

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

MIDWEST ENERGY EMISSIONS)	
CORP. and MES INC.,)	
)	
Plaintiffs,)	
)	
v.)	Civil Action No. 19-1334-CJB
)	
ARTHUR J. GALLAGHER & CO., et al.,)	
)	
Defendants.)	

MEMORANDUM ORDER

This is a patent action filed by Plaintiffs Midwest Energy Emissions Corp. (“Midwest Energy”) and MES Inc. (“MES” and collectively with Midwest Energy, “Plaintiffs” or “ME2C”) against 34 Defendants, in which Plaintiffs assert five patents-in-suit. The Court has set out a listing of all of the parties and asserted patents in its recent October 16, 2023 Memorandum Opinion (“October 16, 2023 MO”), (D.I. 586 at 2); it incorporates that discussion by reference here. Presently pending before the Court is Defendants’ motion to exclude certain opinions of Plaintiffs’ damages expert Philip Green (“Motion”). (D.I. 571) ME2C opposes the Motion. For the reasons set forth below, the Motion is DENIED.¹

I. BACKGROUND

ME2C commenced this action on July 17, 2019. (D.I. 1) Defendants filed the instant Motion on March 23, 2023. (D.I. 527; *see also* D.I. 571) The Motion was fully briefed as of April 18, 2023. (D.I. 555) Defendants filed a notice of subsequent authority on September 21, 2023. (D.I. 577) A trial is set to begin on November 13, 2023. (D.I. 507)

¹ The parties have jointly consented to the Court’s jurisdiction to conduct all proceedings in this case, including trial, the entry of final judgment and all post-trial proceedings. (D.I. 398)

The Court here writes primarily for the parties, and so any facts relevant to this Memorandum Opinion will be discussed in Section III below.

II. STANDARD OF REVIEW

The Court has frequently set out the relevant standard of review for assessing a motion, like this one, filed pursuant to Federal Rule of Evidence 702 (“Rule 702”) and *Daubert v. Merrell Dow Pharms, Inc.*, 509 U.S. 579 (1993). One such instance came in *Integra LifeScis. Corp. v. HyperBranch Med. Tech., Inc.*, Civil Action No. 15-819-LPS-CJB, 2018 WL 1785033, at *1-2 (D. Del. Apr. 4, 2018). The Court incorporates by reference those legal standards set out in *Integra*, and will follow them herein. To the extent that additional related legal principles regarding Rule 702 and *Daubert* are relevant, the Court will set those out in Section III.

III. DISCUSSION

In this case, Plaintiffs seek a reasonable royalty for Defendants’ alleged infringement of the asserted patents. (D.I. 547, ex. A at ¶ 13) “The reasonable royalty theory of damages . . . seeks to compensate the patentee not for lost sales caused by the infringement, but for its lost opportunity to obtain a reasonable royalty that the infringer would have been willing to pay if it had been barred from infringing.” *AstraZeneca AB v. Apotex Corp.*, 782 F.3d 1324, 1334 (Fed. Cir. 2015). A reasonable royalty “may be based upon . . . the supposed result of hypothetical negotiations between the plaintiff and defendant.” *Rite-Hite Corp. v. Kelley Co., Inc.*, 56 F.3d 1538, 1554 (Fed. Cir. 1995). A factfinder uses the hypothetical negotiation to “attempt to ascertain the royalty upon which the parties would have agreed had they successfully negotiated an agreement just before infringement began.” *Aqua Shield v. Inter Pool Cover Team*, 774 F.3d 766, 770 (Fed. Cir. 2014) (internal quotation marks, citation and brackets omitted).

With their Motion, Defendants raise two issues with Mr. Green’s opinions: (1) that in relying upon three real-world licensing agreements, Mr. Green did not account for technical and economic differences between those agreements and the hypothetical negotiation; and (2) Mr. Green failed to properly apportion the value of the patents that he assumed were comparable to the asserted patents with respect to these licensing agreements. (D.I. 528 at 45-50; D.I. 555 at 23-25) The Court will address these arguments in turn.

A. Comparability of Real-world Licenses

“In determining the reasonable royalty, an expert witness may rely on existing royalty agreements entered into at arms-length[,] as long as those agreements are sufficiently comparable to the hypothetical license at issue in suit.” *Zimmer Surgical, Inc. v. Stryker Corp.*, 365 F. Supp. 3d 466, 494 (D. Del. 2019) (internal quotation marks and citations omitted).

“[C]omparisons of past patent licenses to the infringement must account for the technological and economic differences between them.” *Wordtech Sys., Inc. v. Integrated Networks Sols., Inc.*, 609 F.3d 1308, 1320 (Fed. Cir. 2010) (internal quotation marks omitted). Asserting “a loose or vague comparability between different technologies or licenses” is not sufficient when relying on licenses to support a reasonable royalty. *LaserDynamics, Inc. v. Quanta Comput., Inc.*, 694 F.3d 51, 79 (Fed. Cir. 2012). It is Plaintiffs’ burden to show comparability of the licenses on which it relies. *ViaTech Techs., Inc. v. Adobe, Inc.*, Civil Action No. 20-358-RGA, 2023 WL 5975219, at *9 (D. Del. Sept. 14, 2023) (citing *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1329 (Fed. Cir. 2009)).

Defendants first argue that Mr. Green’s opinions relying on three licenses (the “Nalco,” “ADA-ES” and “Chem-Mod” licenses) are unreliable and must be excluded because they “lack the requisite technological and economic bases” for a comparison to the hypothetical negotiation.

(D.I. 528 at 46-48) With respect to technological comparability, Defendants contend that Mr. Green asserts only that the technologies underlying these licenses are “similar” and thus “comparable” because they are from the same general field, (*id.* at 46 (citing D.I. 547, ex. A at ¶¶ 190, 199; D.I. 533, ex. 26 at 157-61)), and Plaintiffs’ technical expert “has not offered a sufficiently reliable predicate to compare [Plaintiffs’] patents to anyone else’s[.]” (*id.* (citing D.I. 533, ex. 11 at 149, at ¶ 157)).

The Court will not exclude Mr. Green’s testimony on this ground. Mr. Green relies on the opinions of Plaintiffs’ technical expert, Mr. Philip O’Keefe, regarding the technological comparability between the patent licenses at issue and Plaintiffs’ patents. (D.I. 547, ex. A at ¶¶ 5, 132, 137-39, 176) Mr. O’Keefe, in turn, explains that:

- The Nalco patent (the “692 patent”) has been licensed by Chem-Mod LLC (“Chem-Mod”) and Arthur J. Gallagher & Co. (“Arthur J. Gallagher”), and the patent’s claims require injecting halogen material into the flue gas, such that these licensees did not believe that they needed to license the patent because they do not inject material into the flue gas, (D.I. 546, ex. A at 146-47, at ¶¶ 151-52);
- The Chem-Mod patents (the “083 patent” and the “170 patent”) are licensed by various Defendants; the '083 patent describes the use of several additives, including calcium bromide, to coal for the reduction of mercury emissions (as well as certain steps that Defendants did not perform or performed only biannually). MerSorb and S-Sorb contain some of these additives.² (*Id.* at 147-48, at ¶¶ 153-54) The '070 patent is not very relevant to Defendants’ refined coal process because it describes, *inter alia*, combusting coal in the presence of nitrate salt, which is not a component included in MerSorb or S-Sorb. (*Id.* at 148, at ¶ 155); and
- The ADA-ES patent (the “986 patent”) describes the use of nitrogenous material to control NOx and halogen material to control mercury emissions from combustion chambers at

² MerSorb and S-Sorb are the additives that Defendants apply to the coal to make refined coal. (D.I. 546, ex. A at 43, at ¶ 82; *id.* at 148, at ¶ 155)

coal-fired power plants, and this process is used to create and sell refined coal, (*id.* at ¶ 156).

- In sum, all of these patents “describe technology related to mercury capture for use with coal-fired combustion chambers” and are therefore “technically comparable” to Plaintiffs’ patents “at least in the sense that they are drawn toward the same field of technology.” (*Id.* at 149, at ¶ 157)

In the Court’s view, Mr. O’Keefe has sufficiently explained the ways in which the licensed technology is—and is not—comparable to the asserted patents. While Defendants focused on the last paragraph of the relevant section of Mr. O’Keefe’s report (paragraph 157), as demonstrated above, Mr. O’Keefe engaged in a more fulsome analysis than that. That is, he otherwise explained what the relevant patents cover (e.g., mercury control through the use of certain additives, some of which are also covered by the asserted patents) and noted certain other differences and similarities to the asserted patents.³ (*See* D.I. 545 at 45); *see also, e.g., SB IP Holdings, LLC v. Vivint, Inc.*, Civil Action No. 4:20-CV-00886, 2023 WL 6601415, at *4 (E.D. Tex. Oct. 10, 2023) (finding that an expert’s reliance on a license should not be excluded for failure to show technological comparability, where the expert’s opinion “was based on specific descriptions of the patents as well as elements and features shared by the patents”) (internal quotation marks and citation omitted); *Bio-Rad Lab ’ys, Inc. v. 10X Genomics, Inc.*, C.A. No. 15-152-RGA, 2018 WL 4691047, at *7 (D. Del. Sept. 28, 2018) (rejecting defendant’s argument that an expert alleged only a loose or vague comparability between certain licenses and the asserted patents, where he provided “reasonable and specific explanations” for selecting the agreements he did). Mr. O’Keefe’s opinions establish at least a showing of “baseline

³ Indeed, the Court notes that Defendants’ own expert, Dr. Niksa, opines that the ’692 patent is technologically comparable to the asserted patents, and in doing so, he focuses on the additives used and the patent’s goal of reducing mercury (just as Mr. O’Keefe did). (D.I. 618, ex. B at ¶ 71)

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