

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
ALEXANDRIA DIVISION**

RAI STRATEGIC HOLDINGS, INC. and  
R.J. REYNOLDS VAPOR COMPANY,

Plaintiffs and Counterclaim Defendants,

v.

ALTRIA CLIENT SERVICES LLC; PHILIP  
MORRIS USA INC.; and PHILIP MORRIS  
PRODUCTS S.A.,

Defendants and Counterclaim Plaintiffs.

Case No. 1:20-cv-00393-LO-TCB

**REDACTED**

**REPLY IN SUPPORT OF REYNOLDS'S MOTION  
TO EXCLUDE THE TESTIMONY OF PAUL K. MEYER**

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## INTRODUCTION

Mr. Meyer's opinions regarding the royalties for the '545, '265, '911, and '374 patents should be excluded because they are not supported by the facts of this case and they do not employ reliable methodology. Specifically, Mr. Meyer sets the rates for the first three patents based upon a purported market value of an entire Fontem patent portfolio, despite the lack of evidence that [REDACTED]. Then he arbitrarily increases the rate for one of those patents, the '545 patent, by 50%. Mr. Meyer sets the rate for the fourth patent to that of [REDACTED] which he also fails to apportion when setting the rate for the '374 patent. Those fundamental errors render Mr. Meyer's opinions inadmissible under Rule 702.

*First*, Mr. Meyer's uses a [REDACTED] rate to set his baseline royalties for Reynolds's hypothetical non-exclusive U.S. license to the '545, '265, and '911 patents, but that starting rate is untethered to the facts. Mr. Meyer opines that there was a "market-based value" of [REDACTED] "for Fontem's licensed patent portfolio." But *not one* license in the record [REDACTED]. Indeed, there are two, and only two Fontem licenses produced in this case: Fontem-RJRV and [REDACTED]. RJRV agreed to pay [REDACTED] under the Fontem-RJRV agreement. Similarly, [REDACTED] agreed to pay Fontem [REDACTED]. But Mr. Meyer does not use either of these payments in discerning the "market value" of the comparable Fontem patents.

Instead, Mr. Meyer opts for another number, [REDACTED], that appears in an entirely different context in the [REDACTED] agreement. That [REDACTED] is not an appropriate starting point because the rate was [REDACTED]. No other Fontem agreement has been produced showing that anyone paid [REDACTED] for

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