

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

MICHAEL M. KAHR,

Plaintiff,

v.

Case No. 13-C-1005

MICHAEL E. COLE, et al.,

Defendants.

ORDER

Before the Court is Defendants' Motion in Limine to Exclude Certain Evidence. ECF No. 71. Defendants' motion includes six requests to exclude certain evidence from trial. During the Final Pretrial Conference on July 22, 2016, this Court took under advisement Defendants' first, second, and sixth requests. These requests seek to exclude: (#1) evidence as to any claimed lost profits damages alleged by Plaintiff; (#2) correspondence sent to Defendants between July 2010 and May 6, 2013 (ECF No. 78-2); and (#6) testimony of Plaintiff's expert witness, Dave Wentland, on the doctrine of equivalents. On July 25, 2016, Defendants filed a supplemental brief in support of their motion to exclude the expert testimony of Dave Wentland. Plaintiff filed a supplemental brief in opposition on July 27, 2016. For the reasons that follow, Defendants' first request will be granted, Defendants' second request will be denied, and Defendants' sixth request will be denied.

Lost Profits

Defendants argue that Plaintiff cannot recover lost profits damages because he does not make or sell products covered by the '554 Patent. In support, Defendants cite a number of cases stating

that only a plaintiff who sells the patented device may claim lost profits damages. *See Poly-America, L.P. v. GSE Lining Tech., Inc.*, 383 F.3d 1303, 1311 (Fed. Cir. 2004). Defendants also cite cases showing that a plaintiff cannot claim as patent infringement damages the lost profits of a related corporation. *See* Defs.’ Br. In Supp. 4, ECF No. 72. Finally, Defendants argue that Kahr cannot recover the lost profits of Death Door Marine, Inc., (DDM) on the grounds that DDM’s profits “flow inexorably” to Kahr. Plaintiff disagrees, arguing that the cases cited by Defendants are distinguishable from the facts of the case at hand and that DDM’s profits do flow inexorably to him. *See Fujitsu Ltd. v. Tellabs, Inc.*, 2013 WL 2285794, at *3 (N.D. Ill. May 23, 2013). Alternatively, Plaintiff seeks leave to amend the complaint to add DDM as a plaintiff in this action.

Defendants are correct that Plaintiff is unable to recover lost profits damages in this case. Unlike the patentees discussed in *Carver v. Velodyne Acoustics, Inc.*, 202 F. Supp. 2d 1147, 1149 (W.D. Wash. 2002), and *Kalman v. Berlyn, Corp.*, 914 F.2d 1473 (Fed. Cir. 1990), Plaintiff does not have an exclusive license with DDM for the ‘554 Patent. As Plaintiff stated in his deposition, he is free to license out the ‘554 Patent to other parties:

Q: Do you license the patent to anyone?

A: No.

Q: Nothing prevents you from licensing it, does it?

A: It does not.

Q: In other words, if you wanted to license it to my client as part of a settlement agreement, you’d be able to do that; is that correct?

A: That is correct.

(Kahr Dep. 13–14). Additionally, because DDM is a non-exclusive licensee, it has no standing to sue for damages. *See Carver v. Velodyne Acoustics, Inc.*, 202 F. Supp. 2d 1147, 1148 (W.D. Wash. 2002). As such, I also find that it would be inappropriate to grant Plaintiff’s alternative request to amend and add DDM as a party.

Letters to Defendants

Defendants' also seek to exclude certain letters sent to Defendants prior to May 6, 2013, the date Plaintiff provided Defendants with actual notice of the '554 Patent. The first letter, sent July 8, 2010, advised Defendants that a Provisional Application had been filed and recommended that Defendants "avoid any practice of the invention that would fall within the scope of claims that will be included in the Utility Application." ECF No. 78-2. The second letter was sent August 11, 2010, in response to a letter from Defendants. *Id.* The second letter again cautioned Defendants about continuing to produce "knock-off assemblies" and gave a technical description of Plaintiff's invention. *Id.* Defendants argue that these letters are irrelevant to any willfulness determination because they were made prior to the patent being issued.

Plaintiff's second cause of action alleges that Defendants' infringement of the '554 Patent is knowing and willful. Pursuant to 35 U.S.C. § 284 a court "may increase the damages up to three times the amount found or assessed" after a finding of infringement. As the Supreme Court has recently held, "[s]ection 284 allows district courts to punish the full range of culpable behavior." *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1933 (2016). For example, "[t]he subjective willfulness of a patent infringer, intentional or knowing, may warrant enhanced damages." *Id.* The Court noted further that "culpability is generally measured against the knowledge of the actor at the time of the challenged conduct." *Id.* (citing Restatement (Second) of Torts § 8A (1965)). As the Seventh Circuit has recently held, "the factual components of the willfulness question should be resolved by the jury." *WBIP, LLC v. Kohler Co.*, 2016 WL 3902668, at *15 (Fed. Cir. July 19, 2016). This factual determination should "be made after consideration of the totality of the circumstances." *Am. Med. Sys., Inc. v. Med. Eng'g Corp.*, 6 F.3d 1523, 1530 (Fed. Cir. 1993).

Despite the intuitive merits of Defendants’ arguments on this issue, the disputed letters are relevant to the willfulness inquiry in this case. As Plaintiff argues, the letters are insufficient to show knowledge of infringement because no patent yet existed at the time they were sent. Nevertheless, they tend to show that Defendants were aware of the scope of what would be the ‘554 Patent. Specifically, the description contained in the August 11, 2010, letter arguably appraised Defendants of the scope of the future patent. Thus, when Defendants later became aware of the existence of the ‘554 Patent on May 6, 2013, they already had some knowledge of its content. At the very least, the letter could tend to show that Defendants had “knowledge” of the scope of the patent, which is relevant to the willfulness inquiry here. *See Halo Elecs.*, 136 S. Ct. at 1933; Fed. R. Evid. 401 (“Evidence is relevant if . . . it has any tendency to make a fact more or less probable than it would be without the evidence.”). Therefore, Defendants’ request to exclude correspondence from before May 6, 2013, will be denied.

Testimony of Dave Wentland

Defendants also seek to exclude the testimony by Kahr’s expert witness, Dave Wentland, on the doctrine of equivalents. Defendants argue that because Wentland did not apply the correct test for infringement under the doctrine of equivalents, his testimony is not relevant and his opinion would not be helpful to the trier of fact. However, as Plaintiff correctly points out, Wentland was not retained in order to offer a legal opinion and is not required to state a definition of the level of ordinary skill in the art. Defendants do not object to Wentland’s credentials or qualifications. Further, his evaluation of the mechanical similarity between the accused dock and the ‘554 Patent dock will be helpful to the trier of fact. He will not be disqualified because of two or three stumbling responses during a deposition. As such, this request will be denied.

CONCLUSION

THEREFORE, IT IS ORDERED that Defendants' Motion in Limine (ECF No. 71) is **GRANTED** as to request one and **DENIED** as to requests two and six. The parties shall not offer evidence as to any claimed lost profits damages alleged by Plaintiff Michael M. Kahr.

Dated this 28th day of July, 2016.

s/ William C. Griesbach

William C. Griesbach, Chief Judge
United States District Court