

Exhibit I

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

NETWORK-1 TECHNOLOGIES, INC.,

Plaintiff,

vs.

GOOGLE LLC AND YOUTUBE, LLC,

Defendants.

Case No. 1:14-CV-02396-PGG-SN

Case No. 1:14-CV-09558-PGG-SN

Expert Rebuttal Report of Dr. Gregory K. Leonard

**Confidential Outside Counsel Only
Prosecution/Acquisition Bar Materials**

Table 1. Summary of Costs Google Would Have Incurred to Move Match System Outside of the US

Cost	Amount	Exhibit
Resource Planning	\$13,091	2b
Redeployment to Outside of the U.S.		
Match System Configuration	\$52,364	2c
Redeployment of Machines and Labor Costs	\$150,000	2c
Capital Expenditure for New CPUs (If Needed)	\$160,000	2c
Incremental Data Transmission	\$653,395	2d
Total	\$1,028,850	

d. Additional Considerations

88. The above calculations provide a conservative estimate on the total cost to YouTube of a design-around that it would have been able to implement at the time of each hypothetical negotiation, and which therefore acts as an upper bound on what it would have been willing to pay during the hypothetical negotiation.

89. I understand that Network-1’s experts (Mr. Kinrich and Dr. Mitzenmacher) have claimed that implementing the non-infringing alternative of moving Content ID components outside of the United States would not have been considered a viable alternative. Mr. Kinrich appears to assume that, in order to avoid infringement of the Patents-in-Suit, YouTube would have to move the entire Content ID process abroad. Mr. Kinrich asserts that moving servers abroad would result in a reduction in quality (e.g., latency, reliability, and other adverse issues)—though he does not evaluate the economic value of the claimed quality reduction.¹⁹⁷ He then defers to Dr. Mitzenmacher’s opinion that there “are likely significant resource and performance costs to this alternative,” and that therefore this is not a viable alternative.¹⁹⁸ As I discuss in the rebuttal section, Mr. Kinrich fails to consider, as an economic matter, the next-

¹⁹⁷ Kinrich Report, ¶ 33.

¹⁹⁸ Kinrich Report, ¶ 33.