

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
NORFOLK DIVISION**

I/P ENGINE, INC.

Plaintiff,

v.

Civil Action No. 2:11-cv-512

AOL, INC., *et al.*,

Defendants.

**MEMORANDUM IN SUPPORT OF MOTION IN LIMINE #2 TO EXCLUDE
EVIDENCE OF ENTIRE MARKET VALUE OF ACCUSED PRODUCTS AND OF
DEFENDANTS' SIZE, WEALTH AND OVERALL REVENUES**

Plaintiff may attempt to introduce evidence of the entire market value of the accused products or of Defendants' size, wealth, and overall revenues to sway the jury's sympathy and/or to somehow bolster its damages claims. Such evidence should be excluded as irrelevant to Plaintiff's allegations and damages claims, and as unfairly prejudicial to Defendants Google Inc. ("Google"), Target Corp. ("Target"), IAC Search & Media Inc. ("IAC Search"), Gannett Co., Inc. ("Gannett"), and AOL Inc. ("AOL"). The entire market value of the accused products and Defendants' size, wealth, and overall revenues have no bearing on any issue in this case. The only possible motive for Plaintiff to introduce this evidence is to improperly make Plaintiff's damages demand appear more reasonable by comparison to overall revenues, and to bias the jury against Defendants based on Defendants' status as large and profitable corporations. Plaintiff should not be permitted to do so.

PLAINTIFF SHOULD BE PRECLUDED FROM OFFERING EVIDENCE OF ENTIRE MARKET VALUE, SIZE, WEALTH, OR OVERALL REVENUES

Plaintiff should be precluded from referring to the overall revenues of the accused products, Google AdWords, AdSense for Search (including AOL's Search Marketplace and all Defendants' use of AdSense for Search), and AdSense for Mobile Search. (D.N. 203.) A patentee cannot reference the entire market value of an accused product, even as a "check" on the reasonableness of a damages calculation, unless it demonstrates that the patented features form "the basis – or even a substantial basis – of the consumer demand" for the products. *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1338 (Fed Cir. 2009) (vacating damages award where jury improperly considered entire market value of product); *see also Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1319 (Fed. Cir. 2011) (upholding trial court's determination that new trial on damages necessary due to improper admission of entire market value of product).

Plaintiff has never alleged that the patented features form a substantial basis of the consumer demand of the accused products. Therefore any reference to the entire market value of the accused products has no bearing on the issues of this case and can only serve to improperly prejudice the jury. Allowing reference to the entire market value "cannot help but skew the damages horizon for the jury, regardless of the contribution of the patented component to this revenue." *Uniloc*, 632 F.3d at 1320. "Admission of such overall revenues, which have no demonstrated correlation to the value of the patented feature alone, only serve to make a patentee's proffered damages amount appear modest by comparison, and to artificially inflate the jury's damages calculation." *LaserDynamics, Inc. v. Quanta Computer, Inc.*, --- F.3d ---, Nos. 2011-1440, 2011-1470, 2012 WL 3758093, *12 (Fed. Cir. Aug. 30, 2012) (upholding trial court's exclusion of evidence of entire market value). Any evidence related to the overall market value of the accused products should be excluded as substantially more prejudicial than probative.

Plaintiffs should also be precluded from referring to Defendants' size, wealth, or overall (including daily, quarterly, or yearly) revenues. Evidence of a defendant's net worth and wealth

is "totally irrelevant to the issue of compensatory damages." *Burke v. Deere & Co.*, 6 F.3d 497, 513 (8th Cir. 1993). Indeed, arguments regarding a party's wealth, size, and corporate status in an effort to bias the jury have been found to constitute prejudicial error. *See Draiper v. Airco, Inc.*, 580 F.2d 91, 95 (3rd Cir. 1978) (granting a new trial in part because "[c]ounsel repeatedly made reference to the wealth of the defendants in contrast to the relative poverty of the plaintiff"). References to a party as a "wealthy, thriving, large company" and references to a company's finances and size have been held irrelevant and excluded at the motion *in limine* stage. *Cooper Tire and Rubber Co. v. Farese*, 2008 WL 5382416, at *3 (N.D. Miss. Dec. 19, 2008).

Here, evidence of Defendants' size, wealth, and overall revenues should be excluded because it has no probative value, and there is a danger that the jury might set damages based on Defendants' ability to pay. *Igo v. Coachmen Industries, Inc.*, 938 F.2d 650, 653 (6th Cir. 1991) (granting new trial based in part on counsel's reference to defendant's wealth, "obviously to demonstrate that [defendant] could pay a big verdict"). Such irrelevant evidence could also lead to jury confusion regarding the appropriate revenue base for any damages analysis. Fed. R. Evid. 403.

For the foregoing reasons, Defendants respectfully ask this Court to exclude any mention of or reference to the entire market value of the accused products and Defendants' size, wealth, and overall revenues.

DATED: September 21, 2012

/s/ Stephen E. Noona

Stephen E. Noona
Virginia State Bar No. 25367
KAUFMAN & CANOLES, P.C.
150 West Main Street, Suite 2100
Norfolk, VA 23510
Telephone: (757) 624.3000
Facsimile: (757) 624.3169
senoona@kaufcan.com

David Bilsker
David A. Perlson
QUINN EMANUEL URQUHART &

SULLIVAN, LLP
50 California Street, 22nd Floor
San Francisco, California 94111
Telephone: (415) 875-6600
Facsimile: (415) 875-6700
davidbilsker@quinnmanuel.com
davidperlson@quinnmanuel.com

*Counsel for Google Inc., Target Corporation,
IAC Search & Media, Inc., and Gannett Co., Inc.*

By: /s/ Stephen E. Noona
Stephen E. Noona
Virginia State Bar No. 25367
KAUFMAN & CANOLES, P.C.
150 W. Main Street, Suite 2100
Norfolk, VA 23510
Telephone: (757) 624-3000
Facsimile: (757) 624-3169

Robert L. Burns
FINNEGAN, HENDERSON, FARABOW, GARRETT &
DUNNER, LLP
Two Freedom Square
11955 Freedom Drive
Reston, VA 20190
Telephone: (571) 203-2700
Facsimile: (202) 408-4400

Cortney S. Alexander
FINNEGAN, HENDERSON, FARABOW, GARRETT &
DUNNER, LLP
3500 SunTrust Plaza
303 Peachtree Street, NE
Atlanta, GA 94111
Telephone: (404) 653-6400
Facsimile: (415) 653-6444

Counsel for Defendant AOL Inc.

CERTIFICATE OF SERVICE

I hereby certify that on September 21, 2012, I will electronically file the foregoing with the Clerk of Court using the CM/ECF system, which will send a notification of such filing (NEF) to the following:

Jeffrey K. Sherwood
Kenneth W. Brothers
DICKSTEIN SHAPIRO LLP
1825 Eye Street NW
Washington, DC 20006
Telephone: (202) 420-2200
Facsimile: (202) 420-2201
sherwoodj@dicksteinshapiro.com
brothersk@dicksteinshapiro.com

Donald C. Schultz
W. Ryan Snow
Steven Stancliff
CRENSHAW, WARE & MARTIN, P.L.C.
150 West Main Street, Suite 1500
Norfolk, VA 23510
Telephone: (757) 623-3000
Facsimile: (757) 623-5735
dschultz@cwm-law.cm
wrsnow@cwm-law.com
sstancliff@cwm-law.com

Counsel for Plaintiff, I/P Engine, Inc.

/s/ Stephen E. Noona

Stephen E. Noona
Virginia State Bar No. 25367
KAUFMAN & CANOLES, P.C.
150 West Main Street, Suite 2100
Norfolk, VA 23510
Telephone: (757) 624.3000
Facsimile: (757) 624.3169
senoona@kaufcan.com