

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ARENDI S.A.R.L.,

Plaintiff,

v.

LG ELECTRONICS, INC.,
LG ELECTRONICS U.S.A., INC., and
LG ELECTRONICS MOBILECOMM
U.S.A., INC.,

Defendants.

C.A. No. 12-1595-LPS

ARENDI S.A.R.L.,

Plaintiff,

v.

BLACKBERRY LIMITED and
BLACKBERRY CORPORATION,

Defendants.

C.A. No. 12-1597-LPS

ARENDI S.A.R.L.,

Plaintiff,

v.

MOTOROLA MOBILITY LLC
f/k/a MOTOROLA MOBILITY, INC.,

Defendant.

C.A. No. 12-1601-LPS

ARENDI S.A.R.L.,

Plaintiff,

v.

SONY MOBILE COMMUNICATIONS
(USA) INC., f/k/a SONY ERICSSON
MOBILE COMMUNICATIONS (USA) INC.,
SONY CORPORATION, and SONY
CORPORATION OF AMERICA,

Defendants.

C.A. No. 12-1602-LPS

ARENDI S.A.R.L.,

Plaintiff,

v.

GOOGLE LLC,

Defendant.

C.A. No. 13-919-LPS

ARENDI S.A.R.L.,

Plaintiff,

v.

OATH HOLDINGS INC. and
OATH INC.,

Defendants.

C.A. No. 13-920-LPS

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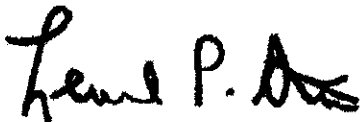
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MEMORANDUM OPINION

REDACTED PUBLIC VERSION (ISSUED April 8, 2022)
March 31, 2022
Wilmington, Delaware



STARK, U.S. Circuit Judge:

On November 29, 2012 and May 22, 2013, Plaintiff Arendi S.A.R.L. (“Plaintiff” or “Arendi”) initiated 10 patent infringement cases against a series of defendants (“Defendants”).

These cases and the corresponding defendant(s) in each case are listed below:

- C.A. No. 12-1595 (the “*LG* Action”): LG Electronics Inc., LG Electronics U.S.A., Inc., and LG Electronics Mobilecomm U.S.A., Inc. (collectively, “LG”);
- C.A. No. 12-1596 (the “*Apple* Action”): Apple Inc. (“Apple”);
- C.A. No. 12-1597 (the “*BlackBerry* Action”): BlackBerry Limited and BlackBerry Corporation (collectively, “BlackBerry”);
- C.A. No. 12-1598 (the “*Samsung* Action”): Samsung Electronics Co. Ltd., Samsung Electronics America Inc., and Samsung Telecommunications America LLC (collectively, “Samsung”);
- C.A. No. 12-1599 (the “*Microsoft Mobile* Action”): Microsoft Mobile, Inc. (“Microsoft Mobile”);
- C.A. No. 12-1600 (the “*HTC* Action”): HTC Corporation (“HTC”);
- C.A. No. 12-1601 (the “*Motorola* Action”): Motorola Mobility LLC f/k/a Motorola Mobility, Inc. (“Motorola”);
- C.A. No. 12-1602 (the “*Sony* Action”): Sony Mobile Communications (USA) Inc. f/k/a Sony Ericsson Mobile Communications (USA) Inc., Sony Corporation, and Sony Corporation of USA (collectively, “Sony”);
- C.A. No. 13-919 (the “*Google* Action”): Google LLC (“Google”);
- C.A. No. 13-920 (the “*Oath* Action”): Oath Holdings Inc. and Oath Inc. (collectively, “Oath”).

Arendi asserted one or more of the following five patents against each Defendant: U.S. Patent Nos. 6,323,853 (the “’853 patent”), 7,496,854 (the “’854 patent”), 7,917,843 (the “’843 patent”), 7,921,356 (the “’356 patent”), and 8,306,993 (the “’993 patent”). These patents are entitled “method, system and computer readable medium for addressing handling from” either “a computer program” or “an operating system.”

These cases were stayed between 2014 and 2018, as the parties engaged in multiple *inter partes* review (“IPR”) proceedings before the Patent Trial and Appeal Board (“PTAB”). After these IPR proceedings and the appeals from them concluded, the only remaining patent asserted in any of the cases is the ’843 patent.¹

The *Apple* Action, the *Samsung* Action, and the *Microsoft Mobile* Action have settled. (See C.A. No. 12-1596 D.I. 421; C.A. No. 12-1598 D.I. 103; C.A. No. 12-1599 D.I. 204) The *HTC* Action is stayed pending the outcome of the *Google* Action. (See C.A. No. 12-1600 D.I. 195 at 4)

Pending before the Court are a total of 36 motions filed by the parties in the six remaining active cases, consisting of 21 motions to exclude expert testimony (“*Daubert* motions”); 14 motions for summary judgment; and a motion for leave to file supplemental infringement contentions, re-open discovery, and file a supplemental brief. (C.A. No. 12-1595 D.I. 256, 260, 263, 266, 268, 270, 333; C.A. No. 12-1597 D.I. 190, 193, 195, 200, 203, 207; C.A. No. 12-1601 D.I. 265, 268, 271, 277, 279, 282; C.A. No. 12-1602 D.I. 223, 226, 230, 231, 236, C.A. No. 13-919 D.I. 269, 272, 275, 281, 283, 286; C.A. No. 13-920 D.I. 233, 236, 238, 240, 241, 246)

The Court has considered the voluminous briefs and other materials submitted by the parties in connection with this large number of motions. The Court also held a consolidated hearing on July 29, 2021, in which the Court heard oral argument on the pending motions in all six cases. (C.A. No. 12-1595 D.I. 346; C.A. No. 12-1597 D.I. 271; C.A. No. 12-1601 D.I. 378; C.A. No. 12-1602 D.I. 294; C.A. No. 13-919 D.I. 385; C.A. No. 13-920 D.I. 319) (“Tr.”)

¹ The details of these IPR proceedings and their respective outcomes are documented in a joint status report filed on August 6, 2018, docketed in each of the cases. (See, e.g., C.A. No. 12-1595 D.I. 81)

This memorandum opinion will address the following 15 motions:

Daubert motions:

- Arendi's motion to exclude portions of Dr. Thomas Vander Veen's expert report (C.A. No. 12-1595 D.I. 268)
- Arendi's motion to exclude portions of Ms. Michele Riley's expert report (C.A. No. 13-920 D.I. 238)
- Defendants' motions to exclude opinions and testimony of Dr. M. Laurentius Marais (C.A. No. 12-1595 D.I. 266; C.A. No. 12-1597 D.I. 200; C.A. No. 12-1601 D.I. 279; C.A. No. 12-1602 D.I. 230; C.A. No. 13-919 D.I. 283; C.A. No. 13-920 D.I. 241)
- Defendants' motions to exclude testimony of Mr. Roy Weinstein (C.A. No. 12-1595 D.I. 270; C.A. No. 12-1597 D.I. 203; C.A. No. 12-1601 D.I. 282; C.A. No. 12-1602 D.I. 236; C.A. No. 13-919 D.I. 286; C.A. No. 13-920 D.I. 246)

Motion for summary judgment:

- BlackBerry's motion for summary judgment of no pre-suit damages (C.A. No. 12-1597 D.I. 207).

I. LEGAL STANDARDS

A. *Daubert* And Federal Rule Of Evidence 702

In *Daubert v. Merrell Dow Pharms., 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." The rule requires that expert testimony "help the trier of fact to understand the evidence or to determine a fact in issue." Fed. R. Evid. 702(a). 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." Fed. R. Evid. 702(b)-(d). There are three distinct requirements for admissible 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 generally Elcock v. Kmart Corp.*, 233

F.3d 734, 741-46 (3d Cir. 2000). Rule 702 embodies a “liberal policy of admissibility.” *Pineda v. Ford Motor Co.*, 520 F.3d 237, 243 (3d Cir. 2008). Motions to exclude evidence are committed to the Court’s discretion. *See In re Paoli R. R. Yard PCB Litig.*, 35 F.3d 717, 749 (3d Cir. 1994).

B. Summary Judgment And Federal Rule Of Civil Procedure 56

“The 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.” Fed. R. Civ. P. 56(a). 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, 586 n.10 (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 the purposes of the motion only), 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 and emphasis 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 non-moving 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 Podohnik 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). However, the “mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment;” and 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 support of the non-moving 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 non-moving party. *Anderson*, 477 U.S. at 252.

II. DISCUSSION

A. *Daubert* Motions

1. Vander Veen

Arendi seeks to exclude Dr. Vander Veen’s royalty rate opinions that rely on three LG licenses. Arendi contends that Dr. Vander Veen’s opinions fail to provide “any reliable evidence or analysis that ties” the licensed technologies to the technology claimed in the ’843 patent, and that Dr. Vander Veen’s opinions on technological comparability are “contradicted by the testimony of LG’s own corporate representative.” (C.A. No. 12-1595 D.I. 273 at 3-6)

This portion of Arendi's motion will be denied. The Court agrees with LG that Dr. Vander Veen's expert report adequately accounts for the similarities and differences between the technologies covered under the three LG licenses and Arendi's technology at issue in this case.

For example, in considering the [REDACTED] agreement, Dr. Vander Veen opines that:

[REDACTED]

(*Id.* D.I. 275 Ex. 1 ¶ 47) Dr. Vander Veen then concludes that [REDACTED]

[REDACTED]

[REDACTED] (*Id.*) In his report, Dr. Vander Veen also includes similar analyses for the other two challenged agreements: [REDACTED]

[REDACTED] (*See, e.g., id.* ¶¶ 48-53)

Dr. Vander Veen's consideration of the three licenses in his royalty rate analysis is not unreliable. Arendi's challenges to Dr. Vander Veen's comparability analysis, including those with respect to the purported inconsistency between Dr. Vander Veen's opinions and the testimony of LG's corporate representative, go to the weight the factfinder might choose to accord these opinions; they do not go to their admissibility.

Arendi also seeks to exclude Dr. Vander Veen's opinions regarding non-infringing alternatives, contending that the opinions lack "evidence to support the proposition that LG had the know-how and experience to implement LG's alleged non-infringing alternatives." (*Id.* D.I. 273 at 7)

This portion of Arendi's motion will also be denied. Dr. Vander Veen properly considered his discussions with Dr. Rosing, LG's retained technical expert, in forming his own opinions concerning the availability of non-infringing alternatives. (*See id.* D.I. 293 at 16; *see also id.* D.I. 275 Ex. 1 ¶¶ 59 & n.139) Arendi does not seek to exclude Dr. Rosing's opinions as unreliable.² Dr. Vander Veen's opinions regarding non-infringing alternatives are sufficiently grounded in a reliable foundation and, thus, will not be excluded.

2. Riley

Arendi seeks to exclude portions of Ms. Riley's opinions relying on seven Yahoo licenses and the ██████████ license. (*See* C.A. No. 13-920 D.I. 239 at 1) Arendi contends that these licenses are not technologically comparable to the technology disclosed in the '843 patent.³ (*Id.* at 3-5) Oath acknowledges that "Ms. Riley in fact admits that she did not perform a technical comparability analysis" (*Id.* D.I. 271 at 5), but insists that no such analysis is necessary because "Ms. Riley neither relies on the Yahoo Agreements to prove the reasonable royalty rate and damages that she determines, nor associates the rates or damages in the prior Yahoo Agreements to the hypothetical negotiation between Arendi and Oath." (*Id.* at 3) Oath further asserts that "Ms. Riley's discussion of the Yahoo Agreements serves neither to 'check' her reasonable royalty analysis, . . . nor to 'confirm' her royalty rate determination." (*Id.*)

The Court will grant Arendi's motion and exclude Ms. Riley's opinions that rely on the eight licenses at issue. Oath's attempt at distancing these licenses from Ms. Riley's royalty rate

² Although Arendi contends that Dr. Rosing "cites no one but herself" (C.A. No. 12-1595 D.I. 273 at 7), in fact she refers explicitly to a conversation with an LG employee (*See id.* D.I. 275 Ex. 4 ¶ 257).

³ For the Xobni-MetricStream license, Arendi additionally observes that the license "does not involve either party or the patent in suit." (C.A. No. 13-920 D.I. 239 at 1)

analysis is belied by Ms. Riley's expert report in which, as correctly pointed out by Arendi (*see id.* D.I. 298 at 5-10), she cites to these licenses as, for example, providing "a range of reference points" and "an appropriate framework from which to begin to conduct a *Georgia-Pacific* analysis." (*Id.* D.I. 252 Ex. 1 ¶ 179) Also, contrary to Oath's representation, Ms. Riley appears to rely on these licenses to "check" and "confirm" her royalty rate determination. (*See id.* ¶¶ 167, 222) Under these circumstances, Ms. Riley's admitted failure to account for the technological comparability of the eight licenses at issue precludes her from relying on them as evidence to support her reasonable royalty rate analysis.⁴ *See, e.g., Biscotti Inc. v. Microsoft Corp.*, 2017 WL 2607882, at *3 (E.D. Tex. May 25, 2017) ("[A] complete failure to provide any analysis regarding technological comparability warrants exclusion.").

3. Marais

All Defendants seek to exclude Dr. Marais' opinions regarding the value of the "patented ability" to consumers, contending the opinions are "highly misleading and unduly prejudicial" and "do not – and cannot – flow from" the survey conducted by Dr. Marais and Dr. Wecker. (C.A. No. 12-1595 D.I. 267 at 1-2) Defendants contend that Dr. Marais' opinions would not assist the jury in assessing the value of the claimed invention of the '843 patent because "the survey is not adequately tied to the asserted claims." (*Id.* at 8) In Defendants' view, since the survey only asked consumers about consumer facing limitations – and not "under the hood" limitations, which are also part of what the asserted claims are directed to – the purported "consumer effect" tested by the survey "may be created with or without the claimed invention;"

⁴ Oath's justifications for Ms. Riley's use of the licenses are unpersuasive. The facts that these licenses were requested and produced during discovery, and that Arendi's expert, Mr. Weinstein, discussed these licenses in his expert report (*see* C.A. No. 13-920 D.I. 271 at 4-5), do not open the door to Ms. Riley using these licenses in the way she does in her expert report.

thus, “the alleged ‘patented ability’ described in the survey is not a proxy for the claimed invention.” (*Id.* at 10)

Arendi counters that the purported defects of Dr. Marais’ opinions are issues relating to the weight, and not admissibility, of these opinions, because (among other things) the survey “identifies the specific benefits of the invention.” (*Id.* D.I. 297 at 1) Arendi also contends that Defendants provide no authority to support the proposition that a survey is unreliable just because it does not ask respondents about an “under the hood” claim limitation “that is not part of the consumer experience.” (*Id.* at 5)

For all Defendants other than BlackBerry,⁵ the Court will deny Defendants’ motion and will not exclude Dr. Marais’ opinions. Defendants do not dispute that the survey conducted by Dr. Marais and Dr. Wecker captures the consumer facing features of the asserted claims, and Dr. Marais explained that the omission from the survey of the “under the hood” claim limitations was because “something the consumer was wholly unaware of could not be a matter of importance to the consumer” and “consumers do not generally know about the software inside their smartphone that makes features work.” (*Id.* D.I. 269 Ex. B at 48-49) In the Court’s view, the survey is sufficiently tied to the claimed invention of the ’843 patent, and Dr. Marais is justified to rely on the survey in forming his consumer valuation opinions.

The scope of “patented ability,” an issue that is fiercely contested by Defendants, appears to be fertile ground for cross-examination, which the jury will be permitted to evaluate after it hears evidence about the status of prior art and the availability of non-infringing alternatives. The Court is not persuaded by Defendants’ contention that “[t]o survive *Daubert*, Arendi would

⁵ BlackBerry additionally contends that the survey and Dr. Marais’ opinions fail to address “BlackBerry, BlackBerry products, BlackBerry customers, or BlackBerry operating systems.” (C.A. No. 12-1595 D.I. 267 at 12)

have to show, at a minimum, that the claimed invention including all the ‘under the hood’ limitations *was the only way* to produce the user-facing features tested in the survey.” (*Id.* D.I. 267 at 11) The cases relied on by Defendants concern infringement surveys, where the courts excluded testimony of survey experts because “there [was] no evidence that the survey respondents used [the accused product] in a manner that *necessarily* infringe[d] the claimed methods.” *Parallel Network Licensing, LLC v. Microsoft Corp.*, 777 F. App’x 489, 493 (Fed. Cir. 2019); *see also Vita-Mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1326 (Fed. Cir. 2009) (finding district court erred in excluding survey that tested use of accused device that “would necessarily infringe”). Defendants cite no authority to support the notion that consumer valuation opinions must meet the same criteria when they are related to damages.⁶

Defendants’ suggestion that “[t]he survey should be excluded at least because Arendi concedes that it serves no purpose in this case” (C.A. No. 12-1595 D.I. 317 at 7) misrepresents Arendi’s position. Arendi has stated that the survey serves “as a useful benchmark” for Mr. Weinstein’s damages opinions. (*Id.* D.I. 297 at 3) The Court finds no meritorious basis for excluding Dr. Marais’ opinions in all Defendants’ cases.

The one exception is the *BlackBerry* Action. BlackBerry’s *Daubert* motion with respect to Dr. Marais will be granted. Arendi agrees that the survey does not include BlackBerry products, consumers, or operating systems. It requests that the Court nonetheless deny BlackBerry’s motion, arguing “[b]ecause Dr. Marais has offered no opinions with respect to

⁶ Unlike *Fractus, S.A. v. Samsung*, 2011 WL 7563820, at *1 (E.D. Tex. Apr. 29, 2011), in which the patent-in-suit claimed “one type of internal antenna that purportedly provides advantages such as multiband functionality and reduced size,” and the survey at issue “was intended to determine the relative importance of internal antennas in cell phones” compared to external antennas – and, hence, failed to “measure how consumers value the purported advantages provided by [the patentee’s] technology,” here the survey ignored any features of the claims not affecting consumer experience.

BlackBerry, there is nothing to exclude.” (*Id.* at 9 n.9) The Court agrees with BlackBerry, however, that because Arendi has neither explicitly withdrawn Dr. Marais’ opinions from the BlackBerry Action nor articulated their relevance in that action, the Court should (and will) enter an order to exclude them.

4. Weinstein

All Defendants seek to exclude Mr. Weinstein’s royalty rate opinions because his per-unit rate calculation for the 2011 settlement agreement between Arendi and Microsoft Corporation (“Microsoft”) relies on “unsupported and unreliable sales information for Microsoft products” (*id.* D.I. 272 at 10-13) and he applied an arbitrary 4X multiplier to the royalty rate to account for litigation risk (*see id.* at 13-16).⁷ In response, Arendi contends that Mr. Weinstein’s reliance on Mr. Hedloy’s estimate of future Microsoft unit sales is reasonable (*see id.* D.I. 295 at 8-12) and that his litigation risk adjustments are “sufficiently tied to the facts” of the cases (*id.* at 12-17).

The Court will not exclude Mr. Weinstein’s opinions.

With respect to royalty rate, as Arendi correctly points out, it is appropriate for damages experts to “use sales *projections* to calculate a reasonable royalty when a license agreement would be structured as a lump sum payment.” (*Id.* at 9) The fact that a negotiating party “did not subsequently meet those projections is irrelevant to [that party’s] state of mind at the time of the hypothetical negotiation.” *Interactive Pictures Corp. v. Infinite Pictures, Inc.*, 274 F.3d 1371, 1385 (Fed. Cir. 2001). Thus, in forming his reasonable royalty opinions, Mr. Weinstein reasonably relied on Mr. Hedloy’s projected sales unit number at the time of licensing. The

⁷ To the extent Defendants argue “Mr. Weinstein admittedly ignored several other obvious factors from his analysis” (C.A. No. 12-1595 D.I. 272 at 6 n.10), these purported deficiencies go to the weight, and not the admissibility, to be accorded to Mr. Weinstein’s opinions.

purported “contradiction” that Mr. Hedloy did not “know Microsoft’s actual sales numbers as it related to the accused products” (C.A. No. 12-1595 D.I. 272 at 11) does not render Mr. Weinstein’s opinions unreliable. *See Interactive Pictures*, 274 F.3d at 1385 (finding that difference between projected sales and actual sales illustrates “element of approximation and uncertainty inherent in future projections”) (internal quotation marks omitted). Mr. Weinstein’s alleged failure to corroborate Mr. Hedloy’s projected sales numbers with contemporaneous documents (*see* C.A. No. 12-1595 D.I. 272 at 12) goes to the weight to be accorded to Mr. Weinstein’s opinions, not their admissibility.

The Court agrees with Arendi that Mr. Weinstein’s litigation risk adjustment (4X multiplier) is “tied . . . to the facts of Arendi’s litigation history.” (*Id.* D.I. 295 at 12) Royalty rates may be adjusted upwardly to reflect the uncertainty of litigation. *See, e.g., Saint Lawrence Commc’ns LLC v. ZTE Corp.*, 2017 WL 679623, at *2 (E.D. Tex. Feb. 21, 2017) (finding that “experts may increase royalty rates derived from prior licenses to account for discounts attributable to litigation risks and costs”); *Robocast, Inc. v. Microsoft Corp.*, 2014 WL 202399, at *3 (D. Del. Jan. 16, 2014) (noting it may be proper “to adjust the reasonable royalty upwards” due to uncertainty); *see also generally Spectralytics, Inc. v. Cordis Corp.*, 649 F.3d 1336, 1347 (Fed. Cir. 2011) (affirming award of higher royalty rate based on, among other things, litigation-risk-discount reflected in prior asset sale), *abrogated on other grounds by Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 579 U.S. 93 (2016). Mr. Weinstein has sufficiently accounted for the facts specific to each of the settlement agreements he considered in his royalty rate opinions and adjusted the rates accordingly. (*See* C.A. No. 12-1595 D.I. 295 at 14-15; *see also id.* D.I. 271 Ex. A ¶¶ 60-68) Thus, contrary to Defendants’ contention, Mr. Weinstein’s application of the

4X multiplier does not constitute an arbitrary “rule of thumb” (or something similar to it) devoid of factual basis.

B. BlackBerry’s Motion For Summary Judgment Of No Pre-Suit Damages

BlackBerry contends that Arendi is not entitled to any pre-suit damages because it has failed to comply with the marking requirement under 35 U.S.C. § 287. (*See* C.A. No. 12-1597 D.I. 208 at 1) “Pursuant to 35 U.S.C. § 287(a), a patentee who makes or sells a patented article must mark his articles or notify infringers of his patent in order to recover damages.” *Arctic Cat Inc. v. Bombardier Recreational Prods. Inc.*, 876 F.3d 1350, 1365 (Fed. Cir. 2017) (“*Arctic Cat I*”). In the event of failure to mark, “no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice.” 35 U.S.C. § 287(a). The burden of proving compliance with the marking requirement “is and at all times remains on the patentee.” *Arctic Cat I*, 876 F.3d at 1367. “[A]n alleged infringer who challenges the patentee’s compliance with § 287 bears an initial burden of production to articulate the products it believes are unmarked ‘patented articles’ subject to § 287.” *Id.* at 1368. The Federal Circuit has characterized this burden of production as “a low bar.” *Id.* “Once the alleged infringer meets its burden of production, . . . the patentee bears the burden to prove the products identified do not practice the patented invention.” *Id.*

According to BlackBerry, Arendi sued Microsoft in February 2009 (*Arendi S.A.R.L. v. Microsoft Corp.*, C.A. No. 09-119-LPS (D. Del.)), and explicitly alleged in its 2011 infringement contentions that Microsoft’s “Additional Actions” and “Smart Tags” features in the Microsoft Office suite infringed the ’843 patent. (*See* C.A. No. 12-1597 D.I. 208 at 3-4) In November 2011, Arendi and Microsoft entered into a settlement and license agreement (the “Microsoft

Agreement”), in which Arendi granted Microsoft a license to [REDACTED]

[REDACTED] (See *id.*) BlackBerry insists that, due to noncompliance with the marking requirement, Arendi is not entitled to any damages accruing before it provided actual notice to BlackBerry, which was November 29, 2012, when Arendi filed the complaint in the *BlackBerry* Action. (See *id.* at 3)

In response, Arendi contends that summary judgment of no pre-suit damages is unwarranted because there is a genuine dispute of material facts as to whether the products sold under the Microsoft Agreement practiced the ’843 patent. (*Id.* D.I. 233 at 19-22) Arendi further argues that “[e]ven if a marking obligation existed, it did not arise until November 28, 2011,” the date of the Microsoft Agreement; thus, damages are still available to Arendi before November 28, 2011. (*Id.* at 22-24)

For the reasons and to the extent explained below, BlackBerry’s motion will be granted in part and denied in part.

BlackBerry has satisfied its initial “low bar” burden of production. “The alleged infringer need only put the patentee on notice that he or his authorized licensees sold specific unmarked products which the alleged infringer believes practice the patent.” *Arctic Cat I*, 876 F.3d at 1368. BlackBerry provided an email notice to Arendi in August 2019, stating that the Microsoft Office products were not marked and had continued to be sold after the execution of the Microsoft Agreement. (See C.A. No. 12-1597 D.I. 208 at 4; see also *id.* D.I. 209 Ex. 9)

The burden then shifted to Arendi to prove that the products identified by BlackBerry do not practice the ’843 patent. Arendi has failed to meet this burden. The only record evidence Arendi points to is the Microsoft Agreement, [REDACTED]

[REDACTED] The conclusory statement denying infringement made by an accused infringer, with no evidentiary support, does not provide a sufficient basis from which a reasonable jury could conclude that the accused Microsoft products do not practice the '843 patent. *See Finjan, Inc. v. Juniper Networks, Inc.*, 387 F. Supp. 3d 1004, 1017 (N.D. Cal. 2019) (“[W]hether a licensee does not believe it is practicing the asserted patent is irrelevant to [the patentee]’s burden of proving that the identified products do not practice the patent.”).⁸

Arendi asserts that “Microsoft removed the ‘Smart Tags’ feature from Microsoft Office 2010” as a “response” to BlackBerry’s marking inquiry (C.A. No. 12-1597 D.I. 208 at 5, 7), but Arendi points to no evidence in the record to support that claim. Arendi also contends that the Court’s claim constructions “have not been applied against the Microsoft features.” (*Id.* D.I. 233 at 22) Arendi provides no explanation of how the Court’s claim construction would result in non-infringement by the accused Microsoft products, or even how it would give rise to a genuine dispute of material fact. Thus, the Court concludes that Arendi has failed to comply with the marking requirement under § 287 and is barred from recovering pre-suit damages, to the extent as further explained below.⁹

⁸ Arendi’s reliance on *Massachusetts Institute of Technology v. Abacus Software, Inc.*, 2004 WL 5268123, at *62 (E.D. Tex. Aug. 4, 2004), is unavailing. (*See* C.A. No. 12-1597 D.I. 233 at 19-20) That decision, which predated *Arctic Cat I*, placed the burden of proof on the accused infringer, not the patentee, an approach that was rejected by *Arctic Cat I*.

⁹ In a notice of supplemental authority (C.A. No. 12-1597 D.I. 273), Arendi cited a decision from the Eastern District of Texas, in which a magistrate judge recommended denying a motion for partial summary judgment of no pre-suit damages. (*See id.* Ex. A) The Court there found that a genuine factual dispute existed as to whether the unmarked products practiced the asserted claims because the patentee had “offered the Settlement Agreement denying infringement and multiple documents, including an expert report, to support its argument that the [unmarked] Products do not practice the asserted patents.” (*Id.* at 6-7) Here, by contrast, Arendi has not provided “multiple documents” to support the licensee’s conclusory denial of infringement.

Arendi contends it is entitled to recover damages, at minimum, for the period between the issuance of the '843 patent and the date of the Microsoft Agreement, because no marking obligations arose prior to execution of the Microsoft Agreement. (*See id.* at 22) BlackBerry counters that Arendi's noncompliance with the marking requirement bars *all* pre-suit damages, "even those allegedly accrued before the [marking] statute was triggered." (*Id.* D.I. 255 at 4) For this proposition, BlackBerry relies on *Arctic Cat Inc. v. Bombardier Recreational Products Inc.*, 950 F.3d 860 (Fed. Cir. 2020) ("*Arctic Cat II*").

In the Court's view, *Arctic Cat II* does not support BlackBerry's position. *Arctic Cat II* addresses a situation "*after* a [patentee's] failure to mark." *Id.* at 865 (emphasis added). There, because the patentee "took no action to remedy prior noncompliance or to provide notice that the articles were actually patented," the Federal Circuit found that the patentee "cannot recover damages for any period prior to the filing of its complaint" – which included a finding precluding recovery of damages during a pre-suit period during which the licensee stopped selling unmarked products. *Id.* at 866. *Arctic Cat II* does not hold, however, that a patentee is precluded from recovering damages for the period *before* the marking obligations are triggered. Since the sales of unmarked Microsoft products were not authorized by Arendi prior to the execution of the Microsoft Agreement, there was neither a "failure to mark" nor a lack of "action to remedy prior noncompliance" during that period. Arendi is, thus, entitled to seek to recover damages for the period prior to November 28, 2011, when the Microsoft Agreement was executed.¹⁰

¹⁰ In a notice of supplemental authority (C.A. No. 12-1597 D.I. 268), BlackBerry cited a decision from the Eastern District of Texas, in which a magistrate judge interpreted *Arctic Cat II* as precluding recovery of all pre-suit damages, including the damages accruing during the period before a licensing agreement was entered. *See Team Worldwide Corp. v. Academy, Ltd.*, 2021

For the foregoing reasons, the Court will grant BlackBerry's motion in part, and preclude Arendi from seeking damages against BlackBerry for the period from November 28, 2011 to November 29, 2012, and will deny the motion in part, and permit Arendi to seek damages for the period prior to November 28, 2011 (i.e., from the issuance of the patent on March 29, 2011 through November 28, 2011).

III. CONCLUSION

An appropriate order follows.

WL 1854302, at *1-2 (E.D. Tex. May 10, 2021). The magistrate judge's recommendation was adopted. *See Team Worldwide Corp. v. Academy, Ltd.*, 2021 WL 1985688 (E.D. Tex. May 18, 2021). The Court has considered the views of the Texas Court and, respectfully, reaches a different conclusion.