

United States District Court
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

EVICAM INTERNATIONAL, INC.,	§	
	§	
v.	§	Civil Action No. 4:16-CV-105
	§	Judge Mazzant
ENFORCEMENT VIDEO, LLC d/b/a	§	
WATCHGUARD VIDEO	§	
	§	

ORDER

On June 30, 2017, the Court held a pretrial conference and made rulings on the parties’ motions *in limine* as well as other disputes between the parties. The Court took the following issues under advisement.

1. Evicam’s Motion *in Limine* #16: Exclude any argument, evidence, or testimony regarding how WatchGuard would have behaved at a hypothetical negotiation.

“A reasonable royalty can be calculated from an established royalty, the infringer’s profit projections for infringing sales, or a hypothetical negotiation between the patentee and infringer based on the factors in *Georgia–Pacific Corp. v. U.S. Plywood Corp.*, 318 F.Supp. 1116, 1120 (S.D.N.Y. 1970).” *Wordtech Sys., Inc. v. Integrated Networks Sols., Inc.*, 609 F.3d 1308, 1319 (Fed. Cir. 2010). Here, Evicam’s expert uses the *Georgia–Pacific* factors to determine a reasonable royalty rate. Since the *Georgia–Pacific* factors rely on underlying facts to make reasonable inferences about a party’s behavior during a hypothetical negotiation, evidence of how WatchGuard would have actually behaved is irrelevant. WatchGuard was free to file an expert rebuttal report to challenge the underlying facts that formed the basis for Evicam’s expert’s determination for how WatchGuard would have behaved at a hypothetical

negotiation. The Court does not find that WatchGuard filed such a rebuttal report. Accordingly, the Court **GRANTS** Evicam's motion *in limine* #16.

2. WatchGuard's Motion *in Limine* #13: Exclude Evicam from offering testimony, evidence, or documents that suggest WatchGuard encouraged or taught its customers how to use an accused product in an infringing manner. At the pretrial hearing, WatchGuard modified this motion *in limine* issue to recite the following: "Exclude any argument, testimony, or evidence regarding a claim for joint infringement." WatchGuard argues that Evicam has not properly pleaded a claim for joint infringement to comply with Federal Circuit law. In *Lyda*, the Federal Circuit stated, "[A]llegations of joint infringement must be measured by the *Iqbal* and *Twombly* standard without reference to Form 18," which governed a complaint asserting a claim for ordinary direct infringement. *Lyda v. CBS Corp.*, 838 F.3d 1331, 1339 (Fed. Cir. 2016). WatchGuard points out that Evicam's complaint does not reference a claim for joint infringement. Instead, Evicam's complaint states that WatchGuard infringes under a theory of direct infringement "by, among other things, making, using, offering to sell, selling, and/or importing systems, covered by one or more claims" in the '907 and '013 Patents (Dkt. #1 at ¶¶ 11, 16). In addition, the parties' Joint Pretrial Order does not reference a claim for joint infringement. Evicam responds that joint infringement is a theory of direct infringement that WatchGuard has been aware of since Evicam's May 2, 2016 infringement conditions, which asserted that WatchGuard, and its customers, directly infringed the asserted patents. Evicam further responds that it has met the pleading standards for joint infringement. The Court finds that WatchGuard's motion should be granted. A claim for joint

infringement “requires pleadings facts sufficient to allow a reasonable inference that all steps of the claimed method are performed and either (1) one party exercises the requisite ‘direction or control’ over the others’ performance or (2) the actors form a joint enterprise such that performance of every step is attributable to the controlling party.” *Lyda*, 838 F.3d at 1339 (citing *Akamai Techs., Inc. v. Limelight Network, Inc.*, 797 F.3d 1020, 1022 (Fed. Cir. 2015)). Evicam’s allegations in its complaint do not state a plausible claim for relief under a theory of direct joint infringement. Evicam has alleged no facts demonstrating that either (1) WatchGuard exercises direction or control over its customers’ performance or (2) that the WatchGuard and its customers form a joint enterprise. *Id.* Under *Twombly* and *Iqbal* pleading standards, Evicam has not alleged sufficient facts under a theory of direct joint infringement. *See Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (“[A] complaint must contain sufficient factual matter, accepted as true, to ‘state a claim for relief that is plausible on its face.’” (citation omitted)); *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007) (indicating a claim for relief must include enough factual allegations “to raise a right to relief above the speculative level). Thus, Evicam it should be excluded from offering argument, testimony, or evidence regarding such a claim of infringement. Accordingly, WatchGuard’s Motion *in Limine* #13 is **GRANTED**.

3. WatchGuard’s Exhibit List includes three exhibits relating to the prosecution history of the parent application to the ’907 Patent (DX3, DX61, and DX62) and an exhibit relating to a patent mentioned in the prosecution history (DX166). DX3 consists of excerpts from Application 09/088,267, which is the parent application of which the ’907 Patent claims priority. DX61 is the inventor’s brief on appeal, challenging the

patent examiners rejection of the parent application. DX62 is the Board of Patent Appeals and Interference's decision affirming the examiner's rejection of the parent application. DX166 is the Michetti Patent, which is explicitly referenced as prior art in the prosecution history of the parent application. Exicam objects to the DX3, DX61, DX62, and DX166 (collectively, "WatchGuard's Exhibits") under Federal Rules of Evidence 402, 403, and 106. Exicam contends the Court should exclude WatchGuard's Exhibits because the Patent Office's rejection concerned (1) different claims (2) from a different patent application (3) based on unelected prior art (4) under a lower standard of proof.

The Court sustains Evicam's objections to WatchGuard's Exhibits. WatchGuard intends to use the three exhibits relating to the prosecution history of the of the parent application to the '907 Patent (DX3, DX61, and DX62) to support its invalidity defense. This strategy involves WatchGuard implying the rejection of the patent application to the '907 Patent requires a similar rejection of the '907 Patent. The Court disagrees with WatchGuard's use of these exhibits in this manner. While the prosecution history of one patent is relevant to understanding the scope of a common term in a second patent stemming from the same patent application, this doctrine typically applies in the context of claim construction and interpretation rather than during trial. *See, e.g., Microsoft v. Multi-Tech Sys., Inc.*, 357 F.3d 1340, 1349 (Fed. Cir. 2004). Further, unlike a patent application filed with the Patent Office, an issued patent is entitled a presumption of validity. *See In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997). WatchGuard's use of these disputed exhibits before the jury would undermine the presumption of validity of the '907 Patent. The Patent Office's

rejection of the patent application based on different prior art has no relevance to the issues presented at trial. The rejection concerns only the patent application, which omits features and elements from the '907 Patent. In addition, DX166 involves a prior art reference that WatchGuard did not elect in its Final Election of Prior Art. As such, unelected prior art should not be admitted at trial because of the potential surprise and prejudice to Evicam. Thus, the Court **SUSTAINS** Evicam's objections to WatchGuard's Exhibits, DX3, DX61, DX62, and DX166.

IT IS SO ORDERED.