IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

HELIOS SOFTWARE, LLC and PEARL   :
SOFTWARE, INC.,   :
    :
            Plaintiffs,   :
    :
            v.   :   C.A. No. 11-1259-LPS
    :
AWARENESS TECHNOLOGIES, INC. and   :
REMOTE COMPUTER OBSERVATION &   :
MONITORING LLC (d/b/a/ REMOTECOM),   :
    :
            Defendants.   :

Adam W. Poff, Monté T. Squire, Pilar G. Kraman, Robert M. Vrana, YOUNG, CONAWAY, STARGATT & TAYLOR LLP, Wilmington, DE.

Cabrach J. Connor, Jennifer Tatum Lee, David E. Dunham, TAYLOR DUNHAM & RODRIGUEZ LLP, Austin, TX.

      Attorneys for Plaintiffs.

John C. Phillips, Jr., Megan C. Haney, PHILLIPS, GOLDMAN & SPENCE P.A., Wilmington, DE.
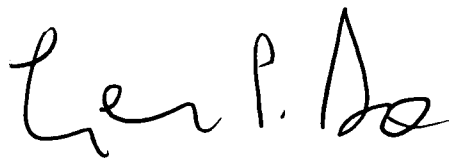
Brian E. Moran, Thomas J. Donlon, ROBINSON & COLE LLP, Stamford, CT.

      Attorneys for Defendants.

<u>MEMORANDUM OPINION</u>

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STARK, U.S. District Judge:

Pending before the Court are the following motions:

1. Plaintiffs' Motion to Exclude Certain Opinions of Defendants' Technical Expert Glenn Reinman (D.I. 221);

2. Plaintiffs' Motion to Exclude Opinions and Proposed Testimony of Jeremiah Grant (D.I. 217);

3. Defendants' Motion to Preclude Plaintiffs' Damages Expert Scott Weingust on *Daubert* Grounds (D.I. 214);

4. Defendants' Motion for Summary Judgment Based on Non-Infringement, Either Directly or Indirectly, Lack of Willfulness and Divided Infringement (D.I. 209);

5. Defendants' Motion for Partial Summary Judgment Regarding Limitations on Damages (D.I. 205); and

6. Plaintiffs' Motion for Summary Judgment of No Inequitable Conduct (D.I. 212).

I.   BACKGROUND

On December 19, 2011, Plaintiffs Helios Software, LLC ("Helios") and Pearl Software, Inc. ("Pearl") (collectively, "Plaintiffs") filed a complaint against Defendant Awareness Technologies Inc. ("Awareness") and Remote Computer Observation & Monitoring, LLC ("RemoteCom") (collectively, "Defendants") alleging infringement of U.S. Patent Nos. 6,978,304 ("the '304 patent"), 7,958,237 ("the '237 patent"), and 7,634,571 ("the '571 patent"). (D.I. 1)

Fact and expert discovery are complete, but no trial date has been set. The Court heard oral argument on the pending motions on February 26, 2015. (D.I. 316) ("Tr.")

II.   LEGAL STANDARDS

A.   *Daubert* Motions to Exclude

In *Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579, 597 (1993), the Supreme Court explained that Federal Rule of Evidence 702 creates "a gatekeeping role for the [trial] judge" in order to "ensur[e] that an expert's testimony both rests on a reliable foundation and is relevant to the task at hand." Rule 702 requires that expert testimony "help the trier of fact to understand the evidence or to determine a fact in issue." Expert testimony is admissible only if "the testimony is based on sufficient facts or data," "the testimony is the product of reliable principles and methods," and "the expert has reliably applied the principles and methods to the facts of the case." *Id.*

There are three distinct requirements for proper expert testimony: (1) the expert must be qualified; (2) the opinion must be reliable; and (3) the expert's opinion must relate to the facts. *See Elcock v. Kmart Corp.*, 233 F.3d 734, 741 (3d Cir. 2000).

B.   Summary Judgment Motions

Pursuant to Rule 56(a) of the Federal Rules of Civil Procedure, "[t]he court shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." The moving party bears the burden of demonstrating the absence of a genuine issue of material fact. *See Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 585-86 (1986). An assertion that a fact cannot be – or, alternatively, is – genuinely disputed must be supported either by citing to "particular parts of materials in the record, including depositions, documents, electronically stored information, affidavits or declarations, stipulations (including those made for purposes of the motion only),

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admissions, interrogatory answers, or other materials," or by "showing that the materials cited do not establish the absence or presence of a genuine dispute, or that an adverse party cannot produce admissible evidence to support the fact." Fed. R. Civ. P. 56(c)(1)(A) & (B). If the moving party has carried its burden, the nonmovant must then "come forward with specific facts showing that there is a genuine issue for trial." *Matsushita*, 475 U.S. at 587 (internal quotation marks omitted). The Court will "draw all reasonable inferences in favor of the nonmoving party, and it may not make credibility determinations or weigh the evidence." *Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 150 (2000).

To defeat a motion for summary judgment, the nonmoving party must "do more than simply show that there is some metaphysical doubt as to the material facts." *Matsushita*, 475 U.S. at 586; *see also Podobnik v. U.S. Postal Serv.*, 409 F.3d 584, 594 (3d Cir. 2005) (stating party opposing summary judgment "must present more than just bare assertions, conclusory allegations or suspicions to show the existence of a genuine issue") (internal quotation marks omitted). The "mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment;" a factual dispute is genuine only where "the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48 (1986). "If the evidence is merely colorable, or is not significantly probative, summary judgment may be granted." *Id.* at 249-50 (internal citations omitted); *see also Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986) (stating entry of summary judgment is mandated "against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial"). Thus, the "mere existence of a scintilla of evidence" in

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support of the nonmoving party's position is insufficient to defeat a motion for summary judgment; there must be "evidence on which the jury could reasonably find" for the nonmoving party. *Anderson*, 477 U.S. at 252.

III. DISCUSSION

A. Plaintiffs' Motion to Exclude Certain Opinions of Defendants' Technical Expert Glenn Reinman (D.I. 221)

Plaintiffs seek to exclude Dr. Reinman's opinion to the extent it relies on Dr. Cohen's analysis in the related case, *Helios Software LLC v. SpectorSoft Corp.*, C.A. No. 12-081-LPS (D. Del., filed Jan. 26, 2012) (hereinafter, "*SpectorSoft*"), arguing that he is merely "parroting" the views of an undisclosed expert.[1] On the deadline for expert reply reports, Dr. Reinman served a Supplemental Report addressing prior art that he had previously not addressed, but which SpectorSoft's expert, Dr. Cohen, had addressed in *SpectorSoft*. (*See* D.I. 222 at 2) At his deposition, Dr. Reinman explained that he conducted his own analysis of the prior art patent and product materials – although not the products themselves – identified by Dr. Cohen before independently reaching the same conclusions. (*See* D.I. 246, Ex. 7 at DDOA287-89; D.I. 246, Ex. 8 at DDOA295-97) For this reason, Dr. Reinman's opinions are at least somewhat helpful, *see In re Enhanced Security Research*, 739 F.2d 1347, 1359 (Fed. Cir. 2014) (explaining that product materials are acceptable proof of prior art), even if Dr. Reinman did not speak to Dr. Cohen before "embracing" his opinions (*see* D.I. 275, Ex. 5 at 327). The *credibility* of Dr. Reinman's claim that he independently analyzed the relevant materials is a fact issue for the jury.

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[1]Originally, Plaintiffs also sought to exclude Dr. Reinman's untimely analysis of the source code for Helios' Cyber Snoop products, but they have since then withdrawn this part of their motion. (*See* Tr. at 95)

Similarly, Dr. Reinman's inability to name the product materials he reviewed (D.I. 273 at 3; D.I. 275, Ex. 5 at 325) goes to the weight rather than reliability of his opinions. *See I.B.E.W. Local Union 380 Pension Fund v. Buck Consultants*, 2008 U.S. Dist. LEXIS 43435, at *8-9 (D. Del. Mar. 29, 2013) ("[E]xperts may use a mix of objective data and subjective analysis from another expert to . . . create an admissible report, and an expert's knowledge of specific facts regarding the incident – or lack thereof – go[es] to the weight accorded to [that expert's] report and testimony, rather than its admissibility.") (internal quotation marks omitted).

Plaintiffs further argue that Dr. Reinman's adoption of Dr. Cohen's analysis amounts to impermissible use of hearsay. The Court disagrees. Because Dr. Reinman can be cross-examined about the extent of his own independent analysis, the risk of prejudice and confusion stemming from the use of Dr. Cohen's opinions does not outweigh the relevance of potentially invalidating prior art under Rule 703. *See* Fed. R. Civ. P. 703 ("[I]f the facts or data would otherwise be inadmissible, the proponent of the opinion may disclose them to the jury only if their probative value in helping the jury evaluate the opinion substantially outweighs their prejudicial effect.").

Accordingly, the Court will deny Plaintiffs' Motion to Exclude Certain Opinions of Defendants' Technical Expert Glenn Reinman.

B.   Plaintiffs' Motion to Exclude Opinions and Proposed Testimony of Jeremiah Grant (D.I. 217)

Plaintiffs seek to exclude Defendants' damages expert, Mr. Grant, for three reasons. First, they argue that he improperly assumed non-infringement of the patents-in-suit when analyzing the hypothetical negotiation. Second, they contend that Mr. Grant's evidence is

unreliable because he cherry-picked the facts he relied on, did not know where his list of non-infringing alternatives came from, and ignored many documents he had at his disposal, while relying on other documents that were not produced to Plaintiffs. Third, they assert that Mr. Grant's "reasonableness check" used an improper method and contrived data for calculating a running royalty.

With regard to the first issue, Plaintiffs argue that Mr. Grant's hypothetical negotiation could not have assumed infringement because Mr. Grant stated that he was accepting Awareness' position. (*See* D.I. 223, Ex. 21 at 194-95) However, Mr. Grant's acceptance of Awareness' position does not necessarily require an assumption of non-infringement as opposed to, for instance, a belief about the ease of design-arounds. Indeed, Mr. Grant's report correctly states that the hypothetical negotiation assumes infringement (*see* D.I. 246, Ex. 1 at DDOA3), and at his deposition Mr. Grant stated he would be "in a tough spot" if he rejected the assumption of infringement, which is a basic premise of patent damages law (D.I. 246, Ex. 2 at DDOA194). Mr. Grant further answered "yes" when asked if his lump-sum figure would make Plaintiff whole for Awareness' infringement. (*Id.* at DDOA228)

Plaintiffs further argue that Mr. Grant improperly capped his lump-sum royalty at a "nuisance factor" which Defendants would have considered in determining how much they would be willing to pay to avoid costly litigation. At his deposition, Mr. Grant stated that "if Awareness receives no benefits from the patents I'm at a loss as to why they would have paid anything beyond what might be considered a nuisance fee to be able to license the patents for which they perceive no value." (D.I. 223, Ex. 21 at 85) Yet Mr. Grant's view that Awareness might perceive no value from licensing the patents-in-suit does not mean that he believes them to

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be not infringed; he appears instead to be of the permissible opinion that the patents are essentially worthless due to the ease of design-arounds. (*See* D.I. 272, Ex. 1 at DDOA3; D.I. 223, Ex. 20 at ¶ 146 (explaining that *if* Awareness' position about design-arounds is "true, then the real value to Awareness would have been defined by the design-around costs, as a floor, and some value associated with eliminating the nuisance factor and possibility of dealing with future litigation, as a ceiling"))

Plaintiffs' second complaint about Mr. Grant's analysis, like the first just discussed, goes to the weight, rather than the admissibility, of his opinions. Here, as in *Tridon Indus. v. Willis Chevrolet*, 2014 U.S. Dist. LEXIS 44125 (D. Del. Apr. 1, 2014), Plaintiffs essentially argue that

> the expert[] had better data at [his] disposal and should have used it
> .... But even if this premise is accepted, it does not render the
> challenged expert report inadmissible under Rule 702. To the
> contrary, "[t]he ground for the expert's opinion merely have to be
> good, they do not have to be perfect."

Id. *9 (citing *In re Paoli R. R. Yard PCB Litig.*, 35 F.3d 717, 744 (3d Cir. 1994)). Mr. Grant's reliance on Awareness' CEO, Mr. Miller, and technical expert, Dr. Reinman, was not improper. *See I.B.E.W. Local Union 380 Pension Fund*, 2008 U.S. Dist. LEXIS 43435, at *8-9 (explaining that "experts may use . . . subjective analysis from another expert to . . . create an admissible report") (internal quotation marks omitted). Additionally, Mr. Grant's disregard of the Bexar County Request for Proposal – which he thought was internally inconsistent (*see* D.I. 246, Ex. 2 at DDOA204, DDOA210) – or his lack of knowledge of the source of a list of non-infringing alternatives on which he relied in his rebuttal (*see* D.I. 246, Ex. 1 at DDOA24-26), do not render him unreliable. *See St. Clair Intellectual Prop. Consultants v. Acer Inc.*, 935 F. Supp. 2d 779, 781 (D. Del. 2013) (explaining that "the sources [the expert] chose to rely on in forming her

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opinion may be explored on cross-examination," and "objections to the use of . . . non-infringing

alternatives and their associated cost . . . go toward the weight of the evidence").

With regard to the third issue, Plaintiffs' criticisms have more merit. Although it was

only conducted in the context of a "reasonableness check," Mr. Grant admits that his "running

royalty" analysis did not apply a legally sound methodology for a running royalty analysis. (*See*

D.I. 223, Ex. 21 at 218) For instance, Mr. Grant's calculation of an "implied" royalty rate does

not reflect the actual royalty rates found in the licenses he relied on, and it is improperly

calculated based on Pearl's – rather than Awareness' – overall revenues. (*Compare* D.I. 223, Ex.

20 at 42 *with* D.I. 223, Ex. 20 at sched. 2; *see* D.I. 223, Ex. 21 at 211-12, 243-47; D.I. 223, Ex.

20 sched. 8) This analysis, even as a reasonableness check, could well mislead or confuse a jury

and will be excluded.

Accordingly, Plaintiffs' Motion to Exclude Opinions and Proposed Testimony of

Jeremiah Grant will be denied with respect to the first two issues, and granted with respect to the

third issue of the "running royalty" calculated for Mr. Grant's "reasonableness check."

C.   **Defendants' Motion to Exclude Opinions and the Proposed**
        Expert Testimony of Scott Weingust on Damages (D.I. 214)

Defendants argue that the expert testimony of Plaintiffs' damages expert, Scott Weingust,

should be excluded because he failed to meet the standards for reasonable royalty opinions.

According to Defendants, Mr. Weingust's testimony should be excluded for three reasons. First,

Mr. Weingust failed to satisfy the entire market value rule and, therefore, he improperly relied on

unapportioned revenues. Second, Mr. Weingust improperly assumed that the relevant submarket

includes only Pearl and the two accused infringers. Third, Mr. Weingust's hypothetical royalty

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rates are unsupported by calculations or factual analysis.

Under *Uniloc USA, Inc. v. Microsoft Corp.*, "the patentee . . . **must in every case** give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented features and the unpatented features . . . or show that the entire market value of the whole machine, as a marketable article, is properly and legally attributable to the patented feature." 632 F.3d 1292, 1318 (Fed. Cir. 2011) (emphasis added). The Federal Circuit has further explained that "[w]here small elements of multi-component products are accused of infringement, calculating a royalty on the entire product carries a considerable risk that the patentee will be improperly compensated for non-infringing components of that product." *LaserDynamics v. Quanta Comp., Inc.*, 694 F.3d 51, 67 (Fed. Cir. 2012). Generally, royalties must be based on the "smallest salable patent-practicing unit;" the entire market value rule is an exception to this general rule. *Id.*

A question arises when the smallest salable unit comprises both patented and unpatented features. Plaintiffs contend that in this scenario, it is appropriate to use the entire revenue from sales of this smallest salable unit to calculate the royalty base. Defendants counter that the general rule requiring apportionment of revenues and damages applies even when the smallest salable unit comprises both patented and unpatented features. According to Defendants, the only exception to the requirement that a defendant's profits and a patentee's damages be apportioned between the patented and unpatented features is evidence showing that the entire market value of the accused product is properly and legally attributable to the patented feature. *See Uniloc*, 632 F.3d at 1318.

In *LaserDynamics*, the Federal Circuit discussed its decision in *Lucent Technologies, Inc.*

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v. Gateway, Inc., 580 F.3d 1301, 1332 (Fed. Cir. 2009), explaining that in *Lucent*,

> the patent at issue involved a helpful and convenient "date picker" feature that was being used within the grand scheme of Microsoft's Outlook email software. We held that because the patented feature was "but a tiny feature of one part of a much larger software program," a royalty could not be properly calculated based on the value of the entire Outlook program because "there was no evidence that anybody anywhere at any time ever bought Outlook . . . *because* it had the patented date picker."

694 F.3d at 68-69 (quoting *Lucent*, 580 F.3d at 1332-33); *see also AVM Technologies, LLC v. Intel Corp.*, 2013 WL 126233, at *2 (D. Del. Jan. 4, 2013) (holding that "'entire market value rule' can apply to a smallest saleable patent practicing unit when the smallest saleable patent practicing unit is itself made up of multiple components").

Mr. Weingust concedes that the Awareness products "do have features that are not patented by the patents-in-suit in which customers do find value in." (D.I. 216, Ex. 3 at DA167; *see also id.* at DA181 ("I think that the nonpatented features and other nonpatented elements have value.")) Mr. Weingust further concedes that he "did not make an effort to apportion the revenue from the accused products that forms the revenue base in this case to the patented features and unpatented features by virtue of having determined that the entire market value rule was relevant in this case." (D.I. 216, Ex. 3 at DA167)

Plaintiffs argue that Mr. Weingust's analysis was proper for two reasons. First, they contend that Mr. Weingust properly relied on unapportioned revenue from sales of the accused products because those products are the smallest saleable patent-practicing units. Second, they argue that Mr. Weingust properly relied on unapportioned revenue because he satisfied the entire market value rule.

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Because it is uncontested that the accused products comprise both patented and unpatented features, Mr. Weingust needed to apportion profits and damages between the patented and unpatented features of the accused product to render a reliable damages analysis. The only exception to the apportionment requirement is evidence demonstrating that the entire market value of the accused product is properly and legally attributable to the patented feature. *See Uniloc*, 632 F.3d at 1318. In attempting to satisfy the entire market value rule, Mr. Weingust stated that "it is the features covered by the patents-in-suit that created a sub-market for the Accused Products, Pearl Echo, and certain other competitive product[s] primarily sold by SpectorSoft, which have also been accused of infringing the patents-in-suit in the SpectorSoft case. As a result, it follows that it is the features covered by the patents-in-suit that form the basis for consumer demand for the Accused Products." (D.I. 216, Ex. 1 at DA027 ¶ 66) In various parts of his expert report, Mr. Weingust discusses the importance of the patented features to the accused products (*see, e.g., id.* at DA010-13, DA019-21), including the "real-time" monitoring feature which was covered by the '571 patent and is no longer in the case (*see id.* at DA021-DA022, DA049-DA050, DA119-DA120). However, Mr. Weingust never conducted a market analysis or otherwise provided evidence showing that it is the patented features that drive the demand for the accused products. (D.I. 216, Ex. 1 at DA006; D.I. 216, Ex. 2 at DA105; D.I. 216, Ex. 3 at DA182-83, DA168-71) *See LaserDynamics*, 694 F.3d at 68 ("It is not enough to merely show that the [patented] method is viewed as valuable, important, or even essential to the use of the [accused product]. Nor is it enough to show that [the accused product] without [the patented] method would be commercially unviable."). To satisfy the entire market value rule, Mr. Weingust needed to provide "a higher degree of proof," that "the presence of [the patented]

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functionality is what motivates consumers to buy the [accused product] in the first place." *Id.*

Indeed, Mr. Weingust used "the same general approach" to calculate reasonable royalties in this case as he did in *SpectorSoft* (*see* D.I. 216, Ex. 3 at DA184), in which his opinion was excluded by this Court. *See SpectorSoft*, 2014 WL 4796111, at *7 (D. Del. Sept. 18, 2014). Accordingly, in light of Mr. Weingust's failure to satisfy either the apportionment requirement or the entire market value rule in his damages analysis, the Court finds that it must exclude Mr. Weingust's testimony on damages.

Therefore, Defendants' Motion to Exclude Opinions and the Proposed Expert Testimony of Scott Weingust on Damages will be granted.[2]

D. Defendants' Motion for Summary Judgment Based on Non-Infringement, Either Directly or Indirectly, Lack of Willfulness, and Divided Infringement (D.I. 209)

1. The '237 Patent

To literally infringe a patent claim, an accused product or method must contain "each limitation of the claim." *Telemac Cellular Corp. v. Topp Telecom, Inc.*, 247 F.3d 1316, 1330 (Fed. Cir. 2001). By way of its motion, Defendants argue that Plaintiffs cannot prove that they infringe the '237 patent because the accused products do not practice claim elements 1(d), 1(f), or 1(g). The Court concludes that Defendants are correct that, on the record here, no reasonable factfinder could find that the accused products practice claim element 1(g).[3]

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[2]This is in contrast to *NuVasive Inc. v. Globus Medical Inc.*, C.A. No. 10-849-LPS, D.I. 234 at 97-101 (D. Del. July 2, 2014), in which this Court denied a similar motion to exclude a damages expert, as there the record included some evidence from which it could be found that the patented features drove demand for the product.

[3]Given this conclusion, the Court does not need to decide whether Defendants have correctly identified other deficiencies in Plaintiffs' infringement case – although the Court has

Claim element 1(g) requires "transferring at least part of the conveyed data *to the second network address via the second communication session.*" (D.I. 211, Ex. 4 at col. 15 ll. 57-59 (emphasis added)) While Plaintiffs dispute whether they have conceded that element 1(g) cannot be met under the doctrine of equivalents (*see* Tr. at 86-87), they acknowledge that they have dropped their doctrine of equivalents theory in response to this Court's ruling in *SpectorSoft*, 2014 WL 4796111, at *7-9. In *SpectorSoft*, the Court held Plaintiffs are precluded from asserting infringement of claim element 1(g) under the doctrine of equivalents due to prosecution history estoppel. Hence, Defendants are entitled to summary judgment of non-infringement unless the record would allow a reasonable factfinder to find by a preponderance of the evidence the accused products literally infringe claim element 1(g).

Having reviewed the record, the Court concludes that Plaintiffs have failed to produce such record evidence. As an initial matter, Plaintiffs' expert, Dr. Nettles, does not mention literal infringement of this element in his Opening Expert Report (*see* D.I. 254, Ex. 23 at ¶¶ 593-612), and does so only in passing even in his Reply Expert Report, in which he writes, "[a]lthough I present a theory under which this step is performed literally, I also present an alternate theory under the doctrine of equivalents" (D.I. 254, Ex. 30 at ¶ 134). This statement is not accompanied by any disclosure of a literal infringement theory or any citation to where such a disclosure may be found. (*See id.* (Dr. Nettles explaining only that "Professor Reinman incorrectly states I conceded there is no literal infringement"))

At his deposition, when asked if he was relying only on the doctrine of equivalents for subpart 1(g), Dr. Nettles responded:

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not concluded that Defendants are wrong in their additional contentions.

I know that there isn't any other place that I have such a discussion and I am trying to remember and I know there is – actually, let me just make sure. So you are saying 1(g). I just want to verify it's the right one. Well, can you give me the part of my report where I had that discussion? It will be the InterGard appendix. Otherwise, I can try to answer it via my memory but I promise you that is complete. . . . So here is actually the thing that I was thinking about. So I know I did present a theory involving DOE in my initial report but I also here present a theory that it's performed literally and I was just trying to remember exactly the details of that when I asked for the InterGard appendix but this is what I specifically wanted to testify to is that there was a literal infringement discussed there and a DOE infringement and certainly that claim is the only claim that I make a DOE argument of – of either exclusively or as an alternative.

(D.I. 211, Ex. D at 182-83) The InterGuard appendix referred to by Dr. Nettles is the part of his

Opening Expert Report, in which he unequivocally states:

It is my opinion that Awareness' accused product InterGuard Suite infringes limitation 1g of claim 1 using the Plaintiff's claim construction *under the doctrine of equivalents*. Any differences between transferring at least part of the conveyed data to the second network address via the second communication session and how the conveyed data is transported in the accused system are insubstantial in the context of the claimed invention. The accused products perform substantially the same function, which is to transport the conveyed data to a server where it may be stored and from where it may be viewed. The accused products perform in substantially the same way by transmitting the information via a communication session with a server computer. Any difference between the accused system's transmission to a server that is virtualized on the same machine is insubstantial. (Fitch, Tr.: March 21, 2013; 36.9 to 37.13). And the accused products achieve substantially the same result, storing the information on a server form where a user may access and view the data, the data may be displayed, and the data may be accessed via a Web portal www.sonarcentral.com in case of Awareness Interguard and www.webwatcherdata.com in case of Awareness WebWatcher.

(D.I. 254, Ex. 23 at ¶ 599 (emphasis added))

Notably, the above-excerpted paragraph from Dr. Nettles' Opening Expert Report is nearly identical to a paragraph in the report Dr. Nettles submitted in *SpectorSoft* (C.A. 12-81-LPS, D.I. 328 at SS00372-73). In his deposition in *SpectorSoft*, Dr. Nettles unequivocally stated that he was *not* opining that the '237 patent was literally infringed. (*See id.* at SS1465 (Dr. Nettles responding to the question of whether the '237 patent was literally infringed by saying, "[n]o, ma'am, it's – it's not. I – *I think you really do need the doctrine-of-equivalence argument there*") (emphasis added)).

Dr. Nettles' testimony in the *SpectorSoft* deposition takes on added significance because at the motions hearing in the instant case, Plaintiffs' counsel suggested that the section of Dr. Nettles' Opening Expert Report in the instant action entitled "Evidence of Infringement" discloses and supports an opinion of literal infringement. (*See* Tr. at 82-86) Given what has already been stated, as well as the Court's understanding of the substance of what is disclosed in this section of the report, the Court disagrees. The infringement theory articulated by Dr. Nettles in his "Evidence of Infringement" discussion is based on equivalence, not literal infringement, in ways including that Dr. Nettles' theory relies on two different server addresses corresponding to a single "second network address."[4]

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[4]Dr. Nettles points to www.webwatcherdata.com as the network address associated with the server allegedly implicated by element 1(g). (D.I. 254, Ex. 23 at ¶ 609 (explaining that "a user can access the configuration settings and the transferred data at the same web portal . . . www.webwatcherdata.com in case of Awareness WebWatcher")) For this element he does not point to www.download.webwatcherdata.com, which he claims is the "second network address" in elements 1(b)-(d). (*See id.* at ¶ 509 ("Citation 1 shows that the client computer receives a second network address (download.webwatcherdata.com) with via the first communication session."), ¶ 543 ("The URL for the . . . 'second network address' is download.WebWatcherdata.com."), ¶ 547 (same)) Similarly, Mr. Fitch's deposition testimony made clear that the virtual server to which the conveyed data is transferred does not host the client configurations. (*See id.* at ¶¶ 554-55)

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At the hearing, Plaintiffs' counsel emphasized that Dr. Nettles relies on Mr. Fitch's deposition testimony that the conveyed data goes to "the same virtual servers." (*See* Tr. at 85-86 (referring to D.I. 254, Ex. 23 at ¶ 607 ("The following excerpts taken from Jason Fitch's deposition dated March 21, 2013 show that Awareness InterGuard servers are hosted as virtual servers in the same *physical* server." (emphasis added))) However, Dr. Nettles cited to this same part of Mr. Fitch's deposition testimony in explaining his doctrine of equivalents analysis. (*See id.* at ¶ 599 ("Any difference between the accused system's transmission to a server that is virtualized on the same machine is insubstantial. (Fitch, Tr.: March 21, 2013; 36:9 to 37:13).")) Furthermore, Plaintiffs' suggestion that Dr. Nettles believes www.webwatcher.com and www.download.webwatcher.com to be the same for the purposes of element 1(g) (*see* Tr. at 85-86 (referring to D.I. 254, Ex. 23 at ¶ 607)) is belied by Dr. Nettles' opinion in the context of claim element 1(c) that "[s]ince the second communication network address is configurable, it is possible that the server that the client connected during *first and second session might be located at the same physical location but at different network addresses*." (D.I. 254, Ex. 23 at ¶ 531) (emphasis added)

In sum, because the record does not support a finding, by a preponderance of the evidence, of literal infringement of element 1(g), and because Plaintiffs cannot prevail on a theory of infringement of element 1(g) under the doctrine of equivalents, Defendants' Motion for Summary Judgment of Non-Infringement with respect to the '237 patent will be granted. Accordingly, the Court need not reach the issues of contributory or induced infringement as they relate to this patent.

2. The '571 Patent

Plaintiffs have withdrawn their claim of infringement of the '571 patent as a result of the Court's construction of the "real-time term" in Claim 4(b)(2), since "the Awareness software temporarily stores a copy of real-time data at the client before uploading it to the monitor server." (D.I. 253 at 8) Accordingly, Defendants' Motion for Summary Judgment of Non-Infringement will be granted with respect to the '571 patent. As with the '237 patent, the Court need not reach the issues of contributory or induced infringement with respect to this patent.

3. The '304 Patent

Defendants argue that Plaintiffs cannot prove direct infringement of the '304 patent. According to Defendants, all three of Plaintiffs' infringement theories fail as a matter of law for several reasons. In response, Plaintiffs identify several fact disputes they contend preclude summary judgment.

Defendants argue that Plaintiffs' reliance on a DNS look-up as the second internet session improperly results in divided infringement because the DNS look-ups are "performed by the operating system of the local user computer, independent of the accused software, and carried out by third parties not affiliated or under the control of Defendants or their customers." (D.I. 210 at 33) Plaintiffs respond that the DNS look-ups are "initiated by the Awareness client" (D.I. 253 at 7), pointing to Dr. Nettles' identification of the relevant Awareness source code responsible for the DNS look-ups (*see* D.I. 254, Ex. 23, at ¶¶ 117-20). While Defendants are correct that every step of the claimed method must be performed by a single entity, *see Akamai Techs, Inc. v. Epic Sys. Corp.*, 632 F.3d 1301, 1307 (Fed. Cir. 2012), there remains a genuine dispute of material fact as to whether or not the DNS look-ups can be properly attributed to the accused products.

Defendants also argue that, in the accused products, the third internet session is not concurrent with the first session. According to Defendants, because Awareness products do not have concurrent internet sessions as required by claim 9, and therefore do not practice the "real-time monitoring" claimed to be invented in the '304 patent, "Plaintiffs are forced into an infringement theory that is based on the theoretical happenstance of a momentary 'overlap' between the first Internet or monitored session and a later upload of pre-recorded data to [their] server (the 'third' Internet session)." (*Id.* at 23-24) Plaintiffs, on the other hand, contend that claim 9's requirement for concurrent initiation of computer sessions is fulfilled by the potential for overlap between the first and second sessions, as evidenced by Dr. Nettles' testing of the accused products. (*See* D.I. 254, Ex. 23 at 11 n.12) Plaintiffs further argue that Awareness' CTO's testimony about the "upload of user activity data to the server" during a 15-minute chat session "confirmed concurrency." (*See* D.I. 254, Ex. 14 at 92) A genuine dispute of material fact remains as to whether, and if so how often, the accused products satisfy claim 9's requirement of concurrency.

Defendants further argue that the accused products lack the second internet session required by claim 9 "for the purpose of retrieving an unused third IP address . . . to be used for the third Internet Session." (D.I. 210 at 20) According to Defendants, Plaintiffs mischaracterize the accused systems' Domain Name System ("DNS") look-ups as the requisite second Internet session; the DNS look-ups occur "independent of the claimed steps and the three sessions in the '304 patent and for a purpose wholly unrelated to the claimed invention;" and because DNS look-ups are performed through a connectionless user datagram protocol ("UDP"), they cannot possibly qualify as an Internet session. (*See id.* at 21-22) Based on the record, Defendants are

correct. A reasonable fact finder could only find that a DNS look-up, which uses UDP as opposed to a Transmission Control Protocol ("TCP"), cannot be considered a second internet session under the Court's claim construction ruling.

Defendants' expert, Dr. Reinman, explains of DNS that it is:

> an essential, long-standing component of the Internet. . . . DNS is built into and is part of the operating system of any computer. . . . DNS is performed by the operating system of a local user computer, not by any application process or software of Awareness. Unlike [TCP], which is a connection-oriented transport layer protocol (having a beginning and an end), DNS utilizes a connection with the receiving device. Once the connection is established, data packets are sent and the connection is closed, after the packet has been successfully delivered. TCP has a well-defined protocol state machine which begins with a handshake, followed by application data transfer and a well-defined exchange to close the connection. By contrast, when utilizing UDP, data is sent in simple bursts. Because DNS is connectionless, there is no handshake. DNS lacks an opening and closing. It never terminates. It therefore does not qualify as an "Internet session" under the Court's Markman ruling. Per Claim 9, the second internet session expressly requires "termination," which is possible with TCP/IP but not with UDP as there is no session to terminate. It is thus clear that the second Internet session can never be a DNS look-up. If it could, there would be no purpose to add the requirements of "termination" in 9(c).

(D.I. 211, Ex. 7 at ¶¶ 26-29)

Plaintiffs have not presented evidence sufficient to create a genuine dispute regarding Dr. Reinman's testimony on these points. Instead, Plaintiffs unpersuasively contend that Dr. Reinman "relies on DNS himself to satisfy that second session in his validity analysis." (Tr. at 73) In actuality, Dr. Reinman made clear that:

> [a]t my deposition, I indicated that if one adheres to what I regard as the correct constructions and interpretations of key patent terms (specifically including the term "Internet session," the "real-time"

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terms, the term "concurrent" . . .) and what I regard as a correct reading and interpretation of the scope and limitations of Claim 9 of the '304 Patent . . . , *the prior art cited in my invalidity reports and upon which I relied in such reports may not serve to invalidate the '304 and '571 Patents*. However, as I made clear at my deposition, *if* the strained reading and interpretation of various terms and claims espoused by Dr. Nettles as part of his infringement analyses were to be adopted, including, but not limited to, (a) his misplaced reliance of DNS look-ups to satisfy the "second Internet session" of Claim 9 of the '304 Patent, [and] (b) his broad, indefinite construction of what constitutes a single "Internet session" and how long such a session can last (namely his assertion, in contravention of this Court's construction, that such a session can last indefinitely as long as a computer application (e.g., chat or email) is left open and/or the computers of the local user and remote user remain turned on[)], . . . *then* the prior art systems and references which I cited and relied upon . . . would clearly invalidate the '304 and '571 Patent . . . .

(D.I. 254, Ex. 8 at ¶¶ 11-12 (emphasis added)) Dr. Reinman's *conditional* invalidity analysis does not contradict his non-infringement analysis.

Plaintiffs' contention that Defendants conceded at the Markman hearing that UDP may qualify as an "internet session" fares no better. Plaintiffs omit critical portions of what Defendants said at that hearing, which, in relevant part, was:

> So with respect to UDP versus TCP, our expert agrees that UDP is considered to be connectionless, but it's irrelevant here. Both relate to ways of sending data across the Internet. . . . They both just send data and then receive data. The difference is that TCP does more to make sure that that data is received, all of it is received, none is lost, it's in the right order. There is no errors. So there is this handshaking that makes it a more robust protocol whereas in UDP, you just send data and that data is sent to a particular IP address and port on the Internet and when that arrives there, the computer on that end looks at the header and says is this something I should pay attention to? And if it recognizes it as something it should, it then takes the payload and does something with it. So the session begins. *So if there is a chat program that uses UDP, and I'm not sure that there is, but if there is,* that

> session still begins when the message is sent and *it ends when the user closes the chat session or when the application determines that it's been so long that there is a timeout*. If you walk away from your computer for a certain amount of time, the chat session will end. *The application controls that termination.* But a session still involves a period of time with a beginning and an end, during which time multiple messages are sent and received. So under the defendants' proposed construction, whether it's UDP or TCP, our proposed construction reads on the preferred embodiment. *I didn't hear them dispute that this morning but it was in their briefs.*

(D.I. 100 at 44-46 (emphasis added)) Contrary to Plaintiffs' assertion, this is entirely consistent Defendants' argument that "*[w]ith DNS* via UDP, *there is neither a connection nor a 'termination'* of any second session, as required by subsection (b) of Claim 9 of the '304 Patent." (D.I. 210 at 22 (emphasis added)) Defendants's argument at Markman was not directed at DNS look-ups but, rather, to application-based internet sessions such as chat sessions. Specifically, Defendants were addressing Plaintiffs' argument in their claim construction Answering Brief that Defendants' proposed construction of "internet session" – which required sessions with a clear beginning and end – would read out a preferred embodiment. (*See* D.I. 78 at 26-27 ("Popular chat applications like ICQ used UDP at the time the patents-in-suit were filed. Rewriting the claims to require a 'connection' may result in the jury excluding systems and methods even Defendants agree are covered.") (internal citation omitted)) Defendants' position during claim construction is consistent with their position that DNS cannot be an internet session because the record makes clear that a key difference between a chat session that uses UDP and a DNS look-up that uses UDP is that the DNS look-up does not involve a higher-level application. (*See* D.I. 254, Ex. 28 at 122:17-19 (Dr. Nettles himself testifying that "*there is no higher level session that is created when you are using DNS*") (emphasis added)) In the same paragraph of

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their claim construction Answering Brief cited above, Plaintiffs also noted that "[g]enerally, connection-oriented transport protocols (*e.g.*, TCP) manage establishment and closing of sessions. ***But when a connectionless protocol is used (e.g., UDP), session management occurs higher up at the application layer (e.g., by the chat application).***" (D.I. 78 at 26-27 (emphasis added)) Here, Plaintiffs' theory is "that the DNS lookup session that is *initiated by the user computer* satisfies the second session" (*see* Tr. at 72), rather than an application like a chat session which is subject to termination at a higher level of management – a level necessarily above the computer's operating system.

There are additional reasons a reasonable factfinder, taking the record evidence in the light most favorable to Plaintiffs, still could not find by a preponderance of the evidence that Plaintiffs' DNS look-up theory of infringement is proven. Dr. Nettles explained that the accused products' use of a DNS look-up satisfies the requirement of a second internet session despite the UDP's characterization as a connectionless protocol, as "the computers are connected because they communicate." (*See* D.I. 254, Ex. 28 at 121:3-124:3; *see also* D.I. 254, Ex. 27 at ¶¶ 9-11) However, the Court's construction of "internet session" is "a single continuous period of time during which two or more computers are connected *and* exchange data with each other using an internet protocol." (D.I. 167 at 2 (emphasis added)) Plaintiffs' argument that the computers are connected *because* they communicate cannot be harmonized with the Court's construction that the computers are both connected *and* communicate by exchanging data. Further, Dr. Nettles' opinion that, in its construction, "the court is talking about when data might be exchanged when it says exchange data; not that it has to be exchanged" (D.I. 254, Ex. 28 at 151), is incorrect. The Court's claim construction requires that an internet session involve computers that are both

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"connected *and* exchange data," not merely computers that are connected and *may* exchange

data. (*See* D.I. 167 at 2 (emphasis added))[5]

As Awareness' accused software does not satisfy all the limitations of claim 9, the Court

need not reach the issues of contributory or induced infringement, and the Court will grant

Defendants' motion for summary judgment of non-infringement of the '304 patent. Accordingly,

Defendants' Motion for Summary Judgment Based on Non-Infringement, Either Directly or

Indirectly, Lack of Willfulness and Divided Infringement will be granted.

4. Lack of Willfulness

Defendants argue that they are entitled to partial summary judgment of no willful

infringement of the patents-in-suit because Plaintiffs have provided no evidence to support a

claim of willful infringement. (*See* D.I. 210 at 32) Plaintiffs do not contest this point and

withdraw their claim of willful infringement. (*See* D.I. 253 at 1) Accordingly, the Court will

grant Defendants' Motion for Summary Judgment as it relates to willful infringement.

E. Defendants' Motion for Partial Summary Judgment Regarding Limitations on Damages (D.I. 205)

Defendants argue that they are entitled to partial summary judgment of no liability for

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[5]Another deficiency in Plaintiffs' position (though more are not needed for summary
judgment of non-infringement to be warranted) is that Dr. Nettles' view regarding the second
internet session being satisfied by the DNS look-up – for which he admits "there is no higher
level session that is created" (D.I. 254, Ex. 28 at 122:122:17-19) and "the [UDP] communication
ends when you get a response" (*id.* at 122:12-14) – appears to contradict his opinion with regard
to the first internet session that multiple "bursts of communication are *part of* one single session
which is the first Internet session" (*see* D.I. 254, Ex. 27 at ¶ 14 (emphasis added)). If Dr. Nettles
is correct, it would be impossible to determine whether a UDP-based chat session was an internet
session, part of an internet session, or multiple internet sessions. (*See* D.I. 78 at 26-27; *see also*
D.I. 167 at 8 ("[T]he Court agrees with Defendants that an 'internet session' must have a
temporal component, including a defined beginning and end."))

damages (1) for contributory infringement or inducement to infringe before December 19, 2011, because they had no knowledge of the patents-in-suit before that date; (2) for direct infringement based on sales of their software, because those sales alone cannot constitute direct infringement; and (3) for sales of Accused Products to licensees outside the United States, because there can be no liability unless a patented method is performed entirely in the United States.

Under the Patent Act, "[w]hoever actively induces infringement of a patent shall be liable as an infringer." 35 U.S.C. § 271(b). An "alleged infringer must be shown . . . to have *knowingly* induced infringement, not merely knowingly induced the acts that constitute direct infringement." *Commil USA, LLC v. Cisco Sys.*, 720 F.3d 1361, 1367 (Fed. Cir. 2013) (emphasis in original). To prove contributory infringement, the patentee must prove that the defendant "knew that the combination for which its components were especially made was both patented and infringing." *Lucent*, 580 F.3d at 1320. The scienter element of both induced and contributory infringement can be satisfied with evidence of either actual knowledge of or willful blindness to the fact that the induced acts constitute patent infringement. *See Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068 (2011). "[A] willfully blind defendant is one who takes deliberate actions to avoid confirming a high probability of wrongdoing and who can almost be said to have actually known the critical facts." *Id.* at 2070-71. "By contrast, a reckless defendant is one who merely knows of a substantial and unjustified risk of such wrongdoing and a negligent defendant is one who should have known of a similar risk but, in fact, did not." *Id.* at 2071 (internal citations omitted).

Defendants claim that they did not have knowledge of the patents-in-suit until December 19, 2011, when this suit was filed. Plaintiffs counter that Pearl issued a public statement in

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September 2011 indicating that Pearl Echo was protected by the patents-in-suit (*see* D.I. 254, Ex. 20 at SPECTOR-HP285467 ("Pearl Echo Suite is protected by one or more patents including U.S. Patent Nos. 6,978,304; 7,634,571; 7,9581,237.")); the June 2007 release of Pearl Echo 8.0 was accompanied by user guides stating that the software may be protected by intellectual property (*see* D.I. 254, Ex. 22 at I ("Pearl Software may have patents, patent applications, trademarks, copyrights, or other intellectual property rights covering subject matter in this document."); and Pearl regularly made public announcements about new software versions and referred to their patented technology (*see generally* D.I. 254, Ex. 13). Although Plaintiffs do not provide direct evidence of knowledge or willful blindness, they contend that circumstantial evidence – including the small and highly competitive market for monitoring software, in which Pearl and Awareness compete, as well as evidence that Awareness reviewed and analyzed the products of its competitors – supports a finding of Awareness' actual knowledge or at least willful blindness.

Defendants respond that "[t]his court has not been convinced of the sufficiency of pleadings charging knowledge that is based upon a defendant's participation in the same market, media publicity and unrelated litigation by the defendant's competitors concerning the relevant patent." *MONEC Holding AG v. Motorola Mobility, Inc.*, 897 F. Supp. 2d 225, 232 (D. Del. 2012).

The record lacks evidence, either direct or circumstantial, that Awareness had actual, pre-suit knowledge of the patents-in-suit. The four individuals that Plaintiffs contend had general knowledge of Pearl and its products have testified that they had no knowledge of the patents-in-suit before this suit was filed. (*See* D.I. 211, Ex. 9 at SJA274; D.I. 211, Ex. 10 at SJA278; D.I.

270, Ex. B at SJAIII-7; D.I. 270, Ex. C at SJAIII8-9) Nor have Plaintiffs provided any evidence showing a deliberate act by Defendants to avoid learning about the patents-in-suit or Defendants' potential infringement of those patents.

The first public statement that Pearl Echo was protected by the patents-in-suit came on September 26, 2011. (*See* D.I. 254, Ex. 20 at SPECTOR-HP285466-67) As in *SpectorSoft*, 2014 WL 4796111, at *11, this fact, coupled with the circumstantial evidence in the record, creates a genuine dispute of material fact as to Defendants' knowledge of the patents-in-suit after September 2011. Accordingly, Plaintiffs may seek to recover damages for inducement and contributory infringement for the period beginning September 26, 2011 – but not for any date before then.

Defendants further seek summary judgment that they are not liable for direct infringement damages based on sales of the accused products to their customers. Plaintiffs do not contest this portion of Defendants' motion. (*See* D.I. 250 at 7) Plaintiffs only seek to utilize sales of the accused products to calculate damages for **indirect** infringement. (*See id.* at 7 n.6)

Lastly, Defendants seek summary judgment that they are not liable for damages for sales outside the United States. While Plaintiffs do not dispute that a method claim is only infringed if every step is performed in the United States, *see NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1317-18 (Fed. Cir. 2005), they insist there is a fact question as to whether use in the United States may be inferred from foreign sales. However, Plaintiffs have not provided any factual support for their proposition that domestic use may have resulted from foreign sales in this case. (*See* D.I. 267 at 7; *see also* D.I. 250 at 8-9) Plaintiffs' contention that the record permits using foreign sales as a valid proxy for domestic use of a method claim is not persuasive absent such

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factual support in the record. *Cf. Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.,* 711 F.3d 1348, 1371-72 (Fed. Cir. 2013) ("Power Integrations has not cited any case law that supports an award of damages for sales consummated in foreign markets, regardless of any connection to infringing activity in the United States.").

Accordingly, the Court will grant in part and deny in part Defendants' Motion for Partial Summary Judgment Regarding Limitations on Damages by limiting inducement and contributory infringement damages to post-September 26, 2011, limiting damages from sales of the accused products to indirect infringement damages, and barring a finding of Defendants' liability for damages based on sales outside the United States.

F.   Pearl's Motion for Summary Judgment of No Inequitable Conduct (D.I. 212)

Pearl seeks summary judgment of no inequitable conduct, which Defendants have alleged based on Plaintiffs' failure to disclose to the patent examiner *the inventors' own Cyber Snoop products* as prior art. For purposes of their motion, Plaintiffs do not contest that the record is adequate to support a finding that undisclosed prior art would have been material to the PTO's assessment of the validity of the patents-in-suit. (*See* Tr. at 17, 31) They challenge only the sufficiency of the record evidence relating to an intent to deceive the PTO.

Inequitable conduct requires, among other things, that intent to deceive "is the single most reasonable inference able to be drawn from the evidence to meet the clear and convincing standard." *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.,* 537 F.3d 1357, 1366 (Fed. Cir. 2008). Despite the statements of Pearl co-founders and co-inventors – of both the Cyber Snoop products and the '237 patent – David Fertell and Joseph Field suggesting that they did not believe the Cyber Snoop products were relevant prior art (*see* D.I. 275, Ex. 3 at 387-88; D.I. 275,

Ex. 4 at 257-58; D.I. 223, Ex. 24 at 388-90), there is substantial evidence of record upon which a factfinder could conclude the opposite.

Among such evidence is the undisputed fact that the undisclosed prior art included the *inventors'* own predecessor product.

More particularly, Pearl Echo 4.0, an embodiment of the '237 patent (D.I. 249, Ex. 1 at SJAII17), was meant to replace Cyber Snoop Enterprise 3.0 (*id.* at SJAII31). A 2003 Pearl press release claimed that Cyber Snoop Desktop was covered by a then-pending patent application (*see id.* at SJAII303), and an internal document discussing the impending release of Cyber Snoop Enterprise 4.0 stated that patent protection was being pursued for Cyber Snoop technology (*see* D.I. 249, Ex. 21 at SJAII307). Mr. Fertell stated that he regretted not getting patent protection for the Cyber Snoop Desktop (*see* D.I. 249, Ex. 1 at SJAII6-9; D.I. 223, Ex. 23 at 436-38), and ▓▓ ▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓▓ (*see* D.I. 249, Ex. 1 at SJAII26-27). Mr. Field stated that he discussed the Cyber Snoop products with Pearl's patent counsel, Randall Notzen, in connection with the '237 patent, in part because ▓▓▓▓▓▓▓▓▓ ▓▓▓▓▓▓▓▓▓▓▓▓." (D.I. 249, Ex. 4 at SJAII57-59, SJAII61-63) At his deposition, Mr. Notzen said that he would have disclosed Cyber Snoop 3.0 to the Examiner if he had read and recalled a particular paragraph of the Cyber Snoop 3.0 user guide stating that "Cyber Snoop tracks Internet activity by looking at content as it travels to and from your computer via your computer's built in winsock program." (*Id.* at SJAII81-84 (quoting D.I. 249, Ex. 8 at SJAII125) However, the applicants did not cite *any* prior art in connection with their prosecution of the '237 patent, including the Cyber Snoop products. (*See* D.I. 249, Ex. 5 at SJAII79-80)

Plaintiffs contend that most of this evidence goes to materiality, and that Defendants therefore lack an adequate basis to show intent to deceive. While a strong showing of materiality cannot make up for a weak showing of intent, *see Therasense, Inc. v. Becton Dickinson & Co.*, 649 F.3d 1276, 1290 (Fed. Cir. 2011), the line between evidence that speaks to intent and that which speaks to materiality is not always well-defined. Here, some of the relevant evidence of record may inform the jury's views on both intent and materiality. Based on the record, a reasonable fact finder could find, by clear and convincing evidence, that intent to deceive is the single most reasonable inference. Accordingly, the Court will deny Plaintiffs' Motion for Summary Judgment of No Inequitable Conduct.

IV. CONCLUSION

An appropriate Order follows.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

HELIOS SOFTWARE, LLC and PEARL   :
SOFTWARE, INC.,   :

              :

            Plaintiffs,   :

              :

        v.   :   C.A. No. 11-1259-LPS

              :

AWARENESS TECHNOLOGIES, INC. and   :
REMOTE COMPUTER OBSERVATION &   :
MONITORING LLC (d/b/a/ REMOTECOM),   :

              :

          Defendants.   :

ORDER

At Wilmington this 31st day of March 2015, consistent with the Memorandum Opinion issued this date, IT IS HEREBY ORDERED that:

1.   Plaintiffs' Motion to Exclude Certain Opinions of Defendants' Technical Expert Glenn Reinman (D.I. 221) is DENIED.

2.   Plaintiffs' Motion to Exclude Opinions and Proposed Testimony of Jeremiah Grant (D.I. 217) is DENIED IN PART and GRANTED IN PART.
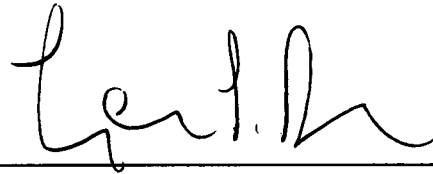
3.   Defendants' Motion to Preclude Plaintiffs' Damages Expert Scott Weingust on *Daubert* Grounds (D.I. 214) is GRANTED.

4.   Defendants' Motion for Summary Judgment Based on Non-Infringement, Either Directly or Indirectly, Lack of Willfulness and Divided Infringement (D.I. 209) is GRANTED.

5.   Defendants' Motion for Partial Summary Judgment Regarding Limitations on Damages (D.I. 205) is DENIED IN PART and GRANTED IN PART.

6.   Plaintiffs' Motion for Summary Judgment of No Inequitable Conduct (D.I. 212) is

DENIED.

7.   The parties shall meet and confer and shall submit, no later than April 10, 2015, a

joint status report, addressing, among other things, what further proceedings and/or orders, if any,

are required, and whether they wish to seek leave to submit supplemental expert reports in light

of today's rulings.

_____
UNITED STATES DISTRICT JUDGE