

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF KANSAS

LOGANTREE LP,

Plaintiff,

vs.

GARMIN INTERNATIONAL, INC.,

Defendant.

Case No. 6:17-cv-01217

**GARMIN'S EXPLANATION AND LEGAL AUTHORITY IN SUPPORT OF ITS  
PROPOSED JURY INSTRUCTIONS AND VERDICT FORM**

Pursuant to this Court's Trial Scheduling Order (ECF No. 229), Garmin provides below its brief explanation and legal authority supporting its version of the outstanding proposed instructions and verdict form, attached as Exhibit A. Garmin respectfully requests the Court adopt Garmin's proposed jury instructions and verdict form.

**A. Brief Explanation and Legal Authority Supporting Garmin's Proposed Instructions and Verdict Form**

*1. Disputed Instruction No. 1 – Relevant Factors for Determining a Reasonable Royalty*

The parties agree that the Federal Circuit's Model Instruction B.5-5.8 is a suitable instruction for the relevant factors to consider in determining a reasonable royalty. However, LoganTree's suggestion that a recitation of the *Georgia-Pacific* factors is not mandatory is based on a misunderstanding of the committee's comments and authorities. The committee stated "[t]he Federal Circuit has made it clear that the *Georgia Pacific* factors are not mandatory" as a test for royalty calculations. **Ex. B, Excerpts from Federal Circuit's Model Instructions**, at 3. LoganTree misinterprets the committee's statement as suggesting that the listing of the *Georgia Pacific* factors

in a jury instruction is not mandatory, where the committee was simply noting the *Georgia Pacific* factors are not required in forming royalty calculations. Indeed, in the very next sentence, the committee expressly notes that “if [the *Georgia Pacific* factors] are used, the jury ***should be instructed*** only on the factors that are relevant to the evidence before the jury.” *Id.* Here, LoganTree’s expert, Dr. Volkov, purported to consider the *Georgia-Pacific* factors generally, while Garmin’s expert, Mr. Finch, explicitly addressed each of the 15 factors. Thus, per the committee’s instructions in its comment to this Model Instruction, the jury should be instructed on all of the *Georgia-Pacific* factors. *Id.* If the Court does not provide these instructions, the jury will be hopelessly confused when they hear the parties and experts discussing “*Georgia Pacific* factors” with no concomitant instructions and explanations from the Court.

## 2. *Disputed Instruction No. 2 - Apportionment*

Once again, the parties agree that a Federal Circuit’s Model Instruction (B.5-5.12) should serve as the base for this instruction. **Ex. B**, at 5–6. However, LoganTree’s proposed version of the instruction again omits relevant portions of the Model Instruction in its proposed instruction—specifically, the Federal Circuit’s paragraph discussing the entire market value rule (“EMVR”). Neither party has contended in this case the entire market value rule is at issue in this case, nor did LoganTree or its expert attempt to satisfy its requirements in LoganTree’s expert report on damages. With these facts, it is black letter law that LoganTree cannot recover damages based on the entire market value (i.e., total revenues) of the Accused Products. As the Federal Circuit explained in *LaserDynamics*:

Where small elements of multi-component products are accused of infringement, calculating a royalty on the entire product carries a considerable risk that the patentee will be improperly compensated for non-infringing components of that product. Thus, it is generally required that royalties be based not on the entire product, but instead on the “smallest salable patent-practicing unit.” *Cornell Univ. v. Hewlett-Packard Co.*, 609 F.Supp.2d 279, 283, 287–88

(N.D.N.Y.2009) (explaining that “counsel would have wisely abandoned a royalty base claim encompassing a product with significant non-infringing components. The logical and readily available alternative was the smallest salable infringing unit with close relation to the claimed invention—namely the processor itself.”).

The entire market value rule is a narrow exception to this general rule. If it can be shown that the patented feature drives the demand for an entire multi-component product, a patentee may be awarded damages as a percentage of revenues or profits attributable to the entire product. *Rite-Hite*, 56 F.3d at 1549, 1551. In other words, “[t]he entire market value rule allows for the recovery of damages based on the value of an entire apparatus containing several features, when the feature patented constitutes the basis for customer demand.” *Lucent*, 580 F.3d at 1336 (quoting *TWM Mfg. Co. v. Dura Corp.*, 789 F.2d 895, 901 (Fed.Cir.1986)). The entire market value rule is derived from Supreme Court precedent requiring that “the patentee ... must in every case give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural or speculative.” *Garretson v. Clark*, 111 U.S. 120, 121, 4 S.Ct. 291, 28 L.Ed. 371 (1884). The Court explained that “the entire value of the whole machine, as a marketable article, [must be] properly and legally attributable to the patented feature.” *Id.*

*See LaserDynamics, Inc. v. Quanta Computer, Inc.*, 694 F.3d 51, 67 (Fed. Cir. 2012) (emphasis added). Accordingly, failure to instruct the jury on the proper scope of its apportionment duties in the context of the EMVR is reversible error. *Id.*; *see also Virnetx, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1328 (“We conclude that the district court’s jury instruction regarding the entire market value rule was legally erroneous. Moreover, that error cannot be considered harmless, as VirnetX’s expert relied on the entire value of the iOS devices as the ‘smallest salable units,’ without attempting to apportion the value attributable to the VPN On Demand and FaceTime features. Thus, it is clear that the jury’s verdict was tainted by the erroneous jury instruction.”).

Garmin’s proposed revisions to the Federal Circuit’s instruction on the EMVR are made to simplify and clarify the issues for the jury. As noted above, neither party contends the EMVR is at issue in this case. As such, Garmin contends there is no need to introduce this new term, and

complicated rule, to the jury, risking confusion. As such, Garmin has proposed a simplified version that instructs the jury on the relevant points: (1) LoganTree is only entitled to damages based on the total revenues if it contends and proves the patented feature drives demand; (2) LoganTree does not contend the patented features drive demand; and (3) therefore, the jury must apportion the royalty base to reflect the value attributable to only the allegedly infringing features.

### 3. *Question #1 of the Verdict Form*

It is indisputable that LoganTree bears the burden of infringement. *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 571 U.S. 191, 198 (2014) (“It is well established that the burden of proving infringement generally rests upon the patentee”) (citing *Imhaeuser v. Buerk*, 101 U.S. 647, 662 (1880)). LoganTree has accused 41 Garmin products of infringing three different claims. ECF No. 187, at 4–5. As a result, LoganTree “[bears] the burden of proving by preponderant evidence that [LoganTree]’s accused products satisfy every limitation of [the asserted claims].” *LNP Eng’g Plastics, Inc. v. Miller Waste Mills, Inc.*, 275 F.3d 1347, 1356 (Fed. Cir. 2001); see also *L&W, Inc. v. Shertech, Inc.*, 471 F.3d 1311, 1318 (Fed. Cir. 2006) (“When a patentee with the burden of proof seeks summary judgment of infringement, it must make a prima facie showing of infringement **as to each accused device** before the burden shifts to the accused infringer to offer contrary evidence”) (citing *Saab Cars USA, Inc. v. United States*, 434 F.3d 135, 1369 (Fed. Cir. 2006)). Apparently unhappy with the amount of work this has created for itself and for the jury, LoganTree now seeks to reduce its burden to a single question on different claims for products that do not share the same components. LoganTree’s answer is a legally untenable one—to “simply ‘assume’ that all of [Garmin]’s products are like the one . . . tested and thereby shift to [Garmin] the burden to show that is not the case.” *L&W*, 471 F.3d at 1318.

*L&W* is instructive. There, plaintiff’s expert assumed in his declaration that all the accused products were similar to the single part number he analyzed, and argued “if [defendant] genuinely believed that there were relevant distinctions between the ‘accused products’ that would have affected the district court’s infringement analysis, [defendant] was obligated to make those arguments at the summary judgment stage in order to refute [plaintiff’s] assumption that the design of the sixteen [accused products] was substantially similar.” *Id.* at 1317–1318. But the Federal Circuit rejected the expert’s argument because it “ignore[d] the burden of proof on infringement, which falls on [plaintiff][.]” *Id.* at 1318. Thus, the plaintiff could not just assume the remaining accused products were like the one the expert tested in an attempt to shift the burden to defendant to show why that was not the case. *Id.* Given plaintiff’s burden, it is plaintiff that “must make a prima facie showing of infringement as to each accused device before the burden shifts to the accused infringer to offer contrary evidence.” *Id.*

LoganTree’s verdict form attempts to do precisely what the plaintiff in *L&W* was rebuffed for doing. LoganTree and its expert made an affirmative decision to lump all 41 Accused Products into 5 different groups. LoganTree’s own expert noted there are vast differences in the hardware and software components of the products. This is precisely why LoganTree and Garmin have not agreed that LoganTree’s self-selected five Accused Products groups are representative of the remaining 36 Accused Products. Instead, as it explained in its fourth motion *in limine*, LoganTree contends only that statements by Garmin’s counsel during the summary judgment hearing amount to such a contention. LoganTree’s claim is without merit. At the outset, and as Garmin will explain in more detail in its opposition to LoganTree’s related motion *in limine*, the statements of Garmin’s counsel related solely to a single, discrete functionality of the Accused Products—that they all count steps, have a step goal, and write nothing to memory when the step goal is met. These

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