I/P Engine, Inc. v. AOL, Inc. et al Doc. 954 Att. 1

Exhibit A

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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' NOTICE OF SUPPLEMENTAL EVIDENCE

Defendants respectfully submit this Notice of Supplemental Evidence. Attached is an excerpt of a May 30, 2013 recent SEC Form 8-K for Plaintiff I/P Engine's parent corporation, Vringo, Inc. regarding a settlement of I/P Engine's action filed in Southern District of New York against Microsoft on January 31, 2013, alleging infringement of the patents at issue in this case. That filing reports:

> On May 30, 2013, Vringo, Inc. (the "Company") issued a press release announcing that its wholly-owned subsidiary I/P Engine, Inc. ("I/P Engine") has entered into a Settlement and License Agreement with Microsoft Corporation ("Microsoft") to resolve patent litigation that was pending in the U.S. District Court for the Southern District of New York (*I/P Engine, Inc. v. Microsoft Corporation*, Case No. 1:13-cv-00688 (SDNY)). Pursuant to the Settlement and License Agreement, Microsoft agreed to pay I/P Engine $1 million within fifteen (15) business days, plus five percent (5%) of any amounts Google pays for use of the patents I/P Engine acquired from Lycos. The parties also agreed to a limitation on Microsoft's total liability, which would not impact the Company unless the amounts received from Google substantially exceed the judgment previously awarded. In addition, the companies entered into a Patent Assignment Agreement, pursuant to which Microsoft will assign six patents to I/P Engine. The assigned patents relate to telecommunications, data management, and other technology areas.

Exhibit A at Item 8.01.

This recent settlement agreement is relevant to I/P Engine's pending motion for post-judgment royalties. Specifically, it confirms that I/P Engine is willing to grant lump-sum licenses to the patents-in-suit. (Dkt. 822.) Microsoft must provide a payment of $1 million, six

patents, and a percentage of any award that I/P Engine may recover from Google in this case. Each of these components is a lump-sum transfer. In particular given that the payment tied to I/P Engine's recovery against Google is capped as a percentage of the existing judgment in this case and is not tied to Microsoft's revenue or use of the invention, that amount is effectively a lump sum. *See Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1326-27 (Fed. Cir. 2009) ("In a standard running royalty license, the amount of money payable by the licensee to the patentee is tied directly to how often the licensed invention is ***later used or incorporated into products by the licensee.***") (emphasis added). This is strong evidence that I/P Engine's argument that it would have insisted in a hypothetical negotiation with Google in 2012 upon a running royalty agreement with no upward bound (Dkt. 949 at 16-17) is incorrect. *See Transocean Offshore Deepwater Drilling, Inc. v. Maersk Drilling USA, Inc*., 699 F.3d 1340, 1357-59 (Fed. Cir. 2012) (patentee's licensing practices are relevant to determining form of agreement that would result from hypothetical negotiation).

DATED: June 4, 2013

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CERTIFICATE OF SERVICE

I hereby certify that on June 4, 2013, 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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