

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

I/P ENGINE, INC.

Plaintiff,

v.

AOL, INC., *et al.*,

Defendants.

Civil Action No. 2:11-cv-512

**DEFENDANTS' OPPOSITION TO PLAINTIFF I/P ENGINE'S FIRST MOTION IN
LIMINE TO EXCLUDE INADMISSIBLE EVIDENCE**

Plaintiff I/P Engine, Inc. ("I/P Engine") has asked the Court to preclude evidence of, reference to, or suggestion of nine broad categories of evidence during the trial of this case:

- 1) the reexamination of U.S. Patent No. 6,314,420;
- 2) offers for, negotiations concerning, and sale of the patents-in-suit;
- 3) the fee arrangement between Plaintiff and counsel;
- 4) claim construction arguments not adopted by the Court;
- 5) claims and patents no longer asserted and products no longer accused;
- 6) terms describing Plaintiff's failure to practice the inventions claimed in the patents;
- 7) testimony or evidence beyond the scope of the discussion and analysis in expert reports;
- 8) reference to disputes between parties; and
- 9) reference to courtroom observers or jury consultants.

Plaintiff's overbroad motion seeks to hamper Defendants' ability to present a comprehensive case concerning, at least, invalidity (request 1), non-infringement (request 5), or damages (requests 2, 5, 6). Defendants ask that the Court deny this motion as to requests 1, 2, and 5, and

grant in part and deny in part as to requests 3, 4, 6, 7, 8, and 9 as detailed below.¹ Defendants ask that to the extent that the Court grants request 3, 4, 5, 7, 8, or 9, the Court also preclude Plaintiff from introduction of such evidence, testimony, or argument.

Argument

I. THE REEXAMINATION OF THE '420 PATENT IS RELEVANT TO ISSUES OF VALIDITY AND SHOULD NOT BE PRECLUDED.

The U.S. Patent and Trademark Office ("PTO") granted Google's request for ex parte reexamination of U.S. Patent No. 6,314,420 ("the '420 patent") on July 18, 2012 finding that a substantial new question of patentability affecting the asserted claims is raised by certain prior art references, including U.S. Patent No. 6,202,058 ("Rose") and Yezdezard Lashkari, "Feature Guided Automated Collaborative Filtering," MIT Masters Thesis (September 1995) ("Lashkari"). (Declaration of Margaret P. Kammerud in Support of Defendants' Opposition to Plaintiff's Motions *in Limine* ("Kammerud Dec."), Ex. A, 2, 6-7, 10.) On September 25, 2012, after Plaintiff filed this motion *in limine*, the PTO issued a non-final office action rejecting each of the asserted claims of the '420 patent as unpatentable over or anticipated by prior art references, including Rose and Lashkari. (Kammerud Dec., Ex. J.) Defendants' expert relies on these very references in his invalidity analysis. Accordingly, the USPTO has tentatively determined that two of Defendants' prior art references from this case invalidate the '420 patent. Such a determination lends credibility to Defendants' invalidity case. This evidence is certainly relevant to Defendants' case.

¹ Defendants offer a number of compromises in their opposition. The parties will meet and confer in good faith regarding the motions *in limine* and will advise the Court as to any agreements reached.

The presumption of validity is “a procedural device which places the burden of going forward with evidence and the ultimate burden of persuasion of invalidity at trial on the alleged infringer.” *New England Braiding Co., Inc. v. A.W. Chesterton Co.*, 970 F.2d 878, 882 (Fed. Cir. 1992). However, “the rationale for the presumption lies in the expertise of the PTO in making the technical factual determinations underlying the patent process.” *Tronzo v. Biomet, Inc.*, 950 F. Supp. 1149, 1154 (S.D. Fla. 1996) (*rev’d on other grounds*) (*citing Brooktree Corp. v. Advanced Micro Devices, Inc.*, 977 F.2d 1555, 1574-75 (Fed. Cir. 1992)). “The PTO’s decision to issue a patent is entitled to deference only to the extent that it is based on relevant facts and on correct principles of law.” *Id.* (*citing Plastic Container Corp. v. Continental Plastics of Okla., Inc.*, 708 F.2d 1554, 1558 (10th Cir. 1983)). If Plaintiff may argue that it should benefit from this presumption, then Google should be allowed to present evidence that the PTO has called into question its own “expertise . . . in making the technical factual determination underlying the patent process.” *Id.* These issues are more properly dealt with in vigorous cross-examination rather than pretrial motions *in limine*.

“Due Process mandates that a judicial proceeding give all parties an opportunity to be heard on the critical and decisive allegations which go to the core of the parties’ claim or defense and to present evidence on the contested facts.” *In re Complaint of Bankers Trust Co.*, 752 F.2d 874, 890 (3d Cir. 1984); *see also Thompson v. Madison County Board of Ed.*, 476 F.2d 676, 678 (5th Cir. 1973) (“Due process mandates that a judicial proceeding give the affected parties an opportunity to be heard on the allegations asserted in the complaint and to present evidence and argument on the contested facts and legal issues framed by the answer to the complaint.”). The presumption of validity places a heavy evidentiary burden on the accused infringer to prove invalidity by clear and convincing evidence. *Kegel Co., Inc. v. AMF Bowling, Inc.*, 127 F.3d

1420, 1429 (Fed. Cir. 1997). Due process requires that Google be permitted to meet that burden by presenting evidence that goes to the core of not only its invalidity defense, but the presumption itself. Defendants ask that they not be precluded from presenting evidence that the USPTO has granted a request for ex parte reexamination of the '420 patent.

However, if the Court is inclined to exclude evidence of the pending reexamination, Plaintiff should likewise be precluded from arguing the presumption of validity to the jury. This approach was implicitly endorsed by the Federal Circuit. *In Callaway Golf Co. v. Acushnet Co.*, 576 F.3d 1331, 1342-43 (Fed. Cir. 2009), the Federal Circuit affirmed a district court decision to exclude evidence of non-final PTO rejections but precluded the Plaintiff from “bolstering the validity of its patents” by putting forth evidence that “three patent examiners’ had concluded that they were valid.” The Federal Circuit did not hold that evidence concerning a reexamination should always be excluded, but rather that the trial court did not abuse its discretion in excluding it in that particular case. *Id.* at 1343. Here, given the PTO’s recent opening of a reexamination of the '420 patent, Plaintiff also should not be permitted to argue that the expertise of the PTO examiners who originally issued the patents means that the claims should be presumed valid.

II. OFFERS FOR, NEGOTIATIONS OVER, AND THE 2011 SALE OF THE PATENTS-IN-SUIT ARE RELEVANT AND ADMISSIBLE.

Defendants should be allowed to present evidence regarding offers for, negotiations over, and the purchase of the patents-in-suit, as such evidence bears directly on the reasonable royalty rate for this case. Indeed, Defendants’ expert relies upon this fact for this purpose. Further, while Plaintiff argues that even if it is relevant, the evidence is somehow “prejudicial,” Plaintiff provides no justification for this position. While the fact that Plaintiff [REDACTED] [REDACTED] is strong evidence that [REDACTED] [REDACTED] is without merit, that is not the type of “prejudice” to which Rule 403 is

directed. The sale price and negotiation bear directly on the value of the patents and the damages in this case.

A. Information About the Sale of the Patents-in-Suit Is Relevant to Defendants' Damages Case.

Plaintiff argues that the price Plaintiff paid in 2011 to purchase the patent portfolio that included the patents-in-suit is irrelevant to the reasonable royalty for a license under a *Georgia-Pacific* hypothetical negotiation. (D.N. 315, 6.) But Plaintiff provides no case law supporting its assertion that the sale of a patent-in-suit is not relevant to damages analysis.² This is because information about the sale of the patents is directly relevant under *Georgia-Pacific*. For example, in *Endress Hauser, Inc. v. Hawk Measurement Systems*, 892 F. Supp. 1123, 1131-32 (S.D. Ind. 1995), the court held “Where, as here, the current patent owner purchased the patent, the value of the consideration given in exchange for the patent may be relevant to the determination of a reasonable royalty because it may bear on the amount that might have been accepted by a prudent patentee who was engaging in a hypothetical licensing negotiation.” *See also, Integra Lifesciences I, Ltd. v. Merck KGaA*, 331 F.3d 860, 871 (Fed. Cir. 2003) (reversing the denial of a motion for judgment as a matter of law to overturn a \$15 million verdict because the verdict did not take into account factors including the plaintiff’s purchase of its predecessor-

² Plaintiff’s citation to *Transclean Corp. v. Bridgewood Services, Inc.*, 290 F.3d 1364 (Fed. Cir. 2002) is not instructive as that case discusses whether the portion of the sales price of a company consisting of goodwill, rather than tangible assets, could form the base for determining a reasonable royalty. Likewise, *Alcatel USA, Inc. v. Cisco Systems, Inc.* 239 F. Supp. 2d 660 (E.D. Tex. 2002) is irrelevant in that it considers the value of trade secrets in a case in which the plaintiff’s damages theory rested solely on speculative assumptions and estimations. In that case, the plaintiff sought to inflate its claimed damages in a trade secrets case to over half a billion dollars in damages by attributing the entire purchase price of a company to the trade secrets it had misappropriated, which the court reasoned “contravenes fundamental notions of reasonableness.” *Id.* at 668-71. In contrast, Defendants’ damages theory in this case relies on concrete evidence and the detailed analysis of Dr. Ungar.

in-interest, “together with all of its products, patents [including the patents-in-suit] and know-how,” for \$20 million after the date of the hypothetical negotiation). And in *Personal Audio, LLC v. Apple, Inc.*, No. 9:09-cv-111, 2011 WL 3269330, at *10-11 (E.D. Tex. July 29, 2011), the court held that it was appropriate for the jury to give substantial weight to the inventor’s offer to sell the patent in suit. Also, in *Oracle America, Inc. v. Google, Inc.*, No. 10-03561, 2012 WL 877125, at *3 (N.D. Cal. Mar. 15, 2012), the court held that it was appropriate for the defendant’s damages expert to rely on the plaintiff’s valuation of an entire patent portfolio, including the patents-in-suit, at the time it acquired them.

B. The Hypothetical Negotiation Would Have Occurred in 2010, Not 2004.

Plaintiff focuses much of its argument against introduction of this relevant evidence on the seven year gap between its proposed hypothetical negotiation date and the 2011 sale of the patents by Lycos. (*See* D.N. 315, 6.) Initially, as explained in Defendants’ Motion to Exclude the Testimony of Stephen L. Becker, Plaintiff’s own supplemental infringement contentions show that the hypothetical negotiation actually would have occurred in 2010, not the 2004 date upon which Plaintiff makes its argument.³ (D.N. 320, 8-9.) Thus, evidence of the ultimate sale, and negotiations and offers preceding that sale, of the patents-in-suit in the 2009-2011 timeframe is highly relevant based on the correct date of the hypothetical negotiation.

Yet even if the hypothetical negotiation would have occurred in 2004 as Plaintiff asserts, evidence about the negotiation for and sale of the patents-in-suit is still relevant to the

³ Defendants do not believe that the date of the hypothetical negotiation is in dispute based on Plaintiff’s supplemental infringement contentions, but to the extent that Plaintiff intends to argue the negotiation would have occurred in 2004, Defendants disagree. This issue should go to the jury.

determination of a reasonable royalty rate.⁴ There is no rule that courts must limit their consideration to evidence in existence at the time of the hypothetical negotiation. *See, e.g., Fleming v. Escort, Inc.*, No. 09-105, 2012 WL 2254191, at *1 (D. Idaho June 15, 2012) (allowing introduction of evidence of licensing deals made three and five years after the hypothetical negotiation because “the case law sets up no automatic bar, and in fact allows such evidence if appropriate.” (citing *Lucent Tech., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1333–34 (Fed.Cir. 2009))), *see also, Oracle America*, 2012 WL 877125, at *3 (allowing defendant’s damages expert to rely on the plaintiff’s valuation of an entire patent portfolio at the time it acquired them, even though that valuation and acquisition post-dated the hypothetical negotiation).

Further, in *Personal Audio*, 2011 WL 3269330, the court held that it was appropriate for the jury to give substantial weight to the inventor’s offer to sell the patent-in-suit for \$5 million, even though that offer was made seven years after the hypothetical negotiation date. The court noted that during the seven years between the beginning of the alleged infringement and the inventor’s offer to sell the patent, the defendant’s products were well known and highly successful. Still, the “patent holder and [inventor] were unable to license the patented technology or to develop a commercial product of their own. The 2008 offer was not made by an inventor who had no opportunity to consider the potential of his invention or who was tricked or forced into accepting a nominal sum before realizing the full value of the patented technology.” *Id.* at *11. Likewise, Google’s success with AdWords and AdSense for Search between 2004 and 2011 is well known, so Lycos certainly had opportunity to consider the

⁴ This point is explained further in Defendants’ Memorandum in Support of Their Opposition to Plaintiff I/P Engine’s Motion to Exclude Opinions and Testimony of Keith R. Ugone, filed concurrently.

potential value of the technology in the patents-in-suit and license or otherwise exploit that technology. Thus, there is no question that the evidence concerning negotiations for, offers over, and the sale of the patents-in-suit is both relevant and admissible in this action no matter the date of the hypothetical negotiation.

Moreover, as Dr. Ugone opined in his rebuttal report on damages, Lycos's financial situation in 2011 was similar to its financial situation in 2004. For example, Lycos' General Counsel testified that Lycos was not profitable in 2011, at the time of the sale of the patents. (Declaration of Emily C. O'Brien in Support of Defendants' Opposition to Motion to Exclude Opinions and Testimony of Keith Ugone, Ex. D, ¶ 80.) Similarly, Mr. Blais testified that Lycos had not been profitable in 2004 or 2005. (*Id.*) This unprofitability, coupled with other business difficulties that Lycos faced in 2004, illustrates that Lycos had a similar economic mindset in 2004 and 2011. Moreover, just as in 2004, Lycos was aware of the Google accused products in 2010. Indeed, Lycos began being a Google partner in AdSense as early as 2003. (*Id.*, ¶ 75.) Thus, the fact that Lycos sold the patents in 2010 for ██████████ with the same knowledge of Google Adwords it had in 2004, shows that the purchase is relevant at both times.

As such, evidence concerning Lycos's sale of the patents-in-suit in 2011 is relevant to the value that Lycos would have placed on the patents-in-suit at the date of the hypothetical negotiation, even if that negotiation were in 2004.

C. Information About Negotiations and Offers to Sell the Patents-in-Suit Are Relevant to Defendants' Damages Case.

Plaintiff seeks to exclude information about negotiations to sell the patents-in-suit and the circumstances surrounding these negotiations even though Plaintiff acknowledges that this information is relevant to Defendants' damages case. (D.N. 315, 5-6.) Defendants' damages expert considered not only the sale of the patents, but also the negotiations leading up to that sale

in his expert report. (D.N. 315, Ex. 3, ¶ 12 and Appendix A, 1.) Dr. Ugone explained that information about the negotiation process “provides an *ex-post* market-related value indicator” of the patents as well as information about Lycos’s mindset as to the patents’ value. (*Id.*, Ex. 3, ¶ 12.) While Plaintiff claims that this information is not “informative as to the economic mindset of the parties in June 2004,” (D.N. 315, 6), Defendants’ expert disagrees. To the extent that Plaintiff wishes to explore the differing views of this evidence, Plaintiff may do so through cross examination.

Plaintiff also misrepresents the testimony of Lycos’s General Counsel about the decision to sell the patents in suit. (D.N. 315, 6-7.) Although Mr. Blais did testify about internal and external pressure that led to the sale of the patents, he never claimed that the sale had nothing to do with the value of the patents-in-suit as Plaintiff suggests. Rather, he testified that he sought the highest price for the patents-in-suit during the negotiations over their sale. (*See* D.N. 315, Ex. 4, 135:4-136:6, 137:14-21.) Accordingly, the negotiations speak to the value placed on the patents by both Lycos, as seller, and the various entities making offers for their purchase.⁵

D. Plaintiff Would Suffer No Prejudice From the Introduction of Information About Offers For, Negotiations Over, and the Sale of the Patents-in-Suit.

Plaintiff argues that allowing the jury to hear evidence related to “the purchase price, bidding for the right to purchase the patents-in-suit, the bidding parties or other possible sale considerations in 2009-11” would be “highly prejudicial.” (D.N. 315, 7.) Plaintiff asserts that jurors would be “confused” by this evidence or give it “undue weight.” (*Id.*) But Plaintiff offers

⁵ Plaintiff also seems to ask the Court to prohibit Defendants from introducing evidence about the role of Dickstein Shapiro in the negotiation for and sale of the patents-in-suit. (D.N. 315, 6.) Plaintiff offers no support for this position. Evidence should not be excluded merely because Plaintiff hired the same counsel that was peddling the patents-in-suit prior to their sale by Lycos.

no justification for this position. This is because there is nothing unwarranted about allowing jurors to consider the sale value of the patents-in-suit, as explained above.

Of course, Plaintiff does not want this evidence introduced at trial. Plaintiff does not want the jury to know that [REDACTED]. Plaintiff is correct in stating that the jurors may put weight on this evidence, but jurors would be correct in doing so because it is significant evidence. Plaintiff's dislike of evidence concerning the recent sale of the patents-in-suit provides no basis for finding such evidence prejudicial. Plaintiff will have an adequate opportunity to explain this discrepancy; there is no reason to exclude it. Further, the significance of this evidence weighs against its exclusion. Defendants would be prejudiced were they prevented from presenting this highly relevant information at trial.

III. PARTIES SHOULD NOT REFER TO FEE ARRANGEMENTS BETWEEN PARTIES AND THEIR COUNSEL.

Defendants agree that, no party should refer, directly or indirectly, in the presence of the jury to the retention or fee agreements of any party's counsel in this case, including the terms of any such retention or the amount of any attorneys' fees. This limitation should apply equally to all parties.

IV. PARTIES SHOULD NOT REFERENCE CLAIM CONSTRUCTION ARGUMENTS THAT WERE NOT ADOPTED BY THE COURT.

Defendants oppose the request to preclude reference to claim construction arguments not adopted by the Court as vague, ambiguous, and overly broad. Defendants will, however, agree that no party should offer any testimony, evidence, or argument, or make any references contrary to the Court's Markman Orders or the claim construction process involved in the same in the presence of the jury. Likewise, Defendants agree that no party should offer testimony about or referring to the parties' arguments and positions relating to the Markman process or this Court's

reasoning or thought process underlying its claim constructions. Further, Defendants agree that no party should offer any testimony regarding this Court's not adopting any particular claim constructions proposed during the Markman process.

V. DEFENDANTS SHOULD BE ALLOWED TO REFERENCE PRODUCTS NO LONGER ACCUSED BY PLAINTIFF OF INFRINGING AND CLAIMS NO LONGER ASSERTED IN THIS CASE.

Defendants should not be barred from referencing the fact that Plaintiff previously accused additional products, but is no longer asserting that these products infringe. Plaintiff's allegations against products no longer accused affect issues of both validity and damages; such facts also are clearly relevant as they provide context to challenge and inform current allegations. Further, to the extent that any patent or patent claim is dismissed from the case between now and the end of trial, Defendants should not be precluded from referencing this fact during the trial because it could impact, at minimum, issues of claim differentiation and damages.

Plaintiff initially argued that Google Search, AOL Sponsored Listings, and IAC Ask Sponsored Listings infringed the asserted claims in addition to Google's AdWords, AdSense for Search, and AdSense for Mobile Search and AOL's Search Marketplace. Plaintiff settled with AOL as to Advertising.com Sponsored Listings on July 30, 2012 and dismissed the claims against that system. (D.N. 202.) Plaintiff separately dismissed with prejudice the claims against Google Search and IAC Ask Sponsored Listings in August 2012. (D.N. 203.)

During his deposition on September 21, 2012, Plaintiff's validity expert, Jamie Carbonell, acknowledged that in evaluating secondary considerations of non-obviousness, he investigated the "commercial success of tightly integrating query content data and collaborative feedback data in the manner taught by the '420 and '664 patent[s]." (Kammerud Dec., Ex. B, 186:3-9.) The commercial success he relied on was the success of "activities of modern search engines including Google." (*Id.*, 186:10-14.) In evaluating commercial success, he considered

functionality that include both the “the standard Google search and the Google ad-related search, ad servers.” (*Id.*, 186:21-187:3.) Accordingly, Plaintiff’s own validity case relies on Google Search. To preclude mention of evidence relating to claims no longer asserted against Google Search would hamper Defendants’ ability to challenge Plaintiff’s validity positions and to effectively cross-examine Plaintiff’s expert. As Defendants have the burden with regard to invalidity, Defendants must be allowed to present a complete case, including any relevant material concerning products no longer accused.

Likewise, Plaintiff would bar Defendants from introducing evidence that Plaintiff dismissed claims against AOL’s Advertising.com Sponsored Listings. Plaintiff dismissed the claims against AOL’s Advertising.com Sponsored Listings pursuant to a settlement between the parties. (D.N. 202.) At no time has Plaintiff indicated that it does not believe AOL’s product infringes the patents-in-suit. Google and its accused products generate more revenue than AOL’s Advertising.com Sponsored Listings, however. Defendants’ damages expert explains that this difference in revenue indicates that the patents are not responsible for the success and value of Google and its products. (Declaration of Emily C. O’Brien in Support of Defendants’ Opposition to Motion to Exclude Opinions and Testimony of Keith Ugone, Ex. D, ¶ 117-18.) Accordingly, claims against AOL’s Advertising.com Sponsored Listings are directly relevant to Defendants’ damages case.

Finally, the dismissed claims against Google Search, AOL’s Advertising.com Sponsored Listings, and IAC Ask Sponsored Listings may be relevant to other portions of Defendants’ case. Plaintiff’s expert reports contains a number of theories that are substantively new. (D.N. 328, 4) To the extent that Plaintiff’s current positions contradict with the positions Plaintiff previously took as to products it abandoned, Defendants should be able to use that conflict for

impeachment. Given the convoluted nature of Plaintiff's infringement theories, the relevant distinctions (if any) between the accused products and the products that Plaintiff dropped from the case could clarify the issues for the jury.

Further, the part of the Plaintiff's request asking Court to exclude reference to patents and patent claims no longer asserted in the case is vague and overbroad. Reference to patents or patent claims not asserted in the case could be relevant for various purposes such as claim differentiation, and to inform how the asserted claims could be interpreted. Further, should the Court issue a summary judgment ruling of non-infringement for one or more claims or Plaintiff decide to drop certain claims before trial, this could impact, for example, the damages analysis of the parties' damages experts. Accordingly, Defendants ask that the Court deny this request.

VI. DEFENDANTS HAVE A RIGHT TO PRESENT EVIDENCE THAT NEITHER PLAINTIFF NOR ITS PREDECESSOR-IN-INTEREST EVER PRACTICED THE INVENTIONS CLAIMED IN THE PATENTS-IN-SUIT.

Defendants do not intend to use the terms "troll," "pirate," "playing the lawsuit lottery," "corporate shell game," or similar inflammatory rhetoric. However, to the extent Plaintiff seeks agreement that Defendants may not introduce evidence that Plaintiff or the previous holders of the patent-in-suit did not practice the inventions claimed in the patents, Defendants cannot agree. The fact that previous holders and Plaintiff did not and do not practice the invention claimed in the patent-in-suit is relevant at least to determining alleged reasonable royalty damages and validity issues. This request, which seeks to preclude Defendants "from using the terms 'patent troll,' 'shell corporation,' 'paper patent' holder, 'non-practicing entity' or any other confusing or derogatory term to refer to I/P Engine" is vague and vastly overbroad, and it should be denied.

The fact that neither Plaintiff nor the previous owner of the patents-in-suit ever practiced the invention claimed in the patents nor made, sold, or marketed any products or services is directly relevant at least to determining alleged reasonable royalty damages. That neither

Plaintiff nor its predecessor-in-interest ever offered the patented system for sale or lease is relevant to a reasonable royalty analysis under *Georgia-Pacific*. As the *Georgia-Pacific* court explained, the outcome of a hypothetical negotiation depends on factors such as “the anticipated amount of profits that the prospective licensor reasonably thinks he would lose as a result of licensing the patent as compared to the anticipated royalty income.” *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116, 1121 (S.D.N.Y. 1970). Here, because neither Plaintiff nor Lycos (the relevant entity for purposes of the hypothetical negotiation) ever sold or marketed the patented system, they did not stand to lose any profits as a result of licensing the patent, which counsels for a lower royalty. *Cf. Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1554-55 (Fed. Cir. 1995) (en banc) (finding that the district court properly considered that the patentee “had consistently followed a policy of exploiting its own patents, rather than licensing to competitors” as a factor in setting a higher reasonable royalty).

Given the relevance of this evidence and the lack of any identified unfair prejudice or risk of confusion, this request should be denied in so far as it seeks to limit use of the terms "non-practicing entity" or "shell corporation," or the introduction of evidence that Plaintiff or the previous holder of the patents-in-suit did not practice the inventions claimed in the patents-in-suit. Plaintiff may not conceal the fact that both Plaintiff is a non-practicing entity and its predecessor in interest, Lycos, the entity with which the 2004 hypothetical negotiation would have taken place, never practiced the patents-in-suit. *See DNT, LLC v. Sprint Spectrum, LP*, 2010 WL 582164, at *4-5 (E.D. Va. Feb. 12, 2010) (denying motion to exclude reference to the terms “non-practicing entity” and “shell company” because “these are neutral terms and if accurate may be utilized”).

VII. ALL PARTIES SHOULD BE PRECLUDED FROM INTRODUCING TESTIMONY OR OPINIONS BEYOND THE SCOPE OF THEIR EXPERT REPORTS AS CHALLENGED THROUGH TARGETED MOTION PRACTICE.

Plaintiff argues that Defendants' expert testimony should be limited to the scope of the discussion and analysis in expert witnesses' reports. Defendants oppose this request as vague, ambiguous, and overly broad; Plaintiff fails to elaborate precisely what testimony and opinion from Defendants' experts that it seeks to preclude beyond general references to prior art, "various non-infringement theories," and "certain damages theories previously suggested by Defendants." (D.N. 315, 12-13.) Defendants, in contrast, have filed thorough motions detailing areas of testimony they seek precluded and justifying that preclusion. (*See* D.N. 328 (Memorandum in Support of Motion to Preclude Dr. Ophir Frieder from Testifying Regarding Untimely Opinions That Were Not Disclosed in His Original Expert Report and That He Now Concedes Are Incorrect); D.N. 320 (Memorandum to Exclude the Testimony of Stephen L. Becker).) The parties should file targeted motions seeking exclusion of specific material to ensure compliance with this agreement and to avoid unnecessary objections and argument during trial.

Defendants also oppose this request so far as it seeks preclusion of evidence "including DEX # 33, 47, 48, 51, 53, 54, 55 and 57." Plaintiff characterizes these exhibits as prior art references absent from Dr. Ungar's report. However, exhibits DEX # 33 (Goldberg, et al. "Using Collaborative Filtering to Weave an Information Tapestry," Communications of the ACM), DEX # 48 (U.S. Patent No. 5,835,087 (Herz)), and DEX # 51 ("GroupLens: An Open Architecture for Collaborative Filtering of Netnews," by Paul Resnick et al., published by MIT) are referenced in Dr. Ungar's report. (*See* Kammerud Dec., Ex. C, ¶¶ 49, 291.) In fact, Dr. Ungar charts the Herz reference. (*Id.*, Ex. A-2.) Further, Plaintiff provides no justification for the wholesale exclusion of defense evidence in connection with a motion to preclude expert

witnesses from offering testimony or opinion unrelated to information or opinions included in the expert reports. Accordingly, Defendants ask that the Court deny this request as to the preclusion of DEX # 33, 47, 48, 51, 53, 54, 55 and 57.

VIII. NO PARTY SHOULD REFER TO DISCUSSIONS BETWEEN COUNSEL, DISCOVERY MOTIONS, MOTIONS FOR SANCTIONS, OR ANY CLAIM OF PRIVILEGE.

Defendants oppose Plaintiff's request as vague, ambiguous, and overly broad in that it seeks to preclude reference of "pretrial proceedings or disputes." Defendants will, however, agree that no party should refer, directly or indirectly, in the presence of the jury to discussions or correspondence between counsel that did not go to the Court or discovery motions or motions for sanctions filed in this case. Further, Defendants agree that no party should offer any evidence or make any reference relating to any claim of privilege by the other party in the presence of the jury.

IX. NO PARTY SHOULD REFER TO THE PRESENCE OR ABSENCE OF ANY PARTY REPRESENTATIVE, COURTROOM OBSERVER, OR JURY CONSULTANT.

Defendants oppose this request as vague and ambiguous in seeking to preclude any party from "draw[ing] the jury's attention to members of the audience." Defendants will, however, agree that no party should refer to the presence or absence of the other parties' representatives, courtroom observers, or jury consultants.

Conclusion

For the foregoing reasons, Defendants respectfully request that the Court deny this motion as to requests 1, 2, and 5, and grant in part and deny in part as to requests 3, 4, 6, 7, 8, and 9 as detailed in this memorandum.

DATED: September 27, 2012

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CERTIFICATE OF SERVICE

I hereby certify that on September 27, 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:

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