

United States District Court  
For the Northern District of California

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

VENTURE CORPORATION LTD., et al.,	)	Case No. 5:13-cv-03384-PSG
	)	
Plaintiffs and Counterdefendants,	)	<b>ORDER DENYING MOTIONS FOR SUMMARY JUDGMENT AND MOTION TO EXCLUDE TESTIMONY</b>
v.	)	
JAMES P. BARRETT,	)	<b>(Re: Docket Nos. 63, 65, 66)</b>
	)	
Defendant and Counterclaimant.	)	

Few professions pose greater danger to life and limb than mining. Think Benxihu Colliery. Monongah. Upper Big Branch. In the immediate aftermath of these as well as other, less infamous mining disasters, time is precious.

Defendant and Counterclaimant James P. Barrett is named inventor on two United States patents and one patent application aimed at improving the odds of surviving such disasters. That much Barrett and Plaintiffs and Counterdefendants Venture Corporation Ltd. and Venture Design Services, Inc. agree on. Beyond that, they do not agree on much. After Barrett claimed he owned the patents and application despite an agreement to assign certain inventions he signed as a condition of his employment for VDSI, the Ventures filed this suit for a declaration that the patent

1 and all other rights in the inventions in fact belong to VCL.<sup>1</sup> Barrett not only disputes the  
2 Ventures' claims but asserts his own counterclaims under California law.<sup>2</sup>

3 Because the parties' disagreements are genuine and go to material facts underlying each of  
4 the claims in this case, and a reasonable jury could resolve these disagreements in either side's  
5 favor, the court DENIES the parties' respective motions for summary judgment. The court also  
6 DENIES the Ventures' motion to exclude testimony from Scott Hampton, Barrett's damages  
7 expert.  
8

9 **I.**

10 Even though patents are creatures of federal law, state law nevertheless plays an important  
11 role when it comes to patent ownership disputes. "Usually, federal law is used to determine the  
12 validity and terms of an assignment," but patent ownership is determined by state law.<sup>3</sup> In  
13 California, Labor Code § 2870 provides that:

14 (a) Any provision in an employment agreement which provides that an employee shall  
15 assign, or offer to assign, any of his or her rights in an invention to his or her employer shall  
16 not apply to an invention that the employee developed entirely on his or her own time  
17 without using the employer's equipment, supplies, facilities, or trade secret information  
18 except for those inventions that either:

19 (1) Relate at the time of conception or reduction to practice of the invention to the  
20 employer's business, or actual or demonstrably anticipated research or development of the  
21 employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee  
22 to assign an invention otherwise excluded from being required to be assigned under  
23 subdivision (a), the provision is against the public policy of this state and is unenforceable.

24 <sup>1</sup> See Docket No. 1.

25 <sup>2</sup> See Docket No. 11.

26 <sup>3</sup> *Sky Technologies LLC v. SAP AG*, 576 F.3d 1374, 1379 (Fed. Cir. 2009); see also *Network Prot.*  
27 *Sciences, LLC v. Fortinet, Inc.*, Case No. 3:12-cv-01106-WHA, 2013 WL 4479336, at \*4 (N.D.  
28 Cal. Aug. 20, 2013).

1 VDSI is a California-based corporation. On November 1, 2003 Barrett began working for VDSI  
2 after VDSI acquired the business of Barrett's previous employer. As a condition of his  
3 employment, Barrett signed an "Inventions Agreement."<sup>4</sup> The Inventions Agreement contains  
4 several key provisions relating to the disclosure of any inventions and the assignment to VDSI of  
5 Barrett's rights to any such invention. With regard to disclosure, Section 3.1 provides:

6 [Barrett] will disclose promptly to the proper officers or attorneys of the Company in  
7 writing any idea, invention, work of authorship (including, but not limited to, computer  
8 programs, software and documentation), formula, device, improvement, method, process or  
9 discovery, whether or not patentable or copyrightable (any of the foregoing items  
10 hereinafter referred to as an "Invention"), [he] may conceive, make, develop or work on, in  
11 whole or in part, solely or jointly with others during the term of [his] employment with the  
12 Company. The disclosure required by this Section applies: (a) during the term of my  
13 employment and for six months thereafter; (b) during my regular hours of employment and  
14 to my time away from work; (c) whether or not the Invention was made at the suggestion of  
15 the Company; (d) whether or not the Invention was reduced to drawings, written  
16 description, documentation, models or other tangible form; and (e) to any Invention which,  
17 in the opinion of the Company, is related to the company because it is related:

- 18 i. to the general line of business engaged in by the Company;  
19 ii. to any actual or anticipated business (including research and development) of the  
20 Company; or  
21 iii. to suggestions made by the Company or which resulted from any work assigned by or  
22 performed for the Company.<sup>5</sup>

23 Section 3.2, which covers the assignment of rights to which Barrett agreed, provides that:

24 [Barrett] hereby assign[s] to the Company without royalty or any other further  
25 consideration my entire right, title and interest in and to any Invention [Barrett is] required  
26 to disclose under Section 3.1; provided, that [Barrett] acknowledge[s] and agree[s] that the  
27 Company has hereby notified me that the assignment provided for in this Section 3.2 does  
28 not apply to any Invention which qualifies fully for exemption from assignment under the  
provisions of Section 2870 of the California Labor Code, a copy of which is attached hereto  
as Exhibit 3.2.<sup>6</sup>

---

<sup>4</sup> See Docket No. 11 at ¶ 15.

<sup>5</sup> Docket No. 1-4 at 1-2.

<sup>6</sup> *Id.* at 2.

1 In 2005, Barrett disclosed the first of the three inventions in dispute in this case.<sup>7</sup> Barrett  
2 says these three inventions were conceived and reduced to practice before he began work at VDSI.  
3 The parties refers to the inventions as “MineTracer,” U.S. Patent No. 8,294,568; a “Toxic Gas  
4 Removal and Air Conditioning System for Human Life Support in Enclosed Refuge Spaces” (the  
5 “Gas Scrubbing” system), U.S. Patent Application No. US2012/0304866A1; and “Gas Monitoring  
6 System with Oxygen Control for Human Life Support in Enclosed Refuge Space” (the “Gas  
7 Monitoring” system), U.S. Patent Application No. US2013/0153060A1.<sup>8</sup> According to Barrett, his  
8 purpose in disclosing these inventions and later assigning all patent rights in these inventions was  
9 not to satisfy any obligation to VDSI under Section 3.2 of the Inventions Agreement, as the  
10 Ventures claim, but rather as part of a separate joint venture he agreed to with VCL, VDSI’s parent  
11 corporation.<sup>9</sup> In any event, after VDSI terminated Barrett in 2013, Barrett asserted that his patent  
12 assignments to VCL were not effective.<sup>10</sup>

13  
14 The Ventures then filed suit for a declaration that Barrett has no ownership or other rights  
15 in either the patent or the patent applications.<sup>11</sup> Barrett counterclaimed, alleging: breach of  
16 fiduciary duty arising from a joint venture; repudiation of a joint venture; conversion; breach of  
17 contract; breach of the implied covenant of good faith and fair dealing; unjust enrichment;  
18  
19  
20  
21

22 <sup>7</sup> See Docket No. 11 at 3.4.

23 <sup>8</sup> See Docket No. 11 at 3.1-3.3.

24 <sup>9</sup> See *id.* at 3.8. During the course of this case, the Patent and Trademark Office issued U.S. Patent  
25 Application No. US20120304866A1 as U.S. Patent No. 8,858,688. See Docket No. 86 at 1 n.1.

26 <sup>10</sup> See Docket No. 1 at ¶¶ 2, 23; Docket No. 66 at 13; Docket No. 87 at 17.

27 <sup>11</sup> See Docket No. 1.

1 constructive fraud and actual fraud.<sup>12</sup> Each counterclaim seeks as its remedy one-half of profits  
2 that the Ventures made based on sales of products embodying the inventions.<sup>13</sup>

3 **II.**

4 This court has jurisdiction under 28 U.S.C. §§ 1331, 1367 and 2201. The parties have  
5 consented to magistrate judge jurisdiction under 28 U.S.C. § 636(c) and Fed. R. Civ. P. 72(a).

6 Pursuant to Fed. R. Civ. P. 56(a), the “court shall grant summary judgment if the movant  
7 shows that there is no genuine dispute as to any material fact and the movant is entitled to  
8 judgment as a matter of law.”<sup>14</sup> At the summary judgment stage, the court “does not assess  
9 credibility or weigh the evidence, but simply determines whether there is a genuine factual issue  
10 for trial.”<sup>15</sup> Material facts are those that may affect the outcome of the case.<sup>16</sup> A dispute as to a  
11 material fact is genuine if there is sufficient evidence for a reasonable jury to return a verdict for  
12 the nonmoving party.<sup>17</sup>

13 **III.**

14 A fundamental issue underlying each of the Venture’s claims is whether Barrett assigned to  
15 VDSI all his rights in the patent and applications when he executed the Inventions Agreement. To  
16 be sure, the evidence is undisputed that Barrett worked on his inventions during his term of  
17

18  
19  
20  
21 

---

<sup>12</sup> See Docket No. 11.

22 <sup>13</sup> See Docket No. 38 at 54-55, ¶¶ 8.1-8.5 (describing the relief sought).

23 <sup>14</sup> Fed. R. Civ. P. 56(a).

24 <sup>15</sup> *House v. Bell*, 547 U.S. 518, 559–60 (2006).

25 <sup>16</sup> See *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986) (“Only disputes over facts that  
26 might affect the outcome of the suit under the governing law will properly preclude the entry of  
summary judgment. Factual disputes that are irrelevant or unnecessary will not be counted.”).

27 <sup>17</sup> See *id.*

1 employment. Barrett all but concedes this point in his papers.<sup>18</sup> Under Section 3.1 of the  
2 agreement, Barrett therefore was obligated to disclose the invention to VDSI, which it is  
3 undisputed that he did. It also is undisputed that under Section 3.2, Barrett assigned all such  
4 inventions unless otherwise precluded by law from doing so.<sup>19</sup> But it is genuinely disputed  
5 whether Barrett was precluded under Section 2870 from assigning his inventions because he  
6 developed them entirely on his own time and they did not relate to VDSI's business at the time he  
7 conceived them or reduced them to practice. As with key disputes underlying Barrett's waiver,  
8 estoppel, forfeiture, laches, statute of limitations and choice of law defenses, as well as his  
9 counterclaims, these genuine disputes as to preclusion of assignment require a trial to resolve.<sup>20</sup>

11 *First*, there is a genuine dispute whether under Section 2870 Barrett developed his  
12 inventions entirely on his own time. Barrett offers substantial evidence that he both conceived and  
13 reduced to practice all three inventions before he began working at VDSI. Beyond his declaration  
14 to that effect,<sup>21</sup> in 2006, during the initial patenting process of MineTracer, he wrote into a

16 \_\_\_\_\_  
17 <sup>18</sup> See Docket No. 81 at 16:15.

18 <sup>19</sup> See *DDB Techs. LLC v. MLB Advanced Media, L.P.*, 517, F.3d 1284, 1290 (Fed. Cir. 2008).

19 <sup>20</sup> California law including Section 2870 applies to Barrett, the Inventions Agreement and all the  
20 claims and counterclaims at issue. Section 5.1 of the agreement explicitly recites that it "shall be  
21 construed and governed by the laws of the State of California." Barrett nevertheless contends that  
22 Washington law governs the agreement, and that Washington law invalidates the agreement's  
23 automatic assignment of inventions. To resolve such disputes, the Ninth Circuit requires that trial  
24 courts look to the law of the forum state—here, California—in applying choice of law principles.  
25 See, e.g., *Hatfield v. Halifax PLC*, 564 F.3d 1177, 1182 (9th Cir. 2009). Under California law, a  
26 choice of law clause will be enforced if either there is a substantial relationship between California  
27 and the parties or if any other reasonable basis for the choice of California law exists. See, e.g., *id.*  
28 (enforcing a choice of law clause on behalf of a third party beneficiary as to all claims). VDSI is a  
California corporation, thus satisfying the substantial relationship test. *Id.* at 1183. And Barrett  
can identify no existing contrary indication that the parties' choice of California law was otherwise  
unreasonable. See, e.g., *Gravquick A/S v. Trimble Nav. Int'l*, 323 F.3d 1219, 1224 (9th Cir. 2003)  
(finding the application of California law to a contract involving a California corporation but  
performed partially in California and partially elsewhere was not unreasonable).

<sup>21</sup> See Docket No. 83 at ¶ 12.

1 disclosure to the Ventures’ patent counsel: “I have conceived and reduced the core invention to  
2 practice on my own time, and with my own resources. Venture has agreed to help develop it  
3 further for commercialization.”<sup>22</sup> No response disputing the claim was tendered.

4 On December 17, 2008, VCL offered and Barrett signed an assignment of Barrett’s rights to  
5 VCL for the MineTracer Tracker system. This was to be an exchange for consideration.<sup>23</sup> In their  
6 proffered contract, VCL represented to Barrett that it “wishe[d] to acquire” his entire right, title,  
7 and interest in his application, inventions and any patents.<sup>24</sup> There was no mention of any  
8 mandatory assignment obligation. The contract reads: “NOW THEREFORE, for good and  
9 valuable consideration acknowledged by said Assignor to have been received in full from as  
10 Assignee: 1. Said Assignor does hereby sell, assign, transfer, and convey to said Assignee, the  
11 entire right, title, and interest . . .” in all of Barrett’s patents.<sup>25</sup> The parties agreed that this  
12 assignment was to be effective January 1, 2008.<sup>26</sup> Soo Hiong, VCL’s director, accepted this  
13 assignment as written.<sup>27</sup> VCL recorded this formal written assignment on January 25, 2011 in the  
14 United States Patent and Trademark Office, identifying the date of assignment as the date of the  
15 assignment contract—December 17, 2008.<sup>28</sup> The same contract was redone and recorded a second  
16 time.<sup>29</sup>

---

20 <sup>22</sup> Docket No. 83 at ¶ 17, Docket No. 83-1 at Ex. 1-15 at ¶ 26.

21 <sup>23</sup> See Docket No. 83-2, Ex. 1-44 at ¶ 43.

22 <sup>24</sup> See *id.*

23 <sup>25</sup> *Id.* at ¶ 1.

24 <sup>26</sup> See *id.* at ¶ 43; *id.* at Ex. 1-45 at ¶ 5.

25 <sup>27</sup> See *id.* at Ex. 1-46 at ¶ 46.

26 <sup>28</sup> See *id.* at Ex. 1-15 at ¶ 47-48.

27 <sup>29</sup> See *id.* at Ex. 1-60 at ¶ 50.

1 Five years later, in a January 14, 2011 email chain, VCL corporate IP counsel Cathryn  
2 Chang reminded Barrett of confidentiality needs for what she characterized as “your invention,”  
3 and discussing e.g. “if you disclosed your idea in a public setting before filing a patent, you lost the  
4 rights to a PCT patent coverage,” “disclose your invention,” and “when sharing your invention.”<sup>30</sup>  
5 On May 24, 2011, the Ventures’ outside patent counsel Craig Stainbrook, VCL corporate counsel  
6 Angeline Khoo, and Chang, with all communication copied to VCL Executive Vice President and  
7 VDSI President Lee Ghai Keen, confirmed with each other and with Barrett that no contractual  
8 obligation existed requiring Barrett to assign his inventions to VDSI.<sup>31</sup> In this communication,  
9 Stainbrook made it clear to all parties that if any assignment obligation to VDSI existed, it could  
10 not be bypassed in the ensuing contractual process between Barrett and VCL.<sup>32</sup> Barrett replied, “I  
11 know of no reason that I am contractually obligated to assign first to VDSI.”<sup>33</sup> This was forwarded  
12 to VDSI’s Bob Armantrout. Armantrout did not challenge Barrett’s statement. Barrett tenders  
13 similar evidence regarding the two other inventions.  
14

15  
16 Even certain evidence offered by the Ventures supports the notion that Barrett developed  
17 the invention before joining VDSI. In particular, under the agreement, Barrett had an option he did  
18 not exercise “to attach to Schedule 3.5B of this Agreement a brief description of all Inventions  
19 made or conceived by me prior to my employment with the Company which [Barrett] desire[s] to  
20 be excluded from this Agreement.”<sup>34</sup> If one only need exclude what is subject to the agreement,  
21 that Barrett did not attach anything is consistent with the inventions not being subject to the  
22

23 <sup>30</sup> Docket No. 83 at ¶ 27, Docket No. 83-9 at Ex. 5-15.

24 <sup>31</sup> See Docket No. 83 at ¶¶ 18, 20, 21; Docket No. 83-10, Ex. 6-1, 6-2; Docket No. 63-1, at 1, 2.

25 <sup>32</sup> *Id.* at 19.

26 <sup>33</sup> Docket No. 83-10, Ex. 6-1 at 11:30 a.m.

27 <sup>34</sup> Docket No. 1-4 at 2-3, 6.  
28



1 agreement in the first place.<sup>35</sup> A jury hearing this could reasonably conclude that Barrett developed  
2 the invention before joining VDSI and therefore entirely on his own time.

3 The Ventures counter with other evidence that Barrett worked to commercialize the  
4 inventions well after he joined VDSI.<sup>36</sup> But commercialization of inventions after they are  
5 developed is not the same as development of the inventions themselves for purposes of Section  
6 2870.<sup>37</sup> Other evidence offered by the Ventures might carry the day in proving that Barrett did  
7 more than just commercialize his inventions while working at VDSI.<sup>38</sup> A reasonable jury need not,  
8 however, accept only the evidence of one party and not the others.

9  
10 **Second**, there is a genuine dispute under Section 2870 whether Barrett’s inventions related  
11 to VDSI’s business at the time of conception or reduction to practice. Even assuming that Section  
12 2870 contemplates such a relationship before the inventor begins work for his employer,<sup>39</sup> the  
13 record here is decidedly mixed. VDSI’s business did not include any mining products or  
14 technology.<sup>40</sup> While the Ventures are right that California courts have interpreted the “related to”  
15 phrase in Section 2870 broadly,<sup>41</sup> a reasonable jury could conclude that at the time of Barrett’s  
16

17  
18 <sup>35</sup> See also Docket No. 64-4 at 156:19-157:81 (Barrett testifying at deposition that none of the  
19 essential components of his inventions was developed after he joined VDSI).

20 <sup>36</sup> See, e.g. Docket No. 64-4 at 61:4-10, 77:24-79: 64-1 at 8:25-9:6.

21 <sup>37</sup> See *Applera Corp.--Applied Biosystems Group v. Illumina, Inc.*, Case No. 3:07-CV-2845-WHA,  
22 Docket No. 88 at 7 (N.D. Cal. Jan. 17, 2008), *aff’d*, 375 Fed. Appx. 12 (Fed. Cir. 2010).

23 <sup>38</sup> See, e.g. Docket No. 64-4 at 202:3; Docket No. 64-6 at BAR 150, 154; Docket No. 64-7 at 5;  
24 Docket No. 64-8 at BAR 75, 82-83.

25 <sup>39</sup> Cf. *Cadence Design Sys., Inc.*, Case No. 3:07-cv-00823-MHP, 2007 U.S. Dist. LEXIS 83078, at  
26 \*17-19 (N.D. Cal. Nov. 8, 2007) (employee invention developed during term of employment);  
27 *Iconix, Inc. v. Tokuda*, 457 F. Supp. 2d 969, 991-2 (N.D. Cal. 2006) (same).

28 <sup>40</sup> See Docket No. 83 at ¶¶ 4-6, 9-10.

<sup>41</sup> See e.g., *Cubic Corp. v. Marty*, 185 Cal. App. 3d 438, 452 (1986).

1 conception and reduction to practice, the inventions were so untethered to VDSI's back-end remote  
2 monitoring technologies that they did not relate.

3 *Third*, Barrett's affirmative defenses and counterclaims similarly require a trial. At the  
4 heart of each is Barrett's contention that he entered into a joint venture with VCL as consideration  
5 for his assignments of patent rights. "The three basic elements of a joint venture are: (1) the  
6 members must have joint control over the venture (even though they may delegate it); (2) the  
7 members must share the profits of the undertaking; and (3) the members must each have an  
8 ownership interest in the enterprise."<sup>42</sup>

9  
10 The parties again offer mixed evidence on genuinely disputed issues. Barrett offers his take  
11 on the evidence, especially deposition testimony from Lee that does not dispute the existence of the  
12 joint venture: "[a]ll reasonable inferences from this evidence show an undertaking between the  
13 parties to carry out a single enterprise for profit. Barrett would develop the technologies and  
14 generate revenue, and VCL would provide funding, all in the expectations of recovering 'millions  
15 of dollars of profit.'"<sup>43</sup> Meanwhile, Lee and other VDSI and VCL executives most actively  
16 engaged with Barrett during the relevant time offer a different take.<sup>44</sup> Similarly, while Barrett  
17 points to evidence of the Ventures' history of handshake deals, the Ventures point to their practice  
18 of papering such deals and the absence of even a single document evidencing the alleged venture.<sup>45</sup>  
19 Finally, Barrett asserts that "VCL initially had no ownership interest in the enterprise, as reflected  
20  
21

22 \_\_\_\_\_  
23 <sup>42</sup> *McKay v. Hageseth*, Case No. 3:06-cv-1377-MMC, 2007 U.S. Dist. LEXIS 66301 at \*13 (N.D.  
24 Cal. Sept. 7, 2007) (quoting *Jeld-Wen, Inc. v. Superior Court*, 131 Cal. App. 4th 853, 32 Cal. Rptr.  
25 3d 351 (2005) (internal quotation and citation omitted)); *accord, In re Yan*, 381 B.R. 747, 753  
(N.D. Cal. 2007).

26 <sup>43</sup> Docket No. 66 at 27.

27 <sup>44</sup> *See* Docket No. 86-3 at ¶ 3; Docket No. 86-4 at ¶¶ 9, 11.

28 <sup>45</sup> *See* Docket No. 86-4 at ¶ 10.

1 by the assignments, until Barrett gave VCL ownership rights by assignment.”<sup>46</sup> As discussed  
2 above, a reasonable jury could find that, because Section 2870 does not apply, Barrett assigned his  
3 inventions by operation of the Inventions Agreement.

4 The waiver, laches and limitations defense further require a trial because of, at a minimum,  
5 the genuinely disputed issue of whether Barrett gave notice that he was acting as a joint venturer  
6 and not a VDSI employee.<sup>47</sup>

7  
8 **Fourth**, there are genuinely disputed issues regarding Barrett’s damages claims. Where a  
9 jury finds that a joint venture exists between a plaintiff and defendants, where the proceeds from  
10 that venture were to be divided in a particular manner, and where one party wrongfully repudiated  
11 or breached the agreement and converted all of the joint venture assets to themselves, and excluded  
12 the other party therefrom, then recovery at law is for all of the damages which result, including  
13 damages for profits which were “prevented” by the wrongful action.<sup>48</sup> The party who is excluded  
14 recovers not only his interest, “*but also his share of the profits which might have been made during*  
15 *the term.*”<sup>49</sup>

16  
17 The Ventures seek summary judgment based on what they say is undisputed evidence that  
18 they never made a profit on the inventions. In fact, with respect to Refuge Life Support products,  
19 the Ventures claim to have never made a commercial sale.<sup>50</sup> But Barrett points to evidence from  
20 the Ventures’ own Rule 30(b)(6) witness that confirms that suggests as early as 2007, VCL had  
21 recovered all its investment from sales except for \$700,000 and that from then until 2013, there

22  
23 <sup>46</sup> Docket No. 66 at 27.

24 <sup>47</sup> Cf. Docket No. 69 at 7-15; Docket No. 83-10, Ex. 6-1 at 11:30 a.m.

25 <sup>48</sup> See *Gherman v. Colburn*, 72 Cal. App. 3d 544, 562, 557, 561 (1977).

26 <sup>49</sup> *Id.* at 562 (emphasis in original).

27 <sup>50</sup> See Docket No. 64-9 at 26:14-22, 39:6-10, 85:7-11, 99:22-100:1; Docket No. 64-10 at 177:22-  
28 178:9.

1 were another \$11.6 million in MineTracer sales.<sup>51</sup> With respect to the RLS products, Barrett offers  
2 evidence of pre-sales distribution rights that VCL sold in July 2013.<sup>52</sup> While the Ventures offer  
3 their take on this evidence,<sup>53</sup> a reasonable jury could reject this take in favor of Barrett's.

4 *Fifth*, there is no basis upon which to exclude Hampton's expert testimony. Expert  
5 testimony is generally admissible if it is supported by the record<sup>54</sup> and by a preponderance of the  
6 evidence,<sup>55</sup> is relevant,<sup>56</sup> reliable<sup>57</sup> and assists the trier of fact.<sup>58</sup> Once an expert meets the  
7 threshold that Fed. R. Evid. 702 establishes, the expert may testify and it is up to the jury to decide  
8 how much weight to give that testimony.<sup>59</sup>

9  
10  
11  
12 <sup>51</sup> See Docket No. 82-1, Ex. 1 at 64:16-25; 189:20-190:19.

13 <sup>52</sup> See Docket No. 66 at 13, n.1.

14 <sup>53</sup> See, e.g., Docket No. 61-1 at ¶¶ 8-9; Docket No. 63-1 at 6.

15 <sup>54</sup> See *Russell v. Sullivan*, 930 F.2d 1443, 1445 (9th Cir. 1991) ("If the assumptions in the  
16 hypothetical are not supported by the record, the vocational expert's opinion that a claimant is  
17 capable of working has no evidentiary value"); *California Diesel & Equipment, Inc. v. Sun  
Exploration & Production Co.*, Case Nos. 89-cv-55623, 89-55720, 1990 U.S. App. LEXIS 19785  
18 at \*15 (9th Cir. Nov. 7, 1990 ("[E]xpert testimony provides sufficient proof only if it is 'based  
19 upon tangible evidence rather than mere speculation or hypotheses.'").

20 <sup>55</sup> See *Bourjaily v. United States*, 483 U.S. 171, 175-76 (1988).

21 <sup>56</sup> See *Daubert v. Merrell Dow Pharms.*, 509 U.S. 579, 590 (1993) (holding proposed testimony  
22 must "logically advance a material aspect of the proposing party's case").

23 <sup>57</sup> See Fed. R. Evid. 702 ("if (1) the testimony is based upon sufficient facts or data, (2) the  
24 testimony is the product of reliable principles and methods, and (3) the witness has applied the  
25 principles and methods reliably to the facts of the case"); *Daubert v. Merrill Dow Pharm., Inc.*, 43  
26 F.3d 1311, 1315 (9th Cir. 1995) (citing *Kumho Tire Co., Ltd. V. Carmichael*, 526 U.S. 137, 149  
27 (1999) (requiring only a "reliable basis in the knowledge and experience of the relevant  
28 discipline") (citations and alterations omitted).

<sup>58</sup> See *United States v. Freeman*, 498 F.3d 893, 905 (9th Cir. 2007) ("Rule 702 'makes inadmissible  
expert testimony as to a matter which obviously is within the common knowledge of jurors because  
such testimony, almost by definition, can be of no assistance'") (quoting *Scott v. Sears, Roebuck &  
Co.*, 789 F.2d 1052, 1055 (4th Cir. 1986)).

<sup>59</sup> See *Primiano v. Cook*, 598 F.3d 558, 565 (9th Cir. 2010); *Messick v. Novartis Pharm. Corp.*, 747  
F.3d 1193, 1196 (9th Cir. 2014 (applying FRE 702 with a "liberal thrust favoring admission").

1 Even as they acknowledge his general qualifications as a forensic accountant,<sup>60</sup> the  
2 Ventures object that Hampton<sup>61</sup> uses methodologically unsound simple math based on unrealistic  
3 speculation and conjecture from Barrett himself.<sup>62</sup> The Ventures are particularly concerned with  
4 Hampton's reliance on contingent offers and sales commitments in calculating lost profits owed to  
5 Barrett, especially if Barrett characterizes Hampton's testimony as a valuation of the inventions.<sup>63</sup>  
6 But contingencies in offers do not necessarily render expert evidence unreliable or inadmissible.<sup>64</sup>  
7 Barrett characterizes the projections as offers VCL could have taken advantage of, even if they did  
8 not.<sup>65</sup> Hampton based his testimony on tangible evidence: written letters, memoranda of  
9 understanding, and VCL's own published figures and facts.<sup>66</sup> His opinions are relevant to the  
10 calculation of joint future damages.<sup>67</sup> While the Ventures have identified a number of flaws in  
11 Hampton's analysis, none renders the analysis so unreliable that exclusion under Rule 702 is  
12 required. Any flaws in Hampton's testimony are properly challenged through cross-examination at  
13 trial.<sup>68</sup>  
14  
15  
16

---

17 <sup>60</sup> See Docket No. 88 at 4.

18 <sup>61</sup> See Docket No. 65-2.

19 <sup>62</sup> See Docket No. 65 at 2, 5, 8, 10-14.

20 <sup>63</sup> See Docket No. 88 at 3.

21 <sup>64</sup> See *Navarro v. Perron*, 19 Cal. Rptr. 3d 198, 201 (2004) (citing *Gherman*, 72 Cal. App. 3d at  
22 562).

23 <sup>65</sup> See Docket No. 84 at 8, 17; *contra Vestar Dev. II, LLC v. Gen. Dynamics Corp.*, 249 F.3d 958,  
24 962 (9th Cir. 2001) (regarding good faith negotiation efforts).

25 <sup>66</sup> See Docket No. 84 at 7.

26 <sup>67</sup> See *id.*

27 <sup>68</sup> The court sustains the Ventures' objections to legal arguments in Hampton's declaration, *see*  
28 Docket No. 85, as well as Hampton's undisclosed reliance on Bret Romrell, *see* Docket No. 65-2.  
The court relies on neither in this order. All other evidentiary objections are overruled.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

IV.

The parties shall appear for a final pretrial conference as previously scheduled on January 13, 2015 at 10:00 a.m. Trial will commence on January 26, 2015 at 9:00 a.m.

**SO ORDERED.**

Dated: December 17, 2014

  
\_\_\_\_\_  
PAUL S. GREWAL  
United States Magistrate Judge