'n," Docket Item No. 731.)

1 may exclude an expert opinion on secondary considerations for lack of reliable methodology where
2 the expert performs no analysis. See id. at 605.

3 “Evidence that an invention satisfied a long-felt and unmet need that existed on the patent’s
4 filing date is a secondary consideration of non-obviousness.” Perfect Web Tech., Inc. v. InfoUSA,
5 Inc., 587 F.3d 1324, 1332 (Fed. Cir. 2009). “A ‘long-felt need’ implies the existence of an
6 articulated and identified problem in the art calling out for a solution. The existence of a ‘long-felt
7 need’ for a solution to the problem suggests that others of skill in the art tried to solve the problem.”
8 Rambus, 254 F.R.D. at 607 (citations omitted). “A sufficient showing should include some
9 minimum effort to survey industry publications or consider the efforts of multiple persons in the
10 field to solve the alleged [] problem, at least absent evidence of extensive experience . . . in the []
11 industry. Id. at 608. Further, the claimed invention must satisfy or meet the long-felt need.²⁶

12 Here, Madisetti opines that the ‘917 Patent’s claimed invention satisfied a long-felt need for
13 certain features, based on statements by the National Security Agency expressing a need for a certain
14 feature, descriptions of Plaintiff’s technology by Defendants’ employees, and a research panel study
15 in which 90% of respondents expressed an interest in certain features. (Madisetti Report ¶ 367.)
16 Upon review, the Court finds that Madisetti’s opinion as to long-felt need and failure of others is not
17 sufficiently unreliable to merit exclusion. Although Madisetti does not explain his analysis at
18 length, in light of his education and experience in the field,²⁷ the Court finds that his opinion as to
19 the long-felt need for this technology is nonetheless helpful to the jury. In addition, although
20 Defendants contend that Madisetti has failed to establish a nexus between the long-felt need and the
21 claimed invention, the Court finds that under clear Federal Circuit precedent, Plaintiff may establish

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25 ²⁶ See Perfect Web, 587 F.3d at 1332; In re Gardner, 449 Fed. Appx. 917 (Fed. Cir. 2011).

26 ²⁷ (Declaration of Vijay Madisetti, PH.D [sic] in Support of Memorandum in Opposition to
27 RIM’s Motion For Summary Judgment of Noninfringement of U.S. Patent No. 6,970,917, Ex. A,
Curriculum Vitae of Professor Vijay K. Madisetti, ECE, Docket Item No. 317-1.)

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1 this nexus through the presentation of separate evidence at trial.²⁸ Thus, the failure of Madisetti to
2 establish this nexus within his Report does not merit exclusion of his testimony.

3 **ii. Unexpected Results**

4 At issue is whether Madisetti's opinion on unexpected results is reliable.

5 Evidence of unexpected results can be used to rebut a *prima facie* case of obviousness.
6 Pfizer, Inc. v. Apotex, Inc., 480 F.3d 1348, 1369 (Fed. Cir. 2007). "When unexpected results are
7 used as evidence of non-obviousness, the results must be shown to be unexpected compared with the
8 closest prior art." Id. at 1370. Alternatively, unexpected results may be used as evidence of non-
9 obviousness where "the [prior] art in any material respect taught away from the claimed invention."
10 In re Geisler, 116 F.3d 1465, 1469 (Fed. Cir. 1997). In this context, unexpected results mean "that
11 the claimed invention exhibits some superior property or advantage that a person of ordinary skill in
12 the relevant art would have found surprising or unexpected." Id.

13 Here, Madisetti opines that the '917 Patent's claimed invention produced unexpected results,
14 based on his opinion that, to his knowledge, no one had previously designed a wireless device
15 remote management system that implemented any of the claims of the '917 Patent. (Madisetti
16 Report ¶ 370.) Although Madisetti does not explicitly discuss prior art in reference to his opinion,
17 his evaluation of prior art earlier in his report makes clear that he reviewed the relevant art in detail.
18 Thus, the Court finds that exclusion of Madisetti's testimony as to unexpected results is not
19 warranted.

20 **iii. Industry Respect**

21 At issue is whether Madisetti's opinion on industry respect is reliable.

22 Awards or praise by others may be a secondary consideration of non-obviousness. See
23 Muniauction, Inc. v. Thomson Corp., 532 F.3d 1318, 1328 (Fed. Cir. 2008). For an award to be a

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25 ²⁸ See Pro-Mold and Tool Co., Inc. v. Great Lakes Plastics, Inc., 75 F.3d 1568, 1574 (Fed
26 Cir. 1996) ("It is within the providence of the fact-finder to resolve these factual disputes regarding
27 whether a nexus exists between the commercial success of the product and its patented features, and
28 to determine the probative value of [plaintiff's] evidence of secondary considerations for rebutting
the *prima facie* case of obviousness.").

1 relevant indicia of non-obviousness, there must be a nexus between the award and the claimed
2 invention. Id. An expert opinion may be excluded where the expert failed to analyze the nexus
3 between an award and the claimed invention. See Rambus, 254 F.R.D. at 609.

4 Here, Madisetti opines that Plaintiff “has garnered substantial respect in the industry,” and
5 that Plaintiff has been recognized “as a leader in wireless device remote management technologies.”
6 (Madisetti Report ¶ 371.) In support of this conclusion, Madisetti relies on twelve industry awards
7 received by Plaintiff. (Id.) At no point does Madisetti analyze the nexus between the awards and
8 the claimed invention or Plaintiff’s products. (See id.) However, as discussed above, failure to
9 establish a nexus within the report itself is not grounds for exclusion. Thus, the Court finds that
10 exclusion of Madisetti’s testimony as to industry respect is not warranted.

11 **iv. Commercial Success**

12 At issue is whether Madisetti’s opinion on commercial success is reliable.

13 Commercial success is a secondary consideration of non-obviousness. Stratoflex, Inc. v.
14 Aeroquip Corp., 713 F.2d 1530, 1538-39 (Fed. Cir.1983). A showing of commercial success
15 requires a “nexus between [the] commercial success and the claimed features.” Brown &
16 Williamson Tobacco Corp. v. Philip Morris Inc., 229 F.3d 1120, 1130 (Fed. Cir. 2000). Where a
17 product is not co-extensive with the claimed invention, a nexus cannot be presumed, and the
18 patentee must introduce evidence that the claimed invention contributed to or caused the product’s
19 commercial success. See Rambus, 254 F.R.D. at 602. “This showing can take many forms, but it
20 must explain how the product’s commercial success was caused, at least in part, by the claimed
21 invention and not by other economic and commercial factors unrelated to the technical quality of the
22 patented subject matter.” Id. (citation omitted).

23 Here, Madisetti opines that certain products covered under the ‘917 Patent “have been
24 commercially successful in the marketplace,” based on the reaction of wireless carriers to Plaintiff’s
25 products, the profitability of Defendants’ devices incorporating this technology, and comments from
26 Defendants’ employees regarding the technology. (Madisetti Report ¶ 369.) In addition, Plaintiff
27 has identified specific pieces of evidence that it will introduce at trial to support the inference of the
28

1 requisite nexus.²⁹ Thus, for the reasons discussed above with regards to other secondary
2 considerations, the Court finds that exclusion of this testimony based on failure to establish a nexus
3 would be premature at this time.

4 In sum, the Court finds that exclusion of Dr. Madisetti’s opinions is not warranted because
5 Plaintiff may establish a sufficient nexus as to each secondary consideration of non-obviousness at
6 trial.

7 Accordingly, the Court DENIES Defendants’ Motion to Exclude the Opinions of Dr.
8 Madisetti.

9 **2. Motion to Bifurcate**

10 Defendants move to bifurcate the trial on the grounds that: (1) bifurcating the trial would
11 reduce the risk of jury confusion; (2) bifurcation would “likely conserve judicial resources and save
12 substantial litigation expenses”; (3) the issues that Defendants propose to address in a second
13 trial—namely, the issues of indirect infringement, damages and willfulness—are separable from the
14 issues that Defendants propose in a first trial—namely, the issues of direct infringement and
15 invalidity; and (4) bifurcation would “avoid prejudice.”³⁰ Plaintiff responds that the trial should not
16 be bifurcated, on the grounds that: (1) the evidence that Defendants contend would be “unfairly
17 prejudicial if introduced in the first phase of a bifurcated trial” is evidence that would have to be
18 “considered by the jury when making findings on [Defendants’] obviousness invalidity defenses,”
19 which are defenses that Defendants “would necessarily raise during the first phrase of a bifurcated
20 trial”; (2) Defendants have failed to establish a risk of prejudice to them if the trial is not bifurcated;
21 and (3) bifurcation would cause unnecessary delay and would prejudice Plaintiff.³¹

22 Upon review, the Court does not find good cause to bifurcate the trial. First, the Court finds
23 that Defendants do not meet their burden of showing that bifurcation would conserve judicial

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25 ²⁹ (See Madisetti Opp’n at 8-9.)

26 ³⁰ (Motion to Bifurcate at 5-11.)

27 ³¹ (Mformation Technologies, Inc.’s Opposition to RIM’s Motion to Bifurcate Trial Pursuant
28 to Fed. R. Civ. P. 42(b) at 1-18, Docket Item No. 717 (filed under seal).)

1 resources or litigation expenses, insofar as bifurcation would result in two separate trials rather than
2 one.³² Second, the Court finds that Defendants do not meet their burden of showing that they would
3 be prejudiced if the trial is not bifurcated. In particular, the Court finds that Defendants’ contentions
4 as to how they would be prejudiced by a non-bifurcated trial are predicated on certain emails which,
5 Defendants contend, would be “highly inflammatory” and would “confuse and distract the jury.”³³
6 (Motion to Bifurcate at 10.) However, Defendants also contend that they intend to file a motion *in*
7 *limine* to exclude those emails. (*Id.* at 9 n.1.) Thus, the Court finds that these emails do not
8 constitute a ground to bifurcate the trial.

9 Accordingly, the Court DENIES Defendants’ Motion to Bifurcate.

10 **3. Motion for Sanctions**

11 Defendants move to preclude Plaintiff from introducing certain late-produced source code
12 into evidence, or relying upon the late-produced code, on the ground that Plaintiff’s failure to timely
13 produce the code caused unfair prejudice to Defendants. (*See* Sanctions Motion.) Plaintiff responds
14 that its brief delay in producing the code caused no prejudice to Defendants, and that Defendants
15 have deliberately avoided conducting discovery pertaining to the code because the code defeats one
16 of Defendants’ invalidity contentions.³⁴

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18 ³² As to this issue, Defendants contend that given the “substantial non-infringement and
19 invalidity defenses that [they have] raised, [Plaintiff’s] claims are likely to be defeated during the
20 first phase [of a bifurcated trial].” (Motion to Bifurcate at 7.) However, a moving party’s mere
21 contention that judicial economy would be promoted by bifurcation, insofar as a second phase of a
22 bifurcated trial would be rendered unnecessary *if* the moving party prevails at the first phase, is not
23 sufficient to meet that party’s burden of showing that bifurcation is appropriate. *See, e.g., John*
24 *Middleton, Inc. v. Swisher Int’l, Inc.*, No. Civ.A. 03-3908, 2004 WL 792762, at *1-2 (E.D. Pa. Apr.
25 8, 2004).

23 ³³ (*See also* RIM’s Reply in Support of its Motion to Bifurcate Trial Pursuant to Federal
24 Rule of Civil Procedure 42(B) [sic] at 1-5, Docket Item No. 728 (clarifying that Defendants’
25 position regarding bifurcation centers on their contention that “[b]ifurcation of the issues is
26 necessary to avoid prejudice to [Defendants],” and further clarifying that the “prejudice” at issue
27 centers on an “irrelevant and highly prejudicial storyline [Plaintiff] seeks to present through the
28 emails discussed above”).)

26 ³⁴ (Mformation Technologies, Inc.’s Opposition to RIM’s Renewed Motion for Sanctions at
27 13, Docket Item No. 753 (filed under seal).) Because a significant portion of the evidence submitted
28 in support of Defendants’ Motion for Sanctions and Plaintiff’s Opposition involves privileged

1 Federal Rule of Civil Procedure 26 requires that as a part of the discovery process, each party
2 shall provide “a copy—or a description by category and location—of all documents, electronically
3 stored information, and tangible things that the disclosing party has in its possession, custody, or
4 control and may use to support its claims or defenses, unless the use would be solely for
5 impeachment.” Fed. R. Civ. P. 26(a)(1)(A)(ii). Federal Rule of Civil Procedure 37 enunciates the
6 consequences of a failure to comply with Rule 26; it states that:

7 If a party fails to provide information or identify a witness as required by Rule 26(a) or (e),
8 the party is not allowed to use that information or witness to supply evidence on a motion, at
9 a hearing, or at a trial, unless the failure was substantially justified or is harmless. In
10 addition to or instead of this sanction, the court, on motion and after giving an opportunity to
be heard: (A) may order payment of the reasonable expenses, including attorney’s fees,
caused by the failure; (B) may inform the jury of the party’s failure; and (C) may impose
other appropriate sanctions.

11 Fed. R. Civ. P. 37(c).

12 Thus, “[w]hen a party fails to make the disclosures required by Rule 26(a), the party is not
13 allowed to use the [information or witness] . . . at trial unless it establishes that the failure was
14 substantially justified or is harmless.” Goodman v. Staples The Office Superstore, LLC, 644 F.3d
15 817, 826 (9th Cir. 2011). “Rule 37(c)(1) is a self-executing, automatic sanction designed to provide
16 a strong inducement for disclosure.” Id. at 827 (citation and quotation omitted). The burden is on
17 the party facing sanctions to prove harmlessness. See Yeti by Molly, Ltd. v. Deckers Outdoor Corp.,
18 259 F.3d 1101, 1107 (9th Cir. 2001).

19 In determining whether a violation of Rule 26 is substantially justified or harmless, courts
20 should consider the following factors: “(1) prejudice or surprise to the party against whom the
21 evidence is offered; (2) the ability of that party to cure the prejudice; (3) the likelihood of disruption
22 of the trial; and (4) bad faith or willfulness involved in not timely disclosing the evidence.” Lanard
23 Toys Ltd. v. Novelty, Inc., 375 Fed. Appx. 705, 713 (9th Cir. 2010) (citation omitted). District
24 courts are given “particularly wide latitude” in determining whether to issue sanctions under Rule
25 37. Yeti by Molly, 259 F.3d at 1106.

26 _____
27 communications and was filed under seal, the Court does not recite the factual basis for this Motion
28 in this Order.

1 Upon review, the Court finds that each of the Lanard Toys factors weighs against the
2 exclusion of evidence in this case. With regard to the first two factors—namely, (1) “prejudice or
3 surprise” to Defendants and (2) the ability of Defendants to cure the prejudice—the Court finds that
4 Defendants have had ample opportunity to cure whatever prejudice may have been caused by the
5 late production. Notably, Defendants opted not to inspect the source code for nearly a year after
6 being informed by Plaintiff that it had been produced. In light of this delay, the Court finds that any
7 additional delay caused by Plaintiff’s failure to properly load the source code at issue is not
8 significant enough to warrant preclusive sanctions. With regard to the third factor—namely, the
9 likelihood of disruption of the trial—the Court finds that because the code was produced over fifteen
10 months prior to trial, there is no likelihood of the trial being disrupted. Finally, with regard to the
11 fourth factor—namely, Plaintiff’s “bad faith or willfulness”—the Court finds that there is no basis
12 upon which to conclude that Plaintiff acted in bad faith. Rather, the Court finds that Plaintiff’s
13 responses to Defendants’ inquiries regarding the source code demonstrate a good faith effort on
14 Plaintiff’s part to correct what appears to have been an error in uploading the code. Thus, while
15 Defendants may have been required to conduct some additional discovery in response to the source
16 code’s late production, the Court finds that exclusion is not warranted under the factors provided by
17 Lanard Toys.

18 Accordingly, the Court DENIES Defendants’ Motion for Sanctions.³⁵

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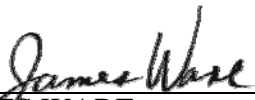
³⁵ The sole relief requested in Defendants’ Motion for Sanctions is evidentiary. (See Sanctions Motion at 1 (requesting solely that the Court “award sanctions in the form of an Order precluding [Plaintiff] from relying on or referring to the late-produced . . . source code”).)

1 **C. Conclusion**

2 The Court: (1) DENIES Plaintiff's Motion to Exclude Portions of the Opinion of Dr.
3 Acampora; (2) GRANTS in part and DENIES in part Defendants' Motion to Exclude the Opinion of
4 Dr. Weinstein; (3) DENIES Defendants' Motion to Exclude the Opinions of Dr. Madisetti; (4)
5 DENIES Defendants' Motion to Bifurcate; and (5) DENIES Defendants' Motion for Sanctions.

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Dated: March 29, 2012



JAMES WARE
United States District Chief Judge

1 **THIS IS TO CERTIFY THAT COPIES OF THIS ORDER HAVE BEEN DELIVERED TO:**

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Dated: March 29, 2012

Richard W. Wieking, Clerk

**By: /s/ JW Chambers
Susan Imbriani
Courtroom Deputy**