

# McKool Smith

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July 21, 2018

The Honorable Dana M. Sabraw  
United States District Court  
Southern District of California  
333 West Broadway, Suite 1310  
San Diego, CA 92101

RE: *Wi-LAN Inc. v. Apple Inc.*, No. 3:14-cv-1507-DMS-BLM; (Lead Case No. 3:14-cv-2235-DMS-BLM)

Dear Judge Sabraw,

Wi-LAN respectfully submits this letter to make an offer that hopefully will allow the Court to reconsider its decision denying Wi-LAN's Motion *in Limine* No. 3 precluding the parties from offering evidence or argument about prior cases between Wi-LAN and Apple. Wi-LAN strongly believes that the parties' litigation history is not relevant to willfulness for the reasons set forth in the briefing and at oral argument. However, in the interest of receiving a fair trial on these patents, which the parties have never previously litigated, **Wi-LAN offers to withdraw both its willfulness and inducement allegations** if the Court will preclude any evidence or argument regarding the parties' prior litigation history.

This offer has precedent. A district court confronted with precisely this situation granted a motion in limine to exclude evidence of prior litigation upon the plaintiff's agreement to drop willfulness and inducement. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, No. CIV.A. 06-11109-RWZ, 2008 WL 364401, at \*2 (D. Mass. Feb. 8, 2008).

Allowing Apple to argue to the jury that it has won multiple previous lawsuits against Wi-LAN on different patents will create prejudice that could well be impossible to recover from. In addition, Wi-LAN will be required to respond to the allegations about what was involved in the previous cases, and the trial will devolve into re-litigation of the parties' prior cases, distracting from the patents and products at issue here. Under these circumstances, we believe Wi-LAN will not be afforded a fair trial.

It is for this reason that courts routinely exclude evidence of prior lawsuits. *See, e.g., AVM Techs LLC v. Intel Corp.*, No. 15-33-RGA, 2017 WL 2938191, at \*1 (D. Del. Apr. 19, 2017) (granting motion in *limine* to exclude reference to another lawsuit, finding that the outcome "is irrelevant to his bargaining position at the date of the hypothetical negotiation," and whatever probative value "is substantially outweighed by the danger of unfair prejudice"); *Retractable Techs. Inc. v. Becton, Dickinson & Co.*, No. 2:07-CV-250, 2009 WL 8725107, at \*2

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(E.D. Tex. Oct. 8, 2009) (rejecting argument that “‘the fact that the parties were in litigation simultaneously with the hypothetical negotiation would have a material effect on such negotiation.’ . . . [explaining that] ‘[o]n balance, evidence of other litigation offered to prove Defendant’s liability or the extent of damages should be excluded pursuant to at least Federal Rules of Evidence 403, 404, and 408.’”); *Realtek Semiconductor Corp. v. LSI Corp.*, No. C-12-03451-RMW, 2014 WL 46997, at \*7 (N.D. Cal. Jan. 6, 2014); *ICU Med., Inc. v. RyMed Techs., Inc.*, 752 F. Supp. 2d 486, 490–91 (D. Del. 2010).

Apple cited two cases where a court allowed a party to discuss failed prior lawsuits, but both are complete outliers that have no bearing here.<sup>1</sup> In *Finjan*, the plaintiff sought to admit some prior litigation but exclude other prior litigation. ECF No. 419, Apple Opp. to MIL 3 at 12. See *Finjan, Inc. v. Sophos, Inc.*, No. 14-cv-01197-WHO, 2016 WL 4560071, at \*9, \*15 (N.D. Cal. Aug. 22, 2016). Here, Wi-LAN has no intention of admitting any prior litigation, and Apple’s representation that Wi-LAN’s damages expert “justified his damages opinion with multiple ‘upwards’ royalty rates adjustments because Apple stood up to Wi-LAN’s previous patent assertions rather than taking a license” is demonstrably false. ECF No. 419 at 11-12; see Ex. A (portion of Kennedy report cited in Apple’s opposition, making no mention of the parties’ prior cases). For the avoidance of doubt, Mr. Kennedy will say nothing about prior litigations at trial. *Donnelly Corp. v. Gentex Corp.*, 918 F. Supp. 1126 (W.D. Mich. 1996) is also irrelevant, as that case involved two parties alleged to infringe each other’s patents and a dispute as to which was entitled to the profits. *Id.* at 1134. Apple cites no other case showing that evidence of prior litigation was admitted at trial.

Accepting Apple’s position that the parties’ prior disputes on different patents and products is relevant to damages would be a boon for all patent defendants. By Apple’s reasoning, if a defendant wins just one case, then its win will be admissible as relevant to damages in every future proceeding against that party, effectively immunizing it from any future claim by the failed plaintiff. This cannot be the law. See, e.g., ECF No 96 at 5 (denying Apple’s attempt to render Wi-LAN’s patents unenforceable due to the parties’ prior litigation history). To the extent the Court finds the prior cases are tangentially relevant, their probative value is far outweighed by the prejudice Wi-LAN will suffer when Apple tells the jury that Wi-LAN lost four previous lawsuits.

Wi-LAN respectfully requests that the Court reconsider its denial of Wi-LAN’s Motion *in Limine* No. 3 in light of Wi-LAN’s offer to drop its willfulness and inducement allegations if evidence of the prior litigation is excluded. As noted, the offer Wi-LAN makes here has precedent, and we hope the Court will consider it.

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<sup>1</sup> Apple also cited *Amini Innovation Corp. v. McFerran Home Furnishings, Inc.*, 301 F.R.D. 487, 491 (C.D. Cal. 2014), for the proposition that “[t]he history of litigation between the Parties may certainly be relevant to the issue of willfulness and damages” (ECF No. 419 at 12-13), but failed to mention that this opinion denied a motion to strike a complaint. This case settled one year

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Sincerely,

*/s/ Mike McKool*

Mike McKool

**CERTIFICATE OF SERVICE**

I hereby certify that on July 21, 2018, I electronically transmitted the attached document to the Clerk's Office using the CM/ECF System for filing and transmittal of a Notice of Electronic Filing to the CM/ECF registrants.

*/s/ Mike McKool* \_\_\_\_\_

Mike McKool