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

BRIEF IN SUPPORT OF DEFENDANTS' MOTION TO PRECLUDE PLAINTIFF FROM RECALLING MR. KOSAK AS A "REBUTTAL" WITNESS

I. INTRODUCTION

Mr. Kosak testified on October 17, 2012. He then was permanently excused. Mr. Kosak has been sitting in the courtroom every day of trial and has been communicating extensively in open court with Plaintiff's counsel and its other witnesses. On October 27, Plaintiff notified Defendants that it intended to re-call Mr. Kosak to the stand. During a meet and confer the next day, Plaintiff's counsel said they would recall Mr. Kosak to "rebut" Dr. Ugone's testimony regarding Lycos's business difficulties and financial conditions.

To allow Mr. Kosak to testify again would be a violation of this Court's explicit order that all witnesses other than corporate representatives and expert witnesses be sequestered and excluded from the courtroom. This Court's order is consistent with Fourth Circuit law. This is not the first time Plaintiff's counsel have violated the Court's order against communicating with witnesses before they intend to permanently dismiss them; the Court has already warned Plaintiff's counsel about this with regard to their communications with Dr. Frieder. Further, the

topics on which Mr. Kosak intends to testify are beyond the scope this Court's order that rebuttal testimony is limited to invalidity. Finally, the issues that Mr. Kosak intends to rebut were, as Plaintiff has conceded, all within Mr. Ugone's expert report and should have been—and in some cases already were—raised during Mr. Kosak's direct examination. Plaintiff will have ample opportunity to cross-examine Dr. Ugone. Any infirmity with the factual bases of his testimony can be dealt with that way rather than recalling a witness who can only violate this Court's order by testifying. For all of these reasons, Defendants ask that the Court prohibit Plaintiff from re-calling Mr. Kosak as a rebuttal witness.

II. FACTUAL BACKGROUND

A. Mr. Kosak Was Sequestered, Testified, and Was Permanently Excused.

On October 16, in accordance with Federal Rule of Evidence 615, the Court ordered the exclusion and sequestration of all witnesses other than corporate representatives and experts: "Are there any persons who will be testifying as witnesses in the courtroom? Otherwise, if they are, you need to be excused, all witnesses, except for court representatives and experts." (Trial Tr. at 97:20-23.)[1]

The following day, Plaintiff called Mr. Kosak to the stand, where he testified for an hour and nine minutes. Plaintiff declined to conduct any re-direct examination. When there were no more questions for Mr. Kosak, the Court asked whether Mr. Kosak could be permanently excused and, absent objection from either party, excused him: "Alright. You may be permanently excused here." (Trial Tr. at 355:25-256:1.)

Over the subsequent week and a half, Mr. Kosak was regularly present at trial, including during fact-witness testimony, expert testimony, and hearings regarding motions, including those

[1] Mr. Perlman is Plaintiff's corporate representative.

related to damages. During that time, Mr. Kosak freely communicated in open court with Mr. Perlman, Mr. Lang, and Plaintiff's counsel.

On October 26, the Court heard Plaintiff's objections to Dr. Ugone's demonstratives, including slides discussing Lycos's business difficulties. For example, Plaintiff's counsel made the following objection:

> [DDX] 15.7, third bullet point talks about Lycos' business difficulties. This is simply based upon some news article that the witness read on the Internet. I think under Rule 703, there is no showing or will there be that that is the type of information that the experts reasonably rely upon in forming opinions. And that is an objection I have a couple of places in here, and I can give the Court the cite.

(Trial Tr. at 1543:25-1544:6.) The Court asked whether there were cites in the record to Lycos's business difficulties, and Plaintiff admitted that Dr. Ugone "clearly has a footnote citing to some news story read on the Internet. That is in his report." (*Id.* at 1544:10-12.)

In response, Defendants' counsel, explained that Dr. Ugone "researched Lycos's business and the history of his business over time" and that if Plaintiff disagreed with his conclusions its counsel could cross-examine him on those topics. (*Id.* at 1544:13-1545:1.) The Court agreed: "Objection overruled. You can cross-examine on it. Next." (*Id.* at 1545:2-3.)

B. Plaintiff Notified Defendants That It Intended to Re-Call Mr. Kosak Despite His Presence in the Courtroom After Being Excused by the Court.

On Saturday, October 27, Plaintiff notified Defendants by email that it intended to re-call Mr. Kosak to the stand. Defendants immediately responded requesting an explanation, given that Mr. Kosak had already been permanently dismissed and had been sitting in the courtroom throughout the entire trial. On Sunday, October 28, the parties' counsel met and conferred on this issue. Plaintiff's counsel said they intended to re-call Mr. Kosak to rebut Dr. Ugone's statements regarding Lycos's business difficulties during the date of the hypothetical negotiation, Lycos's ability to assist Google with the implementation of the patented technology, and Lycos's sale in 2004. Plaintiff's counsel admitted that Mr. Kosak had been sitting in the courtroom.

Still, Plaintiff's counsel claimed that Plaintiff was justified in recalling Mr. Kosak because they did not expect to call Mr. Kosak until they heard Dr. Ugone's testimony, even though there is no dispute the very subjects of testimony Plaintiff points to were within his expert report and had been highlighted during opening statements.

III. ARGUMENT

A. Legal Standards

Federal Rule of Evidence 615 states that, at a party's request or order of the Court, witnesses must be excluded from the courtroom "so that they cannot hear other witnesses' testimony." Fed. R. Evid. 615. The rule provides exceptions for parties and designated party representatives. *Id.* The party seeking to avoid sequestration bears the burden of proving that a Rule 615 exception applies. *See United States v. Jackson*, 60 F.3d 128, 135 (2nd Cir. 1995), *cert. denied*, 516 U.S. 980 (1995).

The Fourth Circuit has addressed the importance of sequestration, holding that "[t]he rule is designed to discourage and expose fabrication, inaccuracy, and collusion" and that the "merit of such a rule has been recognized since at least biblical times." *Opus 3 Ltd. V. Heritage Park, Inc.*, 91 F.3d 625, 628 (4th Cir. 1996). "It is now well recognized that sequestering witnesses is (next to cross-examination) one of the greatest engines that the skill of man has ever invented for the detection of liars in a court of justice." *Id.* (internal citations omitted).

The sequestration rule applies to rebuttal witnesses. "The purpose of the rule is to prevent witnesses from 'tailoring' their testimony to that of earlier witnesses and to aid in detecting testimony that is less than candid." *United States v. Ell*, 718 F.2d 291 (9th Cir. 1983) (citing *Geders v. United States,* 425 U.S. 80, 87, 1334 (1976)). "These concerns are just as valid for a rebuttal witness who has already testified in the case-in-chief as they are for a primary witness. A witness may wish to tailor rebuttal testimony to conform to that of other witnesses as

well as to cover up inconsistencies in earlier testimony that have been revealed by the other witnesses." *Id.*, *see also* 6 J. Wigmore, *Evidence* § 1840 (Chadbourn rev. 1976) ("[The time for sequestration] continues for each witness after he has left the stand, because it is frequently necessary to recall a witness in consequence of a later witness' testimony.").

In addition, sequestration problems aside, it is inappropriate for a party to recall a witness to testify about evidence that could have been elicited on direct examination. *United States v. Ford*, 88. F.3d 1350, 1362 (4th Cir. 1996).

During the October 28 meet and confer, Plaintiff's counsel cited a number of cases to support its recalling of Mr. Kosak. Those cases are wholly inapposite. The cases Plaintiff relies upon stand for the proposition that rebuttal witnesses may be called under certain circumstances. Defendants do not dispute that rebuttal witnesses are sometimes proper. Plaintiff's cases do not, however, in any way touch on whether calling Mr. Kosak as a rebuttal witness when he was not sequestered would be proper under the circumstances of this case.

In *DMI, Inc. v. Deere & Co.*, 802 F.2d 421 (Fed Cir 1986), the court held that excluding two rebuttal witnesses not named in the pre-trial order was not an abuse of discretion. *Id.* at 428. In support of its holding, the court merely noted that DMI recalled two of its witnesses for rebuttal but did not elaborate. *Id.* It did not address the issue of sequestration. Similarly, U*nited States v. Collins*, 272 F. App'x 219 (4th Cir 2007), does not address whether a party can recall a witness who was not sequestered. In *Collins*, the court reiterated a generic definition of rebuttal evidence and explained that allowing the Government to introduce two rebuttal witnesses was proper after the Government learned new information at trial as a result of the defendant's testimony. *Id.* at 223. Accordingly, *Collins* is not helpful to Plaintiff. Likewise, *United States v. Reddicks*, 237 F. App'x 826 (4th Cir 2007), is readily distinguishable. As with *DMI* and *Collins*, *Reddicks* does not deal with recalling unsequestered rebuttal witnesses. The court in *Reddicks*

held that a question on redirect that directly rebutted a question raised by the defendant on cross-examination was proper. *Id.* at 830-31. *Reddicks*, therefore, has no relevance to the present case.

The one case Plaintiff cited for its proposition that it is proper to recall Mr. Kosak even though he was not sequestered is *United States v. Flowers*, 235 F. App'x 965, (4th Cir. 2007). *Flowers* presents a starkly different factual situation from that here. *Flowers* held that "the Government's in-court representative may offer rebuttal testimony despite having heard the other witnesses."[2] *Id.* at 967. The in-court representative falls within the exception for party representatives recognized by Fed. R. Evid. 615(2). Mr. Kosak is not a party representative. Thus, he does not fall under the exception to Fed. R. Evid. 615 (2) or the *Flowers* holding.

B. Mr. Kosak's proposed rebuttal is improper because it is beyond the scope of this Court's order limiting rebuttal testimony to invalidity.

In addition to violating the law regarding sequestration, re-calling Mr. Kosak will violate this Court's order. During the pre-trial conference, the Court informed the parties that the scope of Plaintiff's rebuttal witness testimony would be limited to invalidity. Mr. Kosak's testimony has nothing to do with invalidity. Plaintiff intends to call Mr. Kosak to testify to Lycos's financial, business, and technical capabilities, all of which go to damages and not to invalidity. Therefore, Mr. Kosak's proposed testimony violates this Court's order regarding the scope of permitted rebuttal testimony.

C. Recalling Mr. Kosak is improper because he has been sitting in the courtroom throughout trial.

Mr. Kosak has been sitting in the courtroom throughout every day of trial and has been communicating extensively in open court with Plaintiff and its other witnesses. To allow him to testify again would be an outright violation of Fourth Circuit law and this Court's explicit order

[2] Furthermore, *Flowers* reviewed the district court's decision to allow the in-court representative to testify for "plain error" because, unlike here, the defendant had not objected at

that all witnesses apart from corporate representatives be sequestered and excluded from the courtroom. *See Opus 3 Ltd.*, 91 F.3d at 628 ("The rule is designed to discourage and expose fabrication, inaccuracy, and collusion."). As described below, Defendants disagree that the topics of Mr. Kosak's proposed testimony are appropriate for rebuttal but, even if they were, his ongoing presence in the courtroom renders him unfit to be a rebuttal witness. Mr. Kosak's proposed testimony regarding Lycos will inevitably be biased given that he has heard both experts talk about the facts underlying and general importance to this case of Lycos's financial difficulties. Mr. Kosak also has heard argument on Defendants' Motion for Judgment as a Matter of Law regarding damages, which gives him obvious insight into the key issues regarding Lycos's business situation and how they impact Plaintiff's damages case. Finally, Mr. Kosak (who has financial interest in the outcome of this matter (Trial Tr. at 347:25-348:1)), has been sitting with and communicating with Mr. Perlman, Mr. Lang, and Plaintiff's counsel on a daily basis in open court. Accordingly, the risk of him tailoring his testimony to respond to Defendants' evidence and bolster Plaintiff's case is particularly high. These are precisely the dangers that witness sequestration is designed to prevent.

D. Mr. Kosak's proposed rebuttal is improper because Plaintiff was on notice of the issues prior to Mr. Kosak's direct examination.

Plaintiff has conceded that all topics regarding which Mr. Kosak intends to testify were included in Dr. Ugone's expert report. The sale of Lycos, Inc. for $95 million was even raised in Defendants' opening statement. (Trial Tr. at 144:7-14 "You're also going to hear evidence, in addition to the sale of these patents, Lycos itself sold a couple of different times, and you can see here on the chart, December of 2004, Lycos has sold for $95 million. That includes --that is not just for these patents. That is for all the patents they own, all the web sites they had, their

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trial to the failure to exclude the witness. *Flowers*, 235 F. App'x at 965.

buildings, their employees, their customer connections, all of those kinds of things. That was in 2004.")

The issues regarding Lycos's sale and it ongoing business difficulties also were not a surprise to Plaintiff. In fact, Plaintiff itself addressed these issues during Mr. Kosak's direct examination:

> Q. Okay. That overseas owner, right, of Lycos?
> A. Right.
> Q. Sold what to the Koreans?
> . . .
> Q. Sure. Do you have an understanding as to what the Korean company, Daum, I think you said, purchased as it related to your job?
> A. Sure. In relationship to my job, I was the VP of technology for the global side of the company with -- my boss was in Madrid. When Daum purchased Lycos, they purchased just the U.S. portion. In fact, to be specific, they purchased the English-speaking U.S. portion of the company. They didn't purchase the other 35 or 40 Lycoses around the world.
> Q. So the Korean company bought, I'm sorry, just the U.S. operation?
> A. Correct.

(Trial Tr. at 328:20-329:14.) Furthermore, Mr. Kosak himself admitted that after Daum purchased Lycos, Lycos had a lack of strategy and direction. (*Id.* at 330:2-3 "At that point in time there wasn't a clear strategy for what Daum wanted Lycos to do."; *id*. at 330:24-331:1 "After the acquisition, it was fairly clear that there wasn't a direction that Daum had in mind for Lycos.") Plaintiff not only had the opportunity to ask its witnesses about Lycos's business, it did so.

E. There was no surprise.

Plaintiff asserts that it is nonetheless entitled to re-call Mr. Kosak on these issues because it was "surprised" that Dr. Ugone testified about them because, according to Plaintiff, these issues had been raised only in the context of Dr. Ugone's proxy/yardstick analysis. This is simply not the case. Dr. Ugone explicitly raised issues about Lycos's the business difficulty in his discussion of the *Georgia-Pacific* factors. (*See* D.N. 468-4, Ugone Expert Report ¶ 74 (citing

factors 8 and 15 and App'x A).) The discussion of these issues in his report is not tied to the proxy/yardstick analysis.

Further, Plaintiff's inability to predict which parts of his report Dr. Ugone would testify about is not an excuse for failing to question its witness on those issues during direct. Plaintiff has long been on notice of the contents of Dr. Ugone's report. And Plaintiff's failure in prediction certainly is not grounds for re-calling a witness who has been excused and sitting in the courtroom each day. To the extent Plaintiff believes Dr. Ugone's testimony about the business difficulties of Lycos is not supported by the evidence he relied on, the proper avenue to address this is cross examination, not the recalling of a non-sequestered witness to testify beyond the scope of allowable rebuttal.

IV. CONCLUSION

For the foregoing reasons, Defendants respectfully requests that the Court not permit Plaintiff to re-call Mr. Kosak as a rebuttal witness.

DATED: October 30, 2012

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CERTIFICATE OF SERVICE

I hereby certify that on October 30, 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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