

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

AXCESS INTERNATIONAL, INC., §
Plaintiff, §

v. §

SAVI TECHNOLOGIES, INC., §
Defendant. §

Case No.3:10-cv-1033-F

**ORDER GRANTING IN PART AND DENYING IN PART SAVI'S MOTIONS IN
LIMINE**

BEFORE THE COURT are Defendant Savi Technologies, Inc.'s ("Savi") Motions in *Limine* filed on December 7, 2012. (Doc. No. 235). Plaintiff Axxcess International, Inc. ("Axxcess") filed its Opposition to Axxcess's Motions in *Limine* on December 14, 2012. (Doc. No. 243). Savi filed its reply on December 28, 2012. (Doc. No. 252). A hearing was held on these Motions on January 4, 2012. Having considered the parties' arguments, the Court rules as set forth below.

I. Facts

In its Motions, Savi seeks to exclude testimony, evidence and arguments that are allegedly inadmissible, irrelevant, or unfairly prejudicial to the material issues of this case.

II. Legal Standard

Only relevant evidence is admissible. Fed. R. Evid. 402. Evidence which is not relevant is not admissible. *Id.* Evidence is only relevant if "(a) it has any tendency to make a fact more or less probable than it would be without the evidence; and (b) the fact is of consequence in determining the action." Fed. R. Evid. 401. Moreover, even relevant evidence may be excluded "if its probative value is substantially outweighed by a danger of one or more of the following: unfair prejudice, confusing the issues, misleading the jury, undue delay, wasting time, or

needlessly presenting cumulative evidence.” Fed. R. Evid. 403.

III. Discussion

1. Referencing The Patent Office’s Consideration Of The Subject Matter Of The MAX 975 Data Sheet, The Disclosure Of The ‘953 Patent, Or That The Max 975 Data Sheet Is Cumulative To The Art Of Record

Savi requests that the Court prohibit Axxess and its witnesses from making reference to the allegation that: (1) the MAXIM Publication 19-1141, entitled “MAX 975/977 Single/Dual, +3v/+5v Dual Speed Comparators with Auto-Standaby Rev 0; 9/96” (the “Max 975 Data Sheet”) was disclosed to the PTO during the prosecution of the ‘953 Patent; (2) the PTO considered the Max 975 Data Sheet during the prosecution of the ‘953 Patent, or (3) the Max 975 Data Sheet is cumulative of the prior art that was considered by the PTO. Axxess argues that Savi’s request is meritless because the ‘953 Patent expressly references the Maxim device discussed in the Max 975 Data Sheet and explains all the modifications that were made to the Maxim device to achieve the benefits of the claimed invention.

Here, Savi requests the Court preclude Axxess from contradicting the PTO’s grant of reexamination by arguing that Max 975 Data Sheet was disclosed and considered by the PTO during prosecution. The ‘953 Patent is currently being reexamined by the PTO. In deciding whether to grant the *Ex Parte* Request for Reexamination, the PTO examiner found no record indicating whether the previous examiner considered figures 1 and 6 of the Max 975 Data Sheet during prosecution, which the examiner referred to as “new non-cumulative technological teachings.” Savi contends that the disparity in the findings of the PTO and Axxess’s expert is so great that the danger of misleading the jury substantially outweighs the probative value of of

such evidence. Axxess argues that whether the '953 Patent discloses that Max 975 Data Sheet should be decided by the jury.

“Before the Supreme Court's decision in *Microsoft v. i4i*¹ the Federal Circuit held that a district court does not have to instruct the jury that an accused infringer's burden in proving invalidity is more easily met if it relies on prior art the PTO did not consider.” 3 ROBERT A. MATTHEWS, JR., ANNOTATED PATENT DIGEST § 15:42 (West 2013) (citing *Z4 Technologies, Inc. v. Microsoft Corp.*, 507 F.3d 1340, 1354–55, 85 U.S.P.Q.2d 1340, 1350–51 (Fed. Cir. 2007). However, “[t]he Supreme Court weakened, if not implicitly rejected, this proposition in *i4i* where it stated:”

Simply put, if the PTO did not have all material facts before it, its considered judgment may lose significant force. And, concomitantly, the challenger's burden to persuade the jury of its invalidity defense by clear and convincing evidence may be easier to sustain. In this respect, although we have no occasion to endorse any particular formulation, we note that a jury instruction on the effect of new evidence can, and when requested, most often should be given. When warranted, the jury may be instructed to consider that it has heard evidence that the PTO had no opportunity to evaluate before granting the patent. *When it is disputed whether the evidence presented to the jury differs from that evaluated by the PTO, the jury may be instructed to consider that question.* In either case, the jury may be instructed to evaluate whether the evidence before it is materially new, and if so, to consider that fact when determining whether an invalidity defense has been proved by clear and convincing evidence.

Id (quoting *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 2251 (2011)) (emphasis added).

The Court is of the opinion that Savi's Motion should be **DENIED**. The '953 patent, including all of the disclosures therein, is evidence central to this infringement suit and should be considered by the jury. Moreover, Savi's objection goes to the weight of the evidence rather than admissibility. However, If Axxess argues or presents evidence that the MAX 975 Datasheet was considered by the PTO office, then Savi may impeach

¹ *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S. Ct. 2238, 180 L. Ed. 2d 131 (2011)

such evidence by asking about the reexamination. If the Court becomes concerned that the jury has been misled, it will take appropriate action during trial, including but not limited to: 1) issuing a jury instruction that Max 975 Data Sheet is materially new; 2) permitting Savi to impeach Axxcess's witnesses with "reexamination" evidence; and/or 3) permitting Savi to enter reexamination evidence.

2. The Presumption of Validity

Savi requests the Court to prohibit Axxcess and its witnesses from making any reference to the presumption of validity in front of the jury. Savi argues that by allowing Axxcess to mention both the presumption of validity and Savi's heightened burden, Axxcess will likely confuse the jury into believing that Savi must clear two separate hurdles rather than one. The Court is of the opinion that arguing that the patent is valid because a patent was issued can lead to jury confusion and prejudice Savi. Accordingly, Savi's Motion is **GRANTED**. Unless it approaches the bench and receives a favorable ruling, Axxcess is precluded from presenting evidence or argument regarding the presumption of validity with the following proviso: nothing in this ruling shall prevent Axxcess from explaining and arguing that Savi has a heightened burden of proof and that it must prove invalidity by clear and convincing evidence.

3. Argument that is Contrary to the Court's Claim Constructions, that Ostensibly "Interprets" the Court's Claim Constructions or that Refers to Statements in the Court's Opinion Apart From the Actual Claim Constructions Themselves

Savi requests that this Court prohibit any attorney, expert, inventor, or other witness from offering an testimony concerning the claims of the '953 Patent that deviates from, is contrary to, or contradicts the Court's claim construction. Axxcess has no

intention of presenting arguments or evidence that contradict the Court's Claim Construction Order. However, the parties disagree as to whether Axxess's interpretation of "a comparator" contradicts the Court's interpretation of "comparator" in its Claim Construction Order.

The Court's Claim Construction Order provides:

The parties' disputes with respect to this claim term turn on whether the comparator is limited to comparing voltages or if it can also compare currents, and whether the "high or low" language that Savi proposes should be included in the construction. Axxess argues that Savi's proposed construction improperly limits the input and output signals of the comparator to voltage only because currents can also be input into the comparator. Axxess further argues that one of ordinary skill in the art would understand that the output of the comparator is "not limited to just two discrete states." Savi counters that the '953 patent is directed only to voltage comparisons, and that the comparator described in the 'patent is only capable of producing a high output or a low output.

As explained above, the Court rejects Axxess's proposed use of the term "current" because the '953 patent is directed exclusively toward voltages. The Court finds that the "high or low" language proposed by Savi is unnecessary given the later statement "to indicate which is larger." Accordingly, "comparator" is construed as **"circuitry that is capable of comparing at least two voltages and switching its output to indicate which is larger."**

...

The parties are ORDERED that they may not refer, directly or indirectly, to each other's claim construction positions in the presence of the jury. Likewise, the parties are ORDERED to refrain from mentioning any portion of this opinion, other than the actual definitions adopted by the Court, in the presence of the jury. Any reference to claim construction proceedings is limited to informing the jury of the definitions adopted by the Court.

(Doc. No. 142 at 24 & 27).

Savi argues that nothing in the Court's definition of "comparator" requires or suggests that the claims are limited to the use of a single comparator. Citing *Free Motion*

Fitness, Inc. v. Cybex Int'l, Inc.,² Savi argues that where, as here, a claim uses the open-ended transition “comprising” followed by a reference to “a” component, the word “a” means “one or more.” 423 F.3d 1343, 1350 (Fed. Cir. 2005). Accordingly, Savi argues that “a comparator” indicates “one or more” comparators in claims following the transition “comprising” and that Access should be precluded from arguing or suggesting that such claims in the ‘953 Patent are limited to a single comparator. Access argues that this issue was not before the Court during claim construction and therefore, Access’s arguments are not contrary to the Court’s Claim Construction Order.

The Court is of the opinion that the Claim Construction Order does not address the issue Savi now presents. First, the Order did not construe “*a* comparator.” Second, the Order makes no reference to a limitation regarding the quantity of comparators in the claims. Lastly, the Court notes that Savi does what it accuses Access of doing in interpreting the Order to require that “one or more” comparators be claimed. Because the Court’s Claim Construction Order did not construe “*a* comparator,” the Court is of the opinion that Access’s interpretation is not inconsistent with the Court’s Order. With regard to Savi’s request that Access be precluded from interpreting any other claim term that has been construed by the Court, the Court is of the opinion that the Claim Construction Order currently imposes such a restriction and that a limine order is not needed. Accordingly, Savi’s Motion is **DENIED**. Savi may make its objections at trial.

4. Undisclosed Expert Testimony Regarding the Doctrine of Equivalents, Contributory Infringement, and Infringement of Claims 4 and 11

Savi requests that Access not be permitted to introduce undisclosed testimony regarding the Doctrine of Equivalents, Contributory Infringement, and Infringement of Claims 4 and 11.

² *Free Motion Fitness, Inc. v. Cybex Int'l, Inc.*, 423 F.3d 1343 (Fed. Cir. 2005).

Axcess is no longer asserting claims 4 and 11 of the '953 Patent and does not intend to present any expert testimony concerning the infringement of those claims and has conveyed its decision to Savi. Thus, no *in limine* motion is necessary on this issue. Axcess argues that Savi's Motion should be denied with regard to the remaining issues because Axcess's expert has appropriately and adequately disclosed opinions and testimony that support theories of infringement under the Doctrine of Equivalents and Contributory Infringement.

The Court is of the opinion that Savi's Motion should be **GRANTED** to the following extent: All experts will be limited to their expert reports.

5. The Full Sales Price of the Accused Devices and Total Sales Revenue or Profits

Savi argues that before Axcess, its counsel, or its witnesses, including Axcess's Damages expert Scott Hakala, are allowed to provide any testimony, evidence, or argument that the royalty base of any accused Savi product is the total sales price of the device or the total revenue from such sales, Axcess must be required to provide credible and reliable evidence and use sound economic analysis to show that the demand to the entire product is attributable to the patented feature.

Savi has presented this issue in a pending *Daubert* Motion. (Doc. No. 230). The Court will address Savi's concerns in that Motion. Savi's Motion is **DENIED**.

6. The Draft Honeywell License Agreement, Savi's ISO 18185 and ISO 18000-7 Licensing Programs, or Other Licenses to Prove Reasonable Royalty Damages

Savi argues that before Axcess's damages expert Scott Hakala is allowed to use or rely on other licenses to support the calculation of a reasonable royalty, he must provide credible and reliable evidence and use sound economic analysis to show that the other licenses are economically and technically comparable to the hypothetical license.

Savi has presented this issue in a pending *Daubert* Motion. (Doc. No. 230). The Court

will address Savi's concerns in that Motion. Savi's Motion is **DENIED**.

7. The *Axcess v. Baker Botts* Litigation

Savi requests that the Court prohibit Axcess and its witnesses from introducing any evidence, statements, or arguments regarding its malpractice case against Baker Botts. Savi argues that any relevance of the malpractice case is substantially outweighed by a danger that the jury will be confused by all the unrelated patents and issues presented in that case. While Axcess does not intend to present any such evidence, it contends that the admissibility of such evidence should be determined as it arises in the context of trial.

The Court agrees with Savi and **GRANTS** it Motion. Unless it approaches the bench and receives a favorable ruling, Axcess is precluded from presenting evidence or argument that makes reference to the *Axcess v. Baker Botts* litigation or any of the issues presented in that case.

8. The Allegation that Baker Botts Told Axcess that it Could Not Bring Suit Against Savi Without First Obtaining and Testing a Savi Product

Savi requests that the Court exclude any evidence, statements, or arguments by Axcess that Baker Botts advised it not to sue before first obtaining and testing Savi's products. Savi argues that it will be unfairly prejudiced by such evidence because it was precluded from discovering such evidence due to Axcess's assertion of the attorney-client privilege. Savi asks the Court to not permit Axcess to use its privilege both as a shield and a sword. Axcess contends that the Court should reserve its ruling for trial so that a proper contextual basis may be had. While it does not intend to raise the fact that it was Baker Botts who advised Axcess that it could not bring an infringement action, Axcess argues that the fact that it was given such advice is relevant to rebut Savi's defense of laches because it is evidence of the state of mind of Axcess's management and the reasonableness of Axcess's actions.

The Court agrees with Savi. Accordingly, Savi's Motion is **GRANTED**. If Axcess

intends to present such testimony, then it must first approach the bench so that the Court may decide how to address the issue of waiver of the attorney client privilege. The Court will address any prejudice incurred by Savi at that time, if needed.

9. Any Evidence, Statements, or Arguments that Axxess's Products Practice the '953 Patent

Savi requests that the Court prohibit Axxess and its witnesses from introducing any evidence, statements, or arguments that Axxess's patents practice the '953 Patent because Axxess failed to present any expert opinions on this subject and lacks sufficient evidence to support such an assertion. Axxess argues that expert testimony is not required to establish that Axxess's products practice the '953 patent.

Savi cites no authority for the proposition that expert testimony is required to establish that Axxess's products practice the '953 patent. Also, Savi presents no legitimate evidentiary reason for its assertion that evidence, statements, or arguments that Axxess's products practice the '953 patent should be excluded. Accordingly, Savi's Motion is **DENIED**.

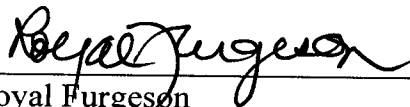
10. Lockheed Martin's Agreement of Indemnify Savi and Pay for its Attorney's Fees

Savi request that the Court preclude Axxess from making any reference to the agreement by Lackheed Martin Corporation ("Lockheed Martin") to indemnify Savi against an adverse judgment in this matter and to pay Savi's attorneys fees. Savi argues that such evidence is irrelevant and prejudicial. Axxess argues that although it does not intend to present such evidence, it should not be subjected to a Motion in Limine. It argues that the evidence is relevant to the issue of willful infringement. It also argues the evidence is not prejudicial because the indemnity agreement is between commercial entities.

The Court agrees with Savi and **GRANTS** its Motion. Unless it approaches the bench and receives a favorable ruling, Axxcess is precluded from presenting evidence or argument that makes reference to the indemnity agreement between Savi and Lockheed Martin.

IT IS SO ORDERED.

Signed this 25th day of January, 2013.



Royal Furgeson
United States Senior District Judge