

EXHIBIT 7

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
NORFOLK DIVISION

I/P ENGINE, INC.,

Plaintiff,

v.

AOL, INC.,
GOOGLE INC.,
IAC SEARCH & MEDIA, INC.,
GANNETT COMPANY, INC., and
TARGET CORPORATION,

Defendants.

Civil Action No. 2:11-cv-512-RAJ



REBUTTAL EXPERT REPORT OF KEITH R. UGONE, PH.D.

August 29, 2012

161. [REDACTED]

162. By using the Accused Products' worldwide revenues (for the time periods stated above) to calculate the royalty base, Dr. Becker significantly overstated the claimed royalty base. Dr. Becker himself acknowledged that should "Google clarify or produce additional or updated information, I [Dr. Becker] reserve the right to revise my calculation of the royalty base as necessary."⁴³⁵ Dr. Becker's use of worldwide revenues had a significant impact on the claimed royalty base and claimed royalty damages. It appears Dr. Becker chose not to estimate U.S. revenues for the Accused Products for the time periods over which such information was not available to him.

163. [REDACTED]

⁴³⁵ Becker Report, p. 16.

⁴³⁶ Defendant Google Inc.'s First Supplemental Response to Plaintiff I/P Engine, Inc.'s Fourth Set of Interrogatories dated August 29, 2012. It is my understanding that AdSense for Mobile Search launched in January 2009.

[REDACTED]

[REDACTED]

[REDACTED] takes into account Dr. Becker's overstatement of the accused revenues but does not adjust for the numerous other errors committed by Dr. Becker.

B. Dr. Becker's Apportionment Of The Accused Revenues Is Overstated And Unreliable

164. Dr. Becker stated that he apportioned Google's Accused Product revenues in an attempt to "arrive at a royalty base that most closely reflects the revenues attributable to the accused system implemented by Google in 2004."⁴³⁷ However, Dr. Becker used an unreliable method to apportion the accused revenues in his calculation of the claimed royalty base. In addition, Dr. Becker failed to limit the apportioned royalty base to revenues associated with the Accused Functionality. Dr. Becker also failed to exclude revenues associated with incremental improvements made by Google. As a result, Dr. Becker significantly overstated the claimed apportionment factors and resulting claimed royalty base.

1. Dr. Becker's Apportionment Methodology Is Unreliable

165. As discussed earlier in my report, it appears that Dr. Becker arrived at his claimed apportionment factors through visual inspection of bar charts included in the appendix of a draft Google presentation dated June 26, 2006.⁴³⁸ The document is entitled "Revenue Force" and has "Key Revenue Drivers," "Trend," "Forecasts," and "Issues" as subtitles/topics. Dr. Becker did not explain why he relied upon this single draft document

⁴³⁷ Becker Report, pp. 6 and 53. *See also* Becker Report, Exhibit SLB-18.

⁴³⁸ Becker Report, pp. 17 – 18 and Exhibit SLB-18. *See also* G-IPE-0484319 – 386 at 355 – 356.

Exhibit 6

Exhibit 9







