

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

3G LICENSING, S.A.,
KONINKLIJKE KPN N.V.,
and ORANGE S.A.,

Plaintiffs,

v.

HTC CORPORATION,

Defendant.

C.A. No. 17-83
Redacted
Public Version

MEMORANDUM ORDER

Plaintiffs 3G Licensing, S.A., Koninklijke KPN N.V. (“KPN”), and Orange S.A. (together, “Plaintiffs”) assert claims 3 and 4 of U.S. Patent No. 6,212,662 (the “’662 patent”) against Defendant HTC Corporation (“HTC” or “Defendant”). (See D.I. 530 at 1) The patent-in-suit relates to a method for the transmission of data with transmission error checking.

Pending before the Court are Defendant’s *Daubert* motions (D.I. 529, 530 at 15-20) and summary judgment motions (D.I. 524; D.I. 529, 530 at 1-14) as well as Plaintiffs’ *Daubert* motions (D.I. 519, 520 at 2-5) and partial summary judgment motions (D.I. 517, 518 at 3-10, 23-27).¹ The Court heard oral argument on May 11, 2021. (See D.I. 593) (“Tr.”)

¹ The Court also carefully considered several motions filed in C.A. No. 17-85, Plaintiffs’ action against LG Electronics Inc. (“LGE”) and LG Electronics U.S.A., Inc. (“LGEKR”). These motions included Plaintiffs’ *Daubert* motion (D.I. 429, 430 at 5-8) and partial summary judgment motion (D.I. 427, 428 at 10-23); LGE’s *Daubert* motion (D.I. 434, 435 at 5-7) and summary judgment motion (D.I. 434, 435 at 2-4); and LGEKR’s summary judgment motion (D.I. 434, 435 at 4-5). On June 25, 2021, after the Court heard oral argument on the motions, Plaintiffs and the LG Defendants notified the Court that they had finalized an agreement to resolve their dispute and stipulated to dismissal. (See D.I. 508) The claims and counterclaims in C.A. No. 17-85 have been dismissed with prejudice, and the motions listed in this footnote are no longer pending before the Court.

LEGAL STANDARDS

***Daubert* Motions to Exclude**

In *Daubert v. Merrell Dow Pharmaceuticals, 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(a) 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.” Fed. R. Evid. 702(b)-(d).

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).

Summary Judgment

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, 585-87, 585 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 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 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), *abrogated on other grounds by Rotkiske v. Klemm*, 890 F.3d 422 (3d Cir. 2018). The “mere existence of *some* alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48 (1986). A factual dispute is genuine only where “the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Id.* at 248. “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 nonmoving party’s position is insufficient to defeat a motion for summary judgment. *Anderson*, 477 U.S. at 252. To defeat the motion, “there must be evidence on which the jury could reasonably find” for the nonmoving party. *Id.*

DISCUSSION

Daubert Motions

Plaintiffs' Motion (D.I. 519) To Exclude Dr. Jeffay's "Check Data" Construction

Plaintiffs move to exclude Dr. Kevin Jeffay's testimony regarding the "check data" limitation, arguing it is inconsistent with the intrinsic record and with this Court's construction of the term. (D.I. 520 at 2-3) Plaintiffs contend that Defendant seeks through Dr. Jeffay to renew its unsuccessful argument that "check data" should be construed narrowly as being used for detecting but not correcting errors.² (*Id.*)

The Court previously construed "check data" as meaning "supplementary data for use in *checking for* transmission errors." (D.I. 484 at 7-8) (emphasis added) Although the Court declined to adopt Defendant's construction, which substituted the term "detecting" for "checking for," the Court did not consider at the *Markman* stage whether "checking for" *differs* from "detecting" or whether – as Plaintiffs assert – "checking for" encompasses both detecting and correcting. (*See id.*) These issues were not raised by the parties; instead, the Court's focus during *Markman* was on whether "check data" had to be a short-hand representation of the original data. (*See id.*)

The Court refines its construction of "check data" as used in claim 1 of the '662 patent to clarify that "check data" does not *preclude* error correction. This is consistent with the Court's previous construction, which implicitly rejected Defendant's narrowing construction, which would have limited "check data" merely to "detection," without allowing for the possibility also

² Defendant clarified its position in its opposition brief, stating it is "not arguing that error correction and detection are mutually exclusive, or that the claims do not allow for error correction when performed in conjunction with the claimed error detection." (D.I. 573 at 3) This position appears to be inconsistent with Dr. Jeffay's opinion that "the '662 patent only proposes a method for detecting . . . errors, but not for correcting them." (D.I. 521 Ex. 33 ¶ 64)

of error correction. Plaintiffs point to persuasive evidence from the specification (*see* '662 patent at 6:36-57) (depicting, in one embodiment, an example of error correction and detection) and file history (*see* D.I. 521 Ex. 34 at 187, 289) (Examiner pointing to “error correction” as non-limiting example of “error checking” in two prior art references) suggesting that the patentee did not intend to limit error checking to error detecting.

In light of this clarified construction, Dr. Jeffay’s testimony, which asserts that the '662 patent is not at all directed to error correction, is inconsistent with the Court’s claim construction. The Court, therefore, grants Plaintiffs’ motion.

**Plaintiffs’ Motion (D.I. 519) To Exclude Dr. Jeffay’s
“Modify the Permutation in Time” Construction**

Plaintiffs move to exclude Dr. Jeffay’s testimony regarding the “modify the permutation in time” limitation, arguing it is inconsistent with the Court’s construction of the term. (D.I. 520 at 4-5) The Court previously construed “modify the permutation in time” as meaning “change the permutation *from time to time*,” precisely as Plaintiffs had proposed. (D.I. 484 at 8-9) (emphasis added)

Plaintiffs argue that Dr. Jeffay’s opinion that claim 2 of the '662 patent requires the device to “consider the passage of time” has been rejected by the Court; instead, all that is required is that the permutation be configured to change. (D.I. 520 at 4) Defendant responds that Dr. Jeffay has only applied the Court’s construction to *rebut* the opinion of Plaintiffs’ expert, which Defendant argues removes the “from time to time” requirement by opining that the claims only require a varying device capable of changing the permutation. (D.I. 573 at 3-5) In Defendant’s view, Dr. Jeffay’s opinion simply explains why the “from time to time” limitation is not “superfluous” (Tr. at 70), adding that in the two embodiments cited in the Court’s *Markman* opinion, “the device measures the passage of time by counting the number of bits processed

(every n bits), or tracking changes in the data packet index (e.g., channel number, sequence number, or time indication)” (D.I. 573 at 4).

With respect to this term, Dr. Jeffay is applying the Court’s construction rather than contradicting it. *See Align Tech., Inc. v. 3Shape A/S*, 2021 WL 534903, at *2 (D. Del. Feb. 12, 2021) (“While an expert witness is not allowed to deviate from the Court’s claim construction, he is allowed to provide opinions reflecting the application of the Court’s claim construction to the facts of this case.”). There is, thus, no basis to exclude his opinion. Plaintiffs’ motion is denied.

Defendant’s Motion (D.I. 529) To Exclude Dr. Madisetti’s Willfulness Opinions

Defendant argues that Dr. Vijay Madisetti improperly opines on Defendant’s state of mind and the ultimate issue of willfulness, so his testimony should be excluded. (D.I. 530 at 15-16) Dr. Madisetti concludes, for example, that HTC was aware of the ’662 patent as early as

[REDACTED]

[REDACTED] (D.I. 572 Ex. 38 ¶¶ 107-09) He further

states that he was “not aware of any basis by which any Defendant reasonably could have understood that its [i]nfringing ’662 [p]roducts did not infringe the ’662 [p]atent.” (*Id.* ¶ 110)

Additionally, he opines that if the infringing products comply with the relevant standards, and the ’662 patent is standard essential, it follows that Defendant willfully infringed the ’662 patent. (*Id.* ¶¶ 101-10)

Notwithstanding Plaintiffs’ representation during oral argument that they would not seek to have Dr. Madisetti give a willfulness opinion at trial,³ the Court deems it still necessary to

³ Plaintiffs, for the first time during oral argument, committed to not asking Dr. Madisetti questions such as, “did [Defendant] willfully infringe?” or “[d]o you think [Defendant] willfully infringed?” (Tr. at 154)

grant the motion. Dr. Madisetti's opinions are not merely "technical," as Plaintiffs suggest. (D.I. 571 at 28) Rather, they opine on his understanding of Defendant's state of mind, or what Defendant "reasonably could have understood," and on the ultimate issue of willfulness. (See D.I. 530 at 15) These opinions both exceed Dr. Madisetti's expertise and invade the province of the jury. See *Zimmer Surgical, Inc. v. Stryker Corp.*, 365 F. Supp. 3d 466, 497 (D. Del. 2019) ("Expert testimony as to . . . state of mind offers no more than the drawing of an inference from the facts of the case . . . and permitting expert testimony on this subject would be merely substituting the expert's judgment for the jury's.").

Plaintiffs suggest that, as in *Bombardier Recreational Products Inc. v. Arctic Cat Inc.*, 2017 WL 758335, at *4-5 (D. Minn. Feb. 24, 2017), their expert's opinion on willful infringement should be permitted, in order to "provid[e] context for the jury's decision regarding willfulness." (D.I. 571 at 29) In *Bombardier*, the Court determined that expert testimony would aid the jury in understanding technical evidence regarding the snowmobile industry that was relevant to the plaintiff's theory that "copying" had occurred. 2017 WL 758335, at *4. Here, however, Dr. Madisetti does not have any particular expertise about HTC's state of mind that sets him apart from a lay juror; his opinion on these issues will not be helpful to the jury.⁴

**Defendant's Motion (D.I. 529) To Exclude
Dr. Madisetti's "Single Interleaver" Opinions**

Defendant moves to exclude testimony from Dr. Madisetti's rebuttal report that, in its view, contends the claimed varying device is limited to a single interleaver. (D.I. 530 at 16-19) (citing D.I. 533-1 Ex. 10 ¶¶ 287-93) Specifically, HTC points to Dr. Madisetti's statement that

⁴ Even assuming what HTC "should have known" is relevant to the willfulness inquiry after *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 579 U.S. 93 (2016), see *Arctic Cat Inc. v. Bombardier Recreational Products Inc.*, 876 F.3d 1350, 1371 (Fed. Cir. 2017), Plaintiffs can convey substantially the same information about KPN's communications with HTC through fact witnesses.

claim 2 “requires the presence of a *single, multi-permutation* varying device that is capable of changing from time to time the permutation.” (D.I. 533-1 Ex. 10 ¶ 289) Defendant asserts that Dr. Madisetti has applied a new claim construction that contradicts this Court’s construction, which never limited the claimed varying device to one interleaver. (D.I. 530 at 17)

In response, Plaintiffs argue that Dr. Madisetti only opined that there is *at least* one interleaver, acknowledging that the varying device may comprise one or more interleavers. (D.I. 571 at 30-31, 33) The Court agrees. Read in context, Dr. Madisetti’s statements suggest that the varying device can, but need not, include multiple interleavers, which in his view distinguishes the invention from the prior art. (*See, e.g.*, D.I. 533-1 Ex. 10 ¶ 291) (explaining that Dr. Jeffay did not suggest that Barbulescu prior art reference “obviate[d] the need for a device to include *multiple interleavers* – the core inventive element of [c]laim 2”) The Court is not convinced that Dr. Madisetti’s opinions construe the claims as requiring a single interleaver. Therefore, they are not inconsistent with the Court’s construction. Defendant’s motion is denied.

**Defendant’s Motion (D.I. 529) To Exclude Dr. Madisetti’s
“Be Able To Apply More Than One Permutation” Opinions**

Defendant argues that Dr. Madisetti’s opinions are inconsistent with the Court’s construction of “modify the permutation in time” in claim 2 as meaning “change the permutation *from time to time*.” (D.I. 530 at 19-20) In Defendant’s view, the opinions read out the “in time” requirement, suggesting the claim is satisfied if the device is merely “able to apply more than one permutation.” (*Id.*)

Plaintiffs note that the Court agreed that claim 2 can be met by changing the permutation as a function of time *or* based on the varying of the data. (*See* D.I. 484 at 9) (“[T]he Court agrees with Plaintiffs that their proposed construction is supported by the specification language that the permutation (1) can ‘be varied every n bits, where n is ≥ 1 ’ and (2) ‘can be varied on the

basis of one or more parameters of the data packet’ to ‘accomplish a varying, i.e., time-dependent checking function.’”) (quoting D.I. 438 at 29, 36)

The Court agrees with Plaintiffs that Dr. Madisetti’s opinions are not clearly inconsistent with its construction. Therefore, the Court denies Defendant’s motion.

Summary Judgment Motions

Defendant’s Motion For Summary Judgment (“MSJ”) (D.I. 529) Of No Direct Infringement

Defendant moves for summary judgment of no direct infringement on the ground that the accused devices, as imported and sold, lack the claimed “varying device” that is “further *configured to modify* the permutation in time.” (D.I. 530 at 1) (citing ’662 patent at cl. 2) There does not appear to be any genuine dispute of material fact as to how the accused products work. (See Tr. at 12, 56-59) It is undisputed that when the devices are sold, they are not connected to a network and, without that connection, they cannot perform the claimed functionality. (See *id.* at 14, 23) That is, in order for the accused devices to modify the permutation in time, the user must first connect the devices to a cellular network, and that network must send interleaver configuration parameters to the accused devices.⁵ (See D.I. 530 at 1-2; Tr. at 12, 14, 56-57)

The parties dispute whether, as a matter of law, the need for the accused devices to undergo this two-step process before they possess the accused functionality precludes those devices from meeting the “configured to” limitation.⁶ (See Tr. at 12, 57) The Federal Circuit has

⁵ Defendant further explained that the network determines which network resources to allocate to the device and sends back an uplink grant specifying this information. (See Tr. at 13) For certain networks, including the three accused networks (W-CDMA, CDMA-2000, and LTE), the uplink grant includes the interleaver configuration parameters. (See *id.*)

⁶ Plaintiffs acknowledge that the phrase “configured to” in the ’662 patent has the same meaning as in the relevant Federal Circuit cases relied upon by both parties. (See Tr. at 41)

construed “configured to” as meaning “programmed to.” *See Nevro Corp. v. Bos. Sci. Corp.*, 955 F.3d 35, 40-42 (Fed. Cir. 2020) (“[W]e construe ‘configured to’ to mean ‘programmed to.’”). If an accused product is capable of performing the claimed function but must be modified before it can do so, it will not meet a “configured to” limitation. *See Typhoon Touch Techs., Inc. v. Dell, Inc.*, 659 F.3d 1376, 1380-81 (Fed. Cir. 2011); *see also Telemac Cellular Corp. v. Topp Telecom, Inc.*, 247 F.3d 1316, 1330 (Fed. Cir. 2001) (“[T]hat a device is capable of being modified to operate in an infringing manner is not sufficient, by itself, to support a finding of infringement.”).

Plaintiffs concede that the Federal Circuit has made this point clear. (*See* Tr. at 34) But they distinguish between a device that merely has the *capability* of being configured to perform the claimed function (which would not infringe) and a device that is *already configured to have the capability to perform* the claimed function (which would infringe, in their view). (*Id.* at 34-35) Plaintiffs rely on *Chrimar Holding Co., LLC v. ALE USA Inc.*, 732 F. App’x 876, 879 (Fed. Cir. 2018), for the proposition that a “configured to” limitation requires only that a device “have the ability” to act as claimed. (*See* D.I. 571 at 3-4) The term “configured to,” however, was not at issue in *Chrimar*. There, the district court had construed the term “physically connect” to require that “the components be configured (have the ability) to physically connect, rather than actually be physically connected.” *Chrimar*, 732 F. App’x at 885 (emphasis omitted). The Court arrived at this conclusion by comparing the term “physically connect” in independent claim 1 with a limitation in a dependent claim requiring that certain pairs of conductors “are physically connected.” *Id.* Applying the doctrine of claim differentiation, the Court determined, in that particular context, that claim 1 was directed to capability, rather than actual operation. *See id.* *Chrimar* does not, however, establish the broad proposition that “configured to” is necessarily satisfied when a device merely “has the ability” to act as claimed.

In the Court's view, the relevant question is whether the receipt of parameters from the network is a **modification** of the devices that would preclude a finding of infringement.

Defendant argues that the term "configured to" requires the accused devices to have all the structural components (in this case, the code, hardware, **and parameters**) necessary to perform the claimed function as sold without modification. (*See* Tr. at 20-22) Since the "parameters are clearly not part of the accused device" at the time the devices are sold, in Defendant's view this issue is "clear." (*Id.* at 43) For Plaintiffs, the issue is equally "cut and dry," as the "accused devices standing alone have the software installed on them" at the time they are sold, and that code is "not changed in any way by the network." (*Id.* at 28-31)

As to this dispute, a few cases from the Federal Circuit are instructive. For example, in *Nevro*, 955 F.3d at 41, which Defendant cited for the first time during oral argument, the Court construed "configured to generate" to require "programming the signal generator (i.e., setting parameters) to generate the claimed signals." The claims at issue explicitly contemplated specific parameters, claiming, for example, "[a] spinal cord modulation system comprising a signal generator configured to generate a therapy signal having a frequency of 10 kHz, an amplitude up to 6 mA, and p[ul]ses having a pulse width between 30 microseconds and 35 microseconds." *Id.* at 40 (emphasis omitted). Relying on this specific claim language and the patent specification, the Court concluded that programming the claimed signal generator required setting the claimed parameters. *See id.* at 41. Here, however, the asserted claims do not contemplate that "configured to modify the permutation in time" requires setting particular parameters. Moreover, the plaintiff in *Nevro* argued that "configured to" means "designed to," which the Federal Circuit rejected. *Id.* at 41-42. Plaintiffs make no such argument here; rather, they contend that the accused products **already** contain the necessary software and require no further configuration.

By contrast, *Nazomi Communications, Inc. v. Nokia Corp.*, 739 F.3d 1339, 1345 (Fed. Cir. 2014), involved accused devices that required a user to purchase and install software onto them before the devices would possess the claimed functionality. The Federal Circuit held that this purchase and installation “clearly constitute[d] a ‘modification’ of the accused products” that precluded a finding of infringement. *Id.* The Court further characterized the software installation as “not unlocking existing functionality, but adding new functionality not currently present.” *Id.* at 1346; *see also TQ Delta, LLC v. ADTRAN, Inc.*, 2019 WL 4277026, at *4 (D. Del. Sept. 10, 2019) (finding chipset capable of operating in infringing manner only if customer affirmatively enabled pre-programmed settings did *not* meet “operable to” requirement).

In *M2M Solutions LLC v. Sierra Wireless America, Inc.*, 2020 WL 7767639, at *13 (D. Del. Dec. 4, 2020), *report and recommendation adopted by* C.A. No. 14-1102-RGA D.I. 214 (Mar. 31, 2021), the Court held that the claimed “configured to use a memory” limitation was met even where the accused products were sold without all of the structure necessary to meet that limitation. In *M2M Solutions*, it was undisputed that the accused products were sold without SIM cards and could only meet the limitation at issue if the user inserted one. *See id.* at *12. In finding that the accused products nonetheless infringed, the Court noted that “the non-SIM products are designed to operate with SIM cards in this manner, and no new functionality is required to utilize the SIM card.” *Id.* at *13. The Court was persuaded that the insertion of a SIM card simply activated the device’s existing functionality, akin to pressing an “ON” button. *Id.*

Likewise, in the instant case, the Court concludes that the receipt of parameters from the network is more akin to “unlocking existing functionality” (i.e., pressing an “ON” button) than “adding new functionality” (i.e., modifying the device). *Nazomi*, 739 F.3d at 1346. The record reflects that the “accused devices standing alone have the software installed on them” when sold,

and that the code is “not changed in any way by the network.” (Tr. at 28-31; *see also id.* at 39 (describing what network sends to device as “an informational message”)) In describing the accused products, Plaintiffs’ Dr. Madisetti stated that “the varying device is further configured (without being rebuilt, recoded, or redesigned) such that it is able to modify the permutation it applies from time to time.” (See D.I. 571 at 2) (citing D.I. 572 Ex. 37 at 78) Defendant’s Dr. Jeffay agreed with this understanding, stating, “I have seen nothing showing that the network causes the accused products to modify the configuration parameters for the interleaver.” (*Id.* at 3 n.4 (citing D.I. 572 Ex. 41 ¶ 240); *see also* Tr. at 35)

Defendant’s reference to *In re Certain Digital Media Devices*, Inv. No. 337-TA-882, Initial Det. (ITC Aug. 7, 2014), does not alter the Court’s conclusion. (See D.I. 585 at 2; *see also* D.I. 596-97) In that case, the International Trade Commission (“ITC”) determined that allegedly infringing tablets were not “configured to” perform the accused functionality until the user took several additional steps, including “accepting the terms and conditions of use, connecting the device to a local area network [connected to a second device], accessing a content server over the Internet, and registering and paying for services.” (D.I. 597 Ex. A at 19, 131) Further, the claims in that case required performance of certain actions “without user input.” (*Id.* at 24-25) Accordingly, the ITC concluded that the accused tablets were not “configured to” perform the accused functionality and, thus, did not infringe. As Plaintiffs note, the ’662 patent contains no autonomous requirement, and the accused devices need not undergo a long list of steps or connect with a *second* device before they can perform the accused functionality. (See Tr. at 32)⁷

⁷ Plaintiffs point to *Apple Inc. v. Wi-LAN Inc.*, 25 F.4th 960 (Fed. Cir. 2022), in which the Federal Circuit relied on testimony from Dr. Madisetti in a somewhat similar context. (See D.I. 609) In *Apple*, the Federal Circuit rejected Apple’s argument that its accused phones could not infringe as sold because they did not have the required “user connections” until the user connected to a cellular network. 25 F.4th at 970. The Court pointed to Dr. Madisetti’s testimony for the plaintiff in the case as part of the substantial evidence supporting the conclusion that a

In sum, having considered the relevant authority, as well as testimony from experts on both sides, the Court finds that a reasonable jury could conclude that the accused functionality is present in the accused products, without any required modification. Hence, the Court denies Defendant's motion.

Defendant's MSJ (D.I. 524) Of No Infringing Sales Through [REDACTED]

Defendant argues that its products sold through [REDACTED], including its 3.9G products, cannot infringe as a matter of law. (See D.I. 525) In particular, HTC asserts that an agreement it made with KPN on October 30, 2009 (the "2009 Agreement") authorized HTC's sales through August 31, 2014, when the agreement term ended. (*Id.* at 2-4) Under Section 2.1 of the 2009 Agreement, KPN granted HTC an express license to two [REDACTED] (D.I. 526 Ex. A at 7308) The '662 patent was not one of the [REDACTED]

Instead, as the parties agree (*see* D.I. 525 at 3; D.I. 571 at 18), the '662 patent is among the [REDACTED] referenced in Section 2.5 of the 2009 Agreement, which states:

[REDACTED]

(D.I. 526 Ex. A at 7309)

connection to a cellular network was not required to satisfy the "user connections" requirement. *Id.* While Dr. Madisetti's testimony in that case may bear some resemblance to his testimony in this case, the Court agrees with HTC that the context here is materially different. (See D.I. 610) While *Apple* does not particularly help Plaintiffs here, it certainly does not detract from the Court's conclusion. Defendant's request (*see id.*) that the Court strike Plaintiffs' Notice of Supplemental Authority (*see* D.I. 609) is denied. The Court finds no violation of Delaware Local Rule 7.1.2(b) and, instead, has found both parties' discussion of the *Apple* case helpful to its evaluation of the motion.

HTC argues that Section 2.5 recites an “unconditional” covenant not to sue that authorized its sales from October 30, 2009 to [REDACTED]. (D.I. 525 at 2-3) By contrast, Plaintiffs argue that the plain language of Section 2.5 provides only that KPN cannot *initiate* proceedings asserting the ’662 patent until after the 2009 Agreement expires. (D.I. 571 at 18)

In *TransCore, LP v. Electronic Transaction Consultants Corp.*, 563 F.3d 1271, 1275 (Fed. Cir. 2009), the Federal Circuit stated: “this court and its predecessors have on numerous occasions explained that a non-exclusive patent license is equivalent to a covenant not to sue.” There, the clause at issue provided that TransCore had agreed “not to bring any demand, claim, lawsuit, or action . . . for future infringement . . . for the entire remainder of the terms of the respective [patents].” *Id.* at 1273. Plaintiffs attempt to distinguish *TransCore* by arguing that the Federal Circuit characterized the clause at issue there as “unconditional,” whereas Section 2.5 is better characterized as a “temporary” covenant not to sue. (D.I. 571 at 18-19) It is true that the *TransCore* Court noted: “[t]he question for this court is whether an unconditional covenant not to sue authorizes sales by the covenantee for purposes of patent exhaustion.” 563 F.3d at 1274. When describing the covenant not to sue as “unconditional,” however, the Federal Circuit focused on the fact that the grantee “did not, as it could have, limit this authorization to, for example, ‘making’ or ‘using.’” *Id.* at 1276. Instead, the grantee used the more general term “infringement.” *See id.* It is undisputed that Section 2.5 encompasses sales, [REDACTED] [REDACTED] (D.I. 526 Ex. A at 7309)

Further, even if the Court agreed with Plaintiffs that Section 2.5 is not “unconditional,” post-*TransCore* cases have not drawn a hard line between unconditional and conditional covenants not to sue, in concluding that such covenants are equivalent to a non-exclusive patent license. For example, in *Vectura Ltd. v. GlaxoSmithKline LLC*, 2019 WL 1352767 (D. Del. Mar. 26, 2019), the Court considered a time-limited covenant not to initiate suit very similar to

Section 2.5. Applying *TransCore*, the Court concluded that the covenant authorized the licensee's conduct until the covenant expired, insulating the licensee from a damages claim for the period the agreement was in effect. *See id.* at *3.

Plaintiffs are correct that Section 2.5, on its face, does not explicitly provide that KPN “would never assert an infringement claim for HTC products that HTC *sold* during the term of the agreement.” (Tr. at 83) (emphasis added) But *TransCore* is strong support for HTC's interpretation of Section 2.5 as a covenant not to sue that authorized HTC's sales through [REDACTED]. As the Federal Circuit put it in *TransCore*, 563 F.3d at 1276, “[t]he real question, then, is not whether an agreement is framed in terms of a ‘covenant not to sue’ or a ‘license.’ That difference is only one of form, not substance – both are properly viewed as ‘authorizations.’” It follows, here, that Section 2.5 is properly viewed as KPN's “authorization” of HTC to sell products during the term of the parties' agreement, i.e., through [REDACTED].

The Court is not persuaded by Plaintiffs' argument that a reading of the 2009 Agreement as a whole compels a different conclusion. *See Wood v. Capita Ins. Servs. Ltd.* [2017] UKSC 24 (holding that, when performing contract interpretation, Court “must consider the contract as a whole”).⁸ The distinction between Section 2.1, [REDACTED], and Section 2.5, a covenant not to sue [REDACTED], does not change the fact that Section 2.5 is a covenant not to sue that the Court is required under the law to treat as equivalent to a non-exclusive patent license. (*See* Tr. at 74-75) Although it is not required to do so, HTC has explained why [REDACTED]. (*See id.*)

⁸ The Court cites this case from the U.K. Supreme Court, as Article 12.1 sets out that U.K. law governs the 2009 Agreement. (D.I. 526 Ex. A at 7318)

Furthermore, Section 4.1 [REDACTED]

[REDACTED]. (See D.I. 571 at 20) Plaintiffs posit that applying HTC's reading of Section 2.5 would lead to the "bizarre result" that [REDACTED]

[REDACTED]. (*Id.*) HTC agrees this is the result of the correct interpretation of the parties' contract, but characterizes it as making "business sense," for reasons including that [REDACTED]

[REDACTED]. (See Tr. at 93-94) Regardless of how one describes this outcome, it is the outcome required by the only reasonable reading of the contract, which favors Defendant.

Finally, the Court has considered the parties' arguments related to Sections 4.2 and 6.5 (*see e.g.*, D.I. 525 at 3-4; D.I. 571 at 20-21), and they do not alter the Court's conclusion. Because the Court concludes that Section 2.5 authorized HTC's sales through [REDACTED], it need not address HTC's arguments regarding rectification. (*See, e.g.*, D.I. 525 at 4-6)

The remaining dispute involves *which* of HTC's products were authorized. Plaintiffs argue that even if Section 2.5 did authorize HTC's sales, the provision only applies to "HTC Products," which the 2009 Agreement defines [REDACTED]. (See D.I. 571 at 22-23) Plaintiffs assert that HTC has failed to prove that its products compliant with LTE Releases 8 and 9, WiMAX 802.16e, or UMB ("LTE products") were not 4G. (*See id.* at 25) HTC, however, argues that the evidence available to the parties at the time they entered into the Agreement – the relevant date under applicable U.K. law – shows that the LTE products were **3.9G** products, not 4G products, in 2009. (D.I. 525 at 6-8) As summarized in one of HTC's

expert's reports, this evidence includes a 2008 report by Japan's Telecommunications Council and journal articles published in 2009. (D.I. 526 Ex. AF ¶¶ 36-41, 45)

Plaintiffs assert a contrary theory based, in part, on their own experts' opinions. For example, they cite Daniel Lindsay's opinion that the patent-licensing industry understood LTE to be 4G "in and around the 2009 time period." (D.I. 571 at 24-25) (citing D.I. 572 Ex. 88 ¶ 25) Further, another of their experts cites evidence in his report showing that the telecommunications industry "has understood '4G' to include LTE since at least the release of Release 8 in 2008." (*Id.* at 24) (citing D.I. 572 Ex. 83 ¶ 16)

The Court concludes that there is a genuine dispute of material fact as to whether HTC's LTE products were considered 4G at the time the parties entered into the 2009 Agreement. The Court agrees with Plaintiffs that the existence of testimony from "dueling qualified experts" precludes summary judgment for HTC on this issue. (*See id.*) (citing *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1306 (Fed. Cir. 2011))

In sum, the Court grants HTC's motion as to the accused products, with the exception of the LTE products. The Court concludes that HTC's authorized sales of such products (other than the LTE products) exhausted KPN's patent rights to those products. *See TransCore*, 563 F.3d at 1274 ("The longstanding doctrine of patent exhaustion provides that the initial authorized sale of a patented item terminates all patent rights to that item.") (quoting *Quanta Comput., Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 625 (2008)). Trial will be necessary to determine whether the accused LTE products were within the scope of the products HTC was authorized to sell without having to pay KPN.

Plaintiffs' MSJ (D.I. 517) That "Comatlas CAS 5093" Is Not Prior Art

Plaintiffs argue that Defendant cannot show, under pre-AIA 35 U.S.C. § 102(b), that any use, sale, or offer for sale of the Comatlas CAS 5093 occurred in the United States before June

26, 1995, the '662 patent's effective filing date and one year prior to the date the original United States application was filed. (D.I. 518 at 4-6) Defendant's expert points to a datasheet showing that the Comatlas CAS 5093 was available to order in September 1994 in the United States. (*See* D.I. 575 at 1) (citing D.I. 521 Ex. 4) The Court agrees with Plaintiffs that this datasheet does not establish use or sale of the product. (*See* D.I. 518 at 5-6) It likewise fails to constitute evidence from which a reasonable factfinder could find there was an *offer* for sale, as it does not "reveal the requisite intent to be bound." *Linear Tech. Corp. v. Micrel, Inc.*, 275 F.3d 1040, 1051-52 (Fed. Cir. 2001) (communications must rise "to the level of an offer for sale that would form a contract if accepted"). Thus, the Court grants Plaintiffs' motion as it pertains to § 102(b).

Defendant notes that it identified the Comatlas CAS 5093 as § 102(a) prior art as well. (*See* D.I. 575 Ex. 1 at 1) Although Plaintiffs are correct that Defendant's expert, Dr. Jeffay, focuses on § 102(b) in his report (*see* Tr. at 149) (referring to D.I. 575 Ex. 7), Defendant has not "abandoned" its § 102(a) argument (*see* Tr. at 153). Notably, Dr. Jeffay's report states that the Comatlas CAS 5093 "is prior art under *at least*" § 102(b). (D.I. 575 Ex. 7 ¶ 187) (emphasis added) The Court agrees with Defendant that there is a genuine dispute of material fact as to whether the Comatlas CAS 5093 was publicly known or used under § 102(a) at the pertinent time. Defendant, for example, points to a textbook stating that the Comatlas CAS 5093 was marketed as early as September 1993 (*see* D.I. 575 Ex. 2 at 9866) and an article publicly available in August 1994 referring to the Comatlas CAS 5093 data sheet (*id.* Ex. 3 at 71208). Thus, to the extent Plaintiffs move for summary judgment that the Comatlas CAS 5093 is not prior art under § 102(a), that motion is denied.

Plaintiffs' MSJ (D.I. 517) That "DigiCipher" Is Not Prior Art

Plaintiffs argue that Defendant cannot show, under pre-AIA 35 U.S.C. § 102(b), that any use, sale, or offer for sale of the DigiCipher occurred in the United States before June 26, 1995.

(D.I. 518 at 6-7) Defendant offers as evidence promotional materials revealing, in part, *future* plans for the product. (See D.I. 521 Ex. 6 at 63235) (noting that particular version of DigiCipher “will begin field testing in spring 1992 and begin production in summer 1992”) Alone, this would likely be insufficient. See *Linear Tech.*, 275 F.3d at 1050. However, the materials also cite a March 1992 presentation listing nine live demonstrations of the DigiCipher product in various cities between January 1991 and February 1992. (D.I. 521 Ex. 6 at 63246) In combination, and taken in the light most favorable to Defendant as the non-moving party, this evidence raises a genuine dispute of material fact as to whether the DigiCipher was in public use during the relevant time period. See *Netscape Commc’ns Corp. v. Konrad*, 295 F.3d 1315, 1321-22 (Fed. Cir. 2002). Thus, the Court denies Plaintiffs’ motion.

Plaintiffs’ MSJ (D.I. 517) That “CD-3000” Is Not Prior Art

Plaintiffs argue that Defendant has failed to show Qualcomm’s CD-3000 products were in public use as configured to meet “each of the limitations” of the asserted claims. *Juicy Whip, Inc. v. Orange Bang, Inc.*, 292 F.3d 728, 737 (Fed. Cir. 2002) (citing § 102(b)). Plaintiffs note that Dr. Jeffay’s opinion is not based on an examination of the devices themselves, but on an understanding more generally of Qualcomm’s CDMA technology and [REDACTED], which Dr. Jeffay asserts [REDACTED]. (See D.I. 518 at 8-10; see also, e.g., D.I. 521 Ex. 5 ¶ 476 (“[REDACTED]”)) Dr. Jeffay further contends that “Qualcomm had developed CDMA technology in the early 1990s that used convolutional encoding and interleaving” as required by the claims. (D.I. 521 Ex. 7 ¶ 202)

The Court agrees with Defendant that Plaintiffs’ motion raises significant questions about “the credibility of Dr. Jeffay’s opinions and the technical documents he relies upon.” (D.I. 575 at 4) Furthermore, Defendant is asserting the Qualcomm products under § 103 as well as § 102.

Taking the evidence in the light most favorable to Defendant as the non-moving party, the Court believes there is sufficient basis from which a reasonable factfinder could find that the CD-3000 is prior art. Defendant will be permitted to present evidence and argument that it would have been obvious to configure the Qualcomm products to operate in the manner claimed in the patent-in-suit. Accordingly, the Court denies this motion.

Plaintiffs' MSJ (D.I. 517) That "CD-7000" Is Not Prior Art

Plaintiffs' argument with respect to the CD-7000 is the same as that the Court just considered in connection with the CD-3000. Accordingly, and for the same reasons given above, the Court denies Plaintiffs' motion.

Plaintiffs' MSJ (D.I. 517) That "MacBLAST" Is Not Prior Art

Whether the MacBLAST product is prior art turns on questions relating to Dr. Jeffay's credibility and the technical documents he relies upon. As with the discussion above in connection with Plaintiffs' motion directed to the CD-3000, Defendant is also asserting the MacBLAST under § 103 as well as § 102. As with the CD-3000 motion, Plaintiffs' MacBLAST motion is also denied.

Defendant's MSJ (D.I. 529) Of No Pre-Suit Damages Under § 287

Defendant moves for summary judgment of no pre-suit damages on the grounds that Plaintiffs did not comply with 35 U.S.C. § 287 as they did not address patent marking in their complaints. (D.I. 530 at 5-6) Under § 287, a patent owner who fails to mark its products, or fails to require its licensees to mark their products, cannot recover damages arising from infringement occurring before the date that the alleged infringer receives actual notice of the alleged infringement. *See* 35 U.S.C. § 287. In challenging Plaintiffs' compliance with § 287, the initial burden is on Defendant "to articulate the products it believes are unmarked 'patented articles' subject to § 287." *Arctic Cat*, 876 F.3d at 1368. "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.” *Lubby Holdings LLC v. Chung*, 11 F.4th 1355, 1359 (Fed. Cir. 2021). This burden is “a burden of production, not one of persuasion or proof.” *Id.* At that point, the burden shifts to Plaintiffs “to prove the products identified do not practice the patented invention.” *Id.*

On April 30, 2020, five months before the close of fact discovery, HTC identified several products it contends were licensed, would infringe under Plaintiffs’ theory, and were not marked before the start of the alleged damages period on January 30, 2011. (*See, e.g.*, D.I. 533 Ex. 7 at 37-38, 44; *id.* Ex. 8 at 34-41; *id.* Ex. 9 ¶¶ 771-82) While the list is lengthy, Plaintiffs note correctly that Defendant limited its summary judgment motion solely to [REDACTED] products. (Tr. at 138) Accordingly, the Court limits its analysis at this stage to these products.

Defendant points to the [REDACTED], which [REDACTED] sold no later than [REDACTED] and which uses the same chipsets as some of HTC’s accused products. (*See* D.I. 533 Ex. 7 at 37-38, 44; *id.* Ex. 9 ¶¶ 789-94) The record reveals that [REDACTED]

[REDACTED]
[REDACTED] (*Id.* Ex. 12) KPN’s representative, Koenraad Wuyts, confirmed [REDACTED]
[REDACTED]
[REDACTED] (*See id.* Ex. 20 at 254, 263-64)

The parties clarified at the hearing, however, that [REDACTED]
[REDACTED] a fact that was not otherwise clear from the existing record. (*See* Tr. at 129-30, 134) [REDACTED]
[REDACTED]) (emphasis added) Defendant asserts that Motorola Mobility [REDACTED].
(*See* D.I. 533 Ex. 12 § 2.1) ([REDACTED]) Defendant also

noted, for the first time at the hearing, that in a related case, Motorola Mobility claimed to have a license to the '662 patent. (*See* C.A. No. 17-84 D.I. 25 ¶ 2) (“Motorola [Mobility] admits that . . . U.S. Patent No[. 6,212,662 . . . ha[s] been licensed to [it].”)

These arguments, however, do not persuade the Court that summary judgment is appropriate. Taking the evidence in the light most favorable to Plaintiffs, as the non-movant, a reasonable factfinder could find that [REDACTED] were not licensed. On the present record, there appear to be genuine disputes of material fact as to the relationship between [REDACTED]. [REDACTED]

[REDACTED] (D.I. 572 Ex. 49 at 13-14) In addition, while the record establishes that [REDACTED] had a license to the '662 patent, the Court cannot discern from the record which licensed products were sold by [REDACTED] and which purportedly licensed products were sold by [REDACTED] and during which times. These matters present additional genuine disputes of material fact. Further, while HTC now asks the Court to take judicial notice of Motorola Mobility’s claim in the related case to having a license from KPN (*see* Tr. at 141), HTC failed to provide Plaintiffs timely notice of its intent to rely on the documents from the related case (*see id.* at 143), and Plaintiffs have not had a fair opportunity to respond to this argument. This is another reason summary judgment is not appropriate. (*See id.* at 146)

In the alternative, HTC moves for summary judgment on the ground that it did not receive actual notice before KPN filed its complaint. (D.I. 530 at 13-14) Section 287(a) provides that when a patentee or patent licensee makes or sells a product practicing the patent, the patentee can only recover damages from one who infringes the patent if: (1) the patentee or licensee has marked its product in the manner specified in the statute (i.e., the infringer has “constructive notice of infringement”), or (2) the patentee actually notifies the infringer of its

infringement. In the case of such “actual notice,” a patentee may only recover damages for infringement occurring after notice was given. The actual notice requirement may be satisfied “when the recipient is informed of the identity of the patent and the activity that is believed to be an infringement, accompanied by a proposal to abate the infringement, whether by license or otherwise.” *Lubby*, 11 F.4th at 1360. When considering actual notice under § 287, courts “must focus on the action of the patentee, not the knowledge or understanding of the infringer.” *Id.*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Taking all the evidence in the light most favorable to Plaintiffs as the non-moving party, a reasonable factfinder could find that KPN provided HTC actual notice as of at least [REDACTED]. Accordingly, the Court denies HTC’s motion with respect to lack of actual notice.

**Defendant’s MSJ (D.I. 529) On KPN’s
Abandoned Claims And Affirmative Defenses**

Defendant’s motion is directed primarily to claims brought by Plaintiffs against LGE and affirmative defenses raised by Plaintiffs in response to LGE’s counterclaims. (*See* D.I. 530 at 14) Since the claims and counterclaims in Plaintiffs’ action against LGE have been dismissed

with prejudice, that aspect of Defendant's motion is no longer relevant. As to HTC, Plaintiffs confirm they are no longer pursuing "claims against HTC under Count 1 of the Third Amended Complaint that HTC indirectly infringes the '662 Patent under 35 U.S.C. §§ 271(b) & (c)." (*Id.*) Plaintiffs do not oppose the Court granting summary judgment on those claims. (*See* D.I. 571 at 17) The Court will do so.

Plaintiffs' MSJ (D.I. 517) On HTC's Waiver Defense⁹

HTC does not oppose the Court granting summary judgment on its waiver defense. (*See* D.I. 605) (explaining that "[i]n view of the Court's order denying HTC's request to reopen discovery to pursue discovery of the '662 patent inventors" (D.I. 602), HTC is no longer pursuing its waiver defense) The Court will do so.

Plaintiffs' MSJ (D.I. 517) On Defendant's Abandoned Defenses

HTC does not oppose the Court granting summary judgment on the abandoned affirmative defenses it is no longer pursuing with respect to the '662 patent.¹⁰ (*See* D.I. 518 at 3-4; D.I. 581 at 1) The Court will do so.

CONCLUSION

Accordingly, for the reasons stated above, **IT IS HEREBY ORDERED** that:

1. Plaintiffs' motion for partial summary judgment (D.I. 517) is **GRANTED IN PART** and **DENIED IN PART**.

2. Plaintiffs' motion to exclude in part the expert reports of Kevin Jeffay and Timothy S.

⁹ Plaintiffs also challenged several affirmative defenses asserted by LGE only, including equitable estoppel, judicial estoppel, collateral estoppel, and license and/or patent exhaustion. (*See* D.I. 518 at 23-27) In light of the parties' settlement in C.A. No. 17-85, these issues are no longer pending before the Court.

¹⁰ These include judicial estoppel, res judicata and/or collateral estoppel, laches and/or equitable estoppel, government sales, failure to state a claim, lack of standing, and misuse. (*See* D.I. 518 at 4)

Simcoe (D.I. 519) is **GRANTED IN PART** and **DENIED IN PART**.


3. Defendant HTC Corporation's motion for summary judgment of no infringing sales and to exclude KPN's expert's "3.9G" opinions (D.I. 524) is **GRANTED IN PART** and **DENIED IN PART**.

4. Defendant's motions for summary judgment and *Daubert* motions (D.I. 529) are **GRANTED IN PART** and **DENIED IN PART**.

5. Because this Memorandum Order is filed under seal, the parties shall meet and confer and, no later than **Thursday, March 31, 2022**, submit a proposed redacted version, accompanied by a supporting memorandum detailing how, under applicable law, the Court may approve any requested redactions. In the absence of a timely, compliant request, the Court will unseal the entire Order.

6. This case will be **REASSIGNED** to the Vacant Judgeship (2022) after the Court docket a public version of its Memorandum Order.

March 30, 2022
Wilmington, Delaware



HONORABLE LEONARD P. STARK
UNITED STATES CIRCUIT JUDGE