IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

RAI STRATEGIC HOLDINGS, INC., et. al., *Plaintiffs,* v. ALTRIA CLIENT SERVICES, LLC, et. al., *Defendants.*	Civil Action No. 1:20-cv-393 Hon. Liam O'Grady

ORDER

Introduction

This matter comes before the Court on the Motions *in limine* filed by both Parties in the present case. The Motions are listed in the table below. For the sake of convenience, the original Plaintiffs will be referred to as "RAI" and the original Defendants will be referred to as "PMA."

Docket number	Motion
Dkt. 827	RAI's MIL 1, reference to regulatory status of VUSE products
Dkt. 827	RAI's MIL 2, reference to youth vaping
Dkt. 827	RAI's MIL 3, references to vaping health risks
Dkt. 832	RAI's MIL 4, preclude argument about PMA's request for injunction
Dkt. 832	RAI's MIL 5, argument about enhanced damages and costs
Dkt. 837	RAI's MIL 6, reference to not seeking advice of counsel
Dkt. 844	RAI's MIL 7, exclude evidence about marking on Nu-mark products
Dkt. 851	RAI's MIL 8, Exclude reference to China

Dkt. 858	RAI's MIL 9, Exclude reference to CAD diagram
Dkt. 865	RAI's MIL 10, no argument about the alleged infringement of other patents
Dkt. 872	RAI's MIL 11, exclude evidence regarding the IQOS device
Dkt. 879	RAI's Daubert motion on Stacy Ehrlich
Dkt. 887	RAI's Daubert motion on Joseph McAlexander
Dkt. 894	RAI's Daubert motion on Paul Meyer
Dkt. 883	PMA's MIL 1, No evidence of non-comparable agreements
Dkt. 883	PMA's MIL 2, Preclude prior art testimony in RAI's stipulation
Dkt. 883	PMA's MIL 3, prior art invalidity must be disclosed in expert reports
Dkt. 883	PMA's MIL 4, no reference to practicing prior art as non-infringment
Dkt. 883	PMA's MIL 5, experts cannot rely on hearsay conversations
Dkt. 883	PMA's MIL 6, the Court should find RAI has "control" over its suppliers
Dkt. 883	PMA's MIL 7, limit testimony of RAI's corporate representative
Dkt. 883	PMA's MIL 8, no reference to RAI's patent infringement claims
Dkt. 883	PMA's MIL 9, no evidence about ITC or FTC investigations into Altria
Dkt. 883	PMA's MIL 10, no reference to withdrawn claims or defenses
Dkt. 883	PMA's MIL 11, no reference to decision not to sue third parties
Dkt. 883	PMA's MIL 12, no reference to Fontem marking products
Dkt. 883	PMA's MIL 13, no reference to Charles Higgins
Dkt. 883	PMA's MIL 14, no challenging the FDA's authorization of IQOS
Dkt. 903	PMA's Motion to exclude expert's rejected claim constructions
Dkt. 910	PMA's Daubert motion on Ryan Sullivan
Dkt. 917	PMA's Daubert motion on David Clissold

The motions have been fully briefed, the Court has heard oral arguments, and the matter is ripe for consideration.

Background

The Counterclaim Plaintiffs in this case are Philip Morris USA Inc., Phillip Morris Products SA, and Altria Client Services LLC (collectively "PMA"). PMA brings claims of patent infringement against the Counterclaim Defendants, RAI Strategic Holdings Inc. and R.J. Reynolds Vapor Company (collectively "RAI")[1]. The Parties in this case are corporations who sell electronic cigarette products. Dkt. 199 at 20.

PMA asserts five of its patents against RAI's VUSE Solo, Ciro, Vibe, and Alto products (the "accused products"). These products are electronic cigarettes. The asserted patents all claim different technologies that can be used in electronic cigarettes. The asserted patents are U.S. Patent Numbers 6,803,545 ("the '545 Patent"), 10,420,374 (" the '374 Patent"), 9,814,265 ("the '265 Patent"), 10,104,911 ("the '911 Patent") and 10,555,556 ("the '556 Patent"). Dkts. 65, 66. PMA asserts the '556 against the VUSE and the '265 Patents against the Alto. PMA asserts the other three patents against all four Accused Products. Dkt. 915 at 8.

Discussion

1. PMA's Motion *in limine* #1

PMA argues that Reynolds should be barred from presenting non-comparable licensing agreements as evidence. Dkt. 901 at 7. PMA seeks to preclude the introduction of any agreement

[1] In some filings the Parties refer to the group of Counterclaim Defendants as "Reynolds."

that is non-comparable to a hypothetical negotiation between the Parties as evidence of those agreements would not be relevant and would be unfairly prejudicial. *Id.* PMA also argues that agreements not identified as comparable in RAI's interrogatories should be precluded from evidence based on Federal Civil Rule of Procedure 37. *Id.* at 9. PMA's broad Motion does not identify a specific agreement, but rather asks the Court to conclude that any agreement, except for the three agreements identified by its expert, are not comparable.

A license must be comparable to be relevant to establishing a reasonable royalty rate. *See Uniloc USA, Inc. v. Microsoft* Corp., 632 F.3d 1292, 1317 (Fed. Cir. 2011) ("there must be a basis in fact to associate the royalty rates used in prior licenses to the particular hypothetical negotiation at issue in the case.") For evidence of a comparable license to be used as proof of damages, that evidence must be tied to "the claimed invention's footprint in the market place." *ResQNet.com, Inc., v. Lansa, Inc.,* 594 F.3d 860, 869 (Fed. Cir. 2010) (citations omitted).

PMA argues that RAI's damages expert, Ryan Sullivan, will present evidence based on non-comparable licenses from both his expert report and deposition testimony. To support this argument, PMA discusses a prior agreement between PMA and a third-party to purchase a European patent application for the technology claimed in the '265 patent (an asserted patent in this case). Sullivan's expert report says that "[t]he circumstances surrounding these agreements do not reflect the economic circumstances…" of the negotiations between the Parties. Dkt. 901-2 at 28. In his deposition testimony, Sullivan explains that he does not rely on this specific agreement for the valuation of the '265 patent. Dkt. 901-3 at 5. However, RAI argues that this does not make the agreement for the purchase of the '265 patent irrelevant because the agreement can still be used because the purchase price is still relevant to the valuation of the patent. Dkt. 965 at 8-9.

PMA also argues that Rule 37 should bar the introduction of any specific licenses or agreements not disclosed in response to one of their interrogatories. Dkt. 901 at 9. PMA argues that the holding of *MLC Intell. Prop., LLC v. Micron Tech., Inc.*, requires that this evidence should be excluded from trial. 10 F.4th 1358, 1369 (Fed. Cir. 2021). In *MLC Intell. Prop.*, the Federal Circuit upheld the district court's ruling that an expert's testimony was inadmissible because the underlying agreement was not identified in an interrogatory inquiring about the specific basis for an expert report. *Id.* at 1373. In that case, the district court struck portions of the disputed testimony according to Federal Rule of Civil Procedure 37(c)(1) when the basis for the report was never disclosed. *Id.* In the present case, the agreement has undisputedly been disclosed and the Parties have been aware of the agreement prior to trial. The Court has not struck any portion of an expert's report based on a discovery motion. In addition, PMA's interrogatory was broad and did not seek specific factual information which was subsequently never disclosed. The holding of the *MLC Intell. Prop.*, does not apply to the circumstances of this current case.

The agreement discussed to purchase the '265 patent's predecessor involves the exact technology at dispute in this case and was an agreement made by one of the Parties in this case. Accordingly, the Court does not find that the agreement has no relevance to the calculation of damages and it therefore may be admissible. Federal Rule of Civil Procedure 37(c) does not bar the admission of this agreement because both Parties have been aware of this specific agreement well in advance of the date of trial. Evidence regarding the '265 agreement will be admissible at trial provided that either Party seeking to introduce this agreement can lay a proper foundation for its relevance. Beyond the agreement regarding the '265 patent, PMA's Motion is overly

broad. Specific evidence or testimony can be objected to contemporaneously if there is a proper basis for exclusion. Therefore, PMA's Motion *in limine* is **DENIED**.

2. PMA's Motion *in limine* #2

PMA asserts that RAI is bound by previous stipulations to not raise prior art references to argue obviousness or anticipation as to the '545 and '556 patents. Dkt. 901 at 9. RAI has petitioned the United States Patent and Trademark Office for Inter Partes Review ("IPR") of the two patents. Based on this petition, RAI has stipulated that it would not "pursue as to the challenged claims any grounds raised or that could have been reasonably raised in the IPR" for the '545 and '556 patents. Dkt. 8-6; Dkt. 895-7. Based on the stipulations, PMA wants the Court to "preclude RJR from presenting argument, evidence or testimony at trial based on '556 and '545 Patents allegedly practicing the prior art." Dkt. 901 at 11. In response, RAI contends that it can rely on the prior art as evidence of invalidity based on the lack of written description (under 35 USC §112) and as evidence that is relevant to the calculation of damages. RAI represents that its expert witnesses will reference the prior art only to support arguments that are not subject to estoppel.

During IPR, a party may challenge a patent "only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications." 35 USC §311(b). The Federal Circuit has explained that estoppel based on Inter Partes Review ("IPR") prohibits the petitioner from raising "all grounds not stated in the petition but which reasonably could have been asserted against the claims included in the petition." *Cal. Inst. of Tech. v. Broadcom Ltd.*, 2022 U.S. App. LEXIS 3179 at *29 (Fed. Cir. 2022) (The Appeals Court clarified the scope of estoppel based on the statutory text of 35 USC §315(e)(2)).

RAI could not have raised an invalidity argument for lack of written description during IPR in accordance with the text of 35 USC §311(b).

RAI has represented that the defenses for obviousness and anticipation as to the '556 and '545 patents will not be presented at trial. Because these defenses will not be argued, the Motion is **GRANTED**. If RAI wishes to introduce a piece of prior art that would otherwise be precluded by their stipulation or this Order, they may move at trial to introduce that prior art upon a showing of good cause.

3. PMA's Motion *in limine* #3.

PMA has sought to preclude RAI from introducing "argument, evidence or testimony about prior art invalidity not disclosed in expert reports." Dkt. 901 at 5. RAI believes this motion is vague and would preclude RAI from arguing evidence that is necessary for purposes other than an invalidity argument. Dkt. 965 at 12. PMA also represents that "it is not seeking to exclude prior art used to only show the state of the art." Dkt. 1101. Neither party has identified any specific prior art that would be affected by the disposition of this motion. Individual exhibits of prior art can be contemporaneously objected to before they are entered into evidence. Therefore, this Motion is **DENIED**.

4. PMA's Motion *in limine* #4.

PMA wants the Court to preclude RAI from arguing that the accused products are similar to the prior art. Dkt. 901 at 12. PMA makes this Motion based on the expert report of RAI's technical expert, Kelly Kodama, who will discuss how the accused devices have a similar capillary construction as the prior art (the same prior art that RAI argued should invalidate the '556 Patent during IPR). RAI on the other hand contends that Mr. Kodama's testimony is offered for the sake of rebutting the testimony of PMA's expert, Dr. Abraham. Dkt. 965 at 14. RAI

believes Dr. Abraham will testify (based on his expert report) that the '556 Patent offers significant benefits over the prior art. Dkt. 965 at 14 ("Dr. Abraham alleges that the technology of the '556 patent provided cost savings due to (1) a reduction of material used; and (2) a reduction of wasted e-liquid.")

It is undisputed by the Parties that there is no 'practicing the prior-art defense' to claims of infringement. *See Tate Access Floors v. Interface Architectural Res.*, 279 F.3d 1357, 1366 (Fed. Cir. 2002) ("literal infringement is determined by construing the claims and comparing them to the accused device, not by comparing the accused device to the prior art.") (citing *Baxter Healthcare Corp. v. Spectramed, Inc.*, 49 F.3d 1575, 1583 (Fed. Cir. 1995) ("Questions of obviousness in light of the prior art go to validity of the claims, not to whether an accused device infringes.")) RAI has represented that they will not argue a practicing the prior-art defense. Dkt. 965 at 13. Based on the representation that RAI will not attempt to argue that the accused products do not infringe because they are like the prior art, the Court finds that Kodama's testimony might still be relevant for other valid reasons depending on the disposition of PMA's case in chief. The Court will **RESERVE RULING** on this Motion until there has been further development of the record at trial.

5. PMA's Motion *in limine #5*

PMA has moved the Court to exclude expert testimony that is based on conversations with "undisclosed third-parties" and hearsay evidence. Dkt. 901 at 9. PMA argues that this testimony should be precluded because it is inadmissible hearsay and because the disclosure of the third-party witnesses was untimely and did not comply with the Court's previous orders during discovery. Dkt. *Id.* at 9-10.

The evidence in question is the expert report of Dr. Jeffrey Schuling, a technical expert on the technology in the '265 patent.[2] *See* Dkt. 901-9 at 3. Dr. Schuling analyzed a resistor that generates heat in response to an electrical stimulus. *Id.* at 4. Dr. Schuling analyzed videos and images produced by one of RAI's suppliers, Smoore, who manufacturers the component in question. *Id.* Dr. Schuling then "confirms his understanding" of the video with two scientists who work for Smoore and are the third parties identified in this Motion. Dkt. 901-9 at 7. The third-party scientists also had discussions with Dr. Schuling about the manufacturing and design process of the component. Dkt. 901-9 at 8.

Federal Rule of Evidence 703 will govern the admissibility of this portion of Dr. Schuling's testimony. Rule 703 allows an expert to rely on facts that they have been "made aware" of. In addition, if "the facts or data would otherwise be inadmissible, the proponent of the opinion may disclose them to the jury only if their probative value in helping the jury evaluate the opinion substantially outweighs their prejudicial effect." Federal Rule of Evidence 703. The Fourth Circuit[3] has explained that expert testimony is admissible when that expert personally analyzed the data and came to an opinion on their own initiative. *Huber v. Howard County*, 1995 U.S. App. LEXIS 12604 at *15 (4th Cir. 1995) (unpublished) (*ref, Doe v. Cutter Biological, Inc.*, 971 F.2d 375, 385-386 (9th Cir. 1992); *see also United States v. McLean*, 695 Fed. Appx. 681, (4th Cir. 2017) (unpublished) (In a criminal context the test for admission of testimonial hearsay was whether an expert was giving testimony that is their own independent judgment); *United States v. Johnson*, 587 F.3d 625, 635 (4th Cir. 2009) (An expert must be more than a "conduit for hearsay").

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[2] The '265 patent claims a "permeable electric thermal resistor foil for vaporizing fluids from single-use mouthpieces with vaporizer membranes."

[3] The admissibility of evidence is decided by the law of the regional circuit where a district court sits. *See Ethicon, Inc. v. United States Surgical Corp.*, 135 F.3d 1456, 1465 (Fed. Cir. 1998).

In the current case, Dr. Schuling's report shows that he applied his own (undisputed) expert knowledge to evaluate the data. Although it appears the third-party witnesses did more than confirm and authenticate Dr. Schuling's understanding, this is not a basis to find the testimony inadmissible. Dr. Schuling's credentials are not challenged, and his expert report unequivocally demonstrates the application of empirical knowledge based on facts that were "made known" (through observation of a controlled experiment with scientific equipment). Dkt. 901-9 at 4-5. Dr. Schuling's testimony would be useful to the jury and is admissible even if it references otherwise inadmissible hearsay. PMA has not demonstrated another exclusionary basis for this part of Dr. Schuling's testimony.

PMA argues that the production of the video was not timely because of a previous Order during discovery that directed RAI to produce all responsive technical documents from suppliers by November 13, 2020. Dkt. 304. The currently disputed documents were produced in March 2021, before the close of discovery in April of 2021. Dkt. 965 at 16. PMA has been aware of the expert report and the video for over a year and the references within Dr. Schuling's report have been identified. There is no unfair prejudice from the production and use of this segment of the expert report. In addition, PMA will still be able to challenge Dr. Schuling's independent conclusions on cross-examination. The Court finds that the testimony is admissible. The Motion *in limine* is **DENIED.**

6. PMA's Motion *in limine* #6.

PMA has moved the Court to preclude RAI from arguing that it lacks control over the suppliers that manufactured the accused products. Dkt. 901 at 15. PMA argues that the Court has already found that RAI has control over its suppliers based on an Order granting PMA's previous Motion to Compel during the discovery process. Dkt. 901 at 15 (*ref*, Dkt. 203).

Willfulness is a question of fact for the jury. *See Harris Corp. v. Ericsson Inc.*, 417 F.3d 1241, 1258-1259 (Fed. Cir. 2005) (The Appeals Court upheld a jury finding of willfulness that "could reasonably have been based" on the "particular facts of the case.") An evidentiary basis is necessary to find direct control of a parent company over a subsidiary. *Tegal Corp. v. Tokyo Electron Co.*, 248 F.3d 1376, 1379 (Fed. Cir. 2001) ("In the absence of evidence showing that the parent company either was an alter ego of the subsidiary or controlled the conduct of the subsidiary, we refused to find direct infringement.") (citing *A. Stucki Co. v. Worthington Industries, Inc.*, 849 F.2d 593, (Fed. Cir. 1988)). Questions regarding the level and degree of institutional control of a third party are a matter of fact that must be decided at trial. The Court's previous Order did not decide this factual question. Accordingly, this Motion *in limine* is **DENIED**.

7. PMA's Motion *in limine* #7.

PMA argues that the RAI witness, Dr. James Figlar, should be precluded from testifying as an expert witness. Dkt. 901 at 16. PMA wants Dr. Figlar to be prohibited from testifying on issues of non-infringement or invalidity. *Id.* at 17. In response, RAI argues that Dr. Figlar will not be offered by RAI as an expert witness and will not give testimony as an expert witness. Dkt. 965 at 14.

Both Parties cite to *CertusView Techs., LLC v. S&N Locating Servs. LLC*, which is instructive on the admissibility of the disputed testimony. 2016 U.S. Dist. LEXIS 178812 at *4 (E.D. Va. March 7, 2016). In *CertusView Techs.*, the Court held that an inventor could not give testimony comparing prior art and the claims of a patent because the witness was not disclosed as an expert, however the witness could still testify about his own perception of the patented invention. *Id.* at *4-5. In addition, the Fourth Circuit allows lay witnesses to testify about

"particularized knowledge that the witness had by virtue of his position." *United States v. Chapman*, Fed. Appx. 253, 265 (4th Cir. 2006) (unpublished) (quoting *United States v. Ayala-Pizarro*, 407 F.3d 25, 28 (1st Cir. 2005)). However, witnesses testifying under Federal Rule of Evidence 701 cannot base their testimony on "scientific, technical or other specialized knowledge."

The Fourth Circuit has recognized the subtle distinction between testimony under Rule 701 and 702. *United States v. Johnson*, 616 F.3d 286, 293 (4th Cir. 2010) (The admission of a DEA agent's testimony was improper because the testimony was based on the agent's experience and training in the DEA and not personal observations) (quoting *United States v. Perkins*, 470 F.3d 150, 155 (4th Cir. 2006) ("the fine line remains" between expert and lay testimony)). Dr. Figlar represents the difficulties in cleanly drawing the line between witness testimony that will fall into either lay or expert testimony. Dr. Figlar has a doctorate in Chemistry and experience with the relevant technology as the Vice President of Scientific and Regulatory Affairs for RAI. Dkt. 901 at 16; Dkt. 965 at 20.

Accordingly, Dr. Figlar is precluded from discussing theories of infringement, theories of invalidity, or the patent claims. Dr. Figlar can offer testimony on the relevant technology to the extent that there is an established foundation for that testimony and the testimony is based on Dr. Figlar's personal knowledge or perceptions from his work and experience at RAI. The Motion is **GRANTED IN PART** and **DENIED IN PART**.

8. PMA's Motion *in limine* #8.

PMA has asked to Court to prevent RAI from referencing RAI's claims of infringement against PMA (that are currently stayed by an Order of this Court). Dkt. 901 at 17; *see also* Dkt. 426. PMA wants to exclude reference to these claims because the claims have no relevance and

would be unfairly prejudicial. *Id.* at 17-18. The Court agrees that the infringement claims have no relevance to the accused devices or the asserted patents. The Motion *in limine* is **GRANTED**.

9. PMA's Motion *in limine* #9

PMA has asked the Court to preclude the introduction of evidence or argument related to proceedings between the Parties before the ITC and any other pending investigations into the acquisition of JUUL Labs, Inc. (another manufacturer of electronic cigarettes). Dkt. 901 at 17-18. RAI argues that materials from the FTC and ITC investigations may be relevant for impeachment purposes. Dkt. 965 at 27. Based on the representations made by the Parties at oral argument, the Court is confident that any relevant and admissible documents from a prior proceeding can be introduced by either Party without unfairly prejudicing PMA. To the extent it becomes necessary, RAI may introduce documents or prior statements and refer to them as coming from "another proceeding" or as "prior testimony." RAI will not make statements referencing any of the actual investigations into PMA, references to the ITC, or references to the FTC. The Motion *in limine* is **GRANTED**. RAI will not make any reference to any investigations into PMA, but documents and testimony from those proceedings may still be introduced at trial provided there is no unfairly prejudicial reference to their origin.

10. PMA's Motion *in limine* #10

PMA has asked the Court to prohibit RAI from introducing evidence that certain electronic cigarette products were not marked by PMA as patented because this evidence would not be relevant. Dkt. 901 at 20. PMA argues that because RAI withdrew the affirmative defense of failure to mark under 35 USC §287 (in response to PMA withdrawing their claim for pre-suit

infringement damages), any reference to marking should not be presented to the jury.[4] *Id.* In contention, RAI argues that not marking certain devices is probative of the claims for willful infringement. Dkt. 965 at 28-29 (citing *Bayer Healthcare LLC v. Baxalta Inc.*, 989 F.3d 964, 988 (Fed. Cir. 2021) ("To establish willfulness, the patentee must show the accused infringer had a specific intent to infringe at the time of the challenged conduct.")

In *Artic Cat Inc. v. Bombardier Rec. Prods.*, the Federal Circuit explains the distinction between the evidence required to support a finding of willfulness and a finding to support pre-suit damages under 35 USC §287. 950 F.3d 860, 866 (Fed. Cir. 2020) ("...willfulness, as an indication that an infringer knew of a patent and of its infringement, does not serve as actual notice as contemplated by §287.") In *Artic Cat*, the Federal Circuit held that a finding of willfulness is based on the knowledge of the infringer. *Id.* In contrast, to prove damages under §267 it is required to show that the patentee either provided actual notice of infringement or constructive notice through marking a product with an indicator that the product practices the asserted patent. *Id.* Despite this distinction, the Appeals Court did not hold that evidence a patentee did not mark a patented product is irrelevant evidence for a claim of willful infringement.

RAI references a series of cases that found that either the marking or non-marking of products was probative of an accused infringers willfulness. *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1341 (Fed. Cir. 2016) (Evidence of a marked patented product supported a finding that substantial evidence existed for a jury verdict of willful infringement); *Biedermann Techs. GmbH & Co. KG v. K2M, Inc.*, 528 F. Supp. 3d 407, 427-428 (E.D. Va. 2021) (The district court

[4] PMA also contends that RAI admits it had knowledge of the '545 patent before the devices were sold and would have been marked, therefore the marking does not have any bearing on willfulness. Dkt. 1101 at 19. This admission is not cited in the supporting memorandum and does not affect the disposition of this Motion.

held, in *dicta*, that facts such as an infringer copying a marked product could be circumstantial evidence to support a reasonable inference the infringer was aware of the asserted patents); *Centripetal Networks, Inc. v. Cisco Sys, Inc.*, 492 F. Supp. 495, 601 (E.D. Va. 2020) (The fact that "Centripetal has marked its RuleGate product with a notice indicating the patents practiced by the device" supported a finding of willful infringement). It is consistent with rulings of the Federal Circuit and other courts in this district[5] that evidence of the presence or absence of marking is probative of willful infringement.

The touchstone of enhanced damages for willful infringement is that the defendant possessed "knowledge of the patent alleged to be willfully infringed." *WBIP*, 829 F.3d at 1341 (citing *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 579 U.S. 93, 105 (2016) ("But culpability is generally measured against the knowledge of the actor at the time of the challenged conduct.")) The presence or absence of marking a product tends to make the factual determination of RAI's knowledge "more or less probable than it would be without the evidence." Federal Rule of Evidence 401. There will be probative value of evidence that PMA did not mark specific devices that practice the asserted patent. RAI will not introduce the withdrawn defense to a claim for pre-suit damages under 35 USC §287. Provided a proper foundation is established, RAI will be allowed to introduce the evidence as relevant to a claim for willful infringement by RAI. For these reasons, this Motion is **DENIED**.

11. PMA's Motion *in limine* #11

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[5] This Court has previously ruled that evidence of a Plaintiff's withdrawn claims as to withdrawn asserted patents could not be introduced at trial by the Defendant because that evidence would not be relevant to a determination of willfulness. *TECSEC, Inc. v. Adobe Inc.*, 2018 WL 11388472 at *6 (E.D. Va. November 11, 2018). However, the circumstances of that case are different than the present case. In the present case, RAI seeks to introduce evidence relevant to an asserted patent (the '545 patent) which has not been withdrawn and is relevant to a claim of willful infringement that has not been withdrawn.

PMA's motion seeks to prevent RAI from referencing the decision of PMA not to assert claims of infringement against third parties. Dkt. 901 at 23. PMA argues that the Motion should be granted because there is no relevance of this evidence and there is a risk of unfair prejudice from potential confusion. *Id.* RAI contends that PMA's decision not to license their patents is relevant to a calculation of damages. Dkt. 965 at 30. RAI also argues that the fact that PMA did not assert its accused patents against other Parties is relevant to RAI's knowledge of whether the accused products infringed PMA's patents. *Id.*

PMA's expert Paul Meyer's report says that Altria Client Services made projected calculations based on licensing the '321 patent to the entire industry. Dkt. 965-17 at 3 ¶ 156 n. 273. The expert report however reflects that this calculation was the upper bound of an economic model and was even considered to be unlikely by the economic forecasters preparing the model. *Id.* The fact that the '321 patent was not licensed at some time in the future has no relevance to the value the Parties in a comparable negotiation had at the time that comparable license was negotiated. Therefore, the evidence that PMA has not asserted or licensed its patents is not made relevant by the testimony of Paul Meyer.

RAI argues that evidence the PMA patents have not been asserted in litigation or licensed is relevant to the knowledge RAI had that it was infringing the asserted patents. The cases that RAI cites to for support of this argument are not relevant to the current Motion; both of those cases involve the district courts addressing the relevance of past litigation between the adverse parties in those cases. *See Tyco Healthcare Grp. LP v. Applied Med. Res. Corp.*, 2010 WL 11469880, at *3 (E.D. Tex. Feb. 26, 2010) *Sprint Commc'ns Co. L.P. v. Charter Commc'ns, Inc.*, 2021 WL 982730, at *2 (D. Del. Mar. 16, 2021). In the present case, any argument that PMA did not assert its patents and therefore RAI had less knowledge they infringed the patents, is an

argument that presupposes that some third-party products infringe PMA's asserted patents. There is no factual basis to show that PMA could have asserted their patents. To allow RAI's use of this evidence to show that it didn't have knowledge that it was infringing would invite improper comparisons to third party products that are not relevant to any issue to be decided in this case. Therefore, this evidence is unfairly prejudicial under Federal Rule of Evidence 403. Accordingly, RAI cannot argue that they did not have knowledge RAI infringed the asserted patents because PMA had not sued another party for infringement of those same patents.

The decision of PMA whether to bring infringement claims against any third-party is not relevant to an issue to be decided at trial, is misleading and may potentially be needlessly confusing. For these reasons, the Motion *in limine* is **GRANTED**.

12. PMA's Motion *in limine* #12

PMA has argued that RAI should be prevented from introducing evidence that RAI or a third-party, Nu Mark, marked any of their products to show that those products practice patents licensed by another third-party, Fontem. Dkt. 901 at 23. PMA argues that this evidence is not relevant because there is no record that demonstrates that the marked products practice the Fontem patents. Dkt. 901 at 24. PMA also argues that RAI did not disclose this argument about patent marking in discovery and therefore should not be allowed to raise it at trial.[6] *Id.* The Parties both agree that patents in the Fontem patent families and their respective licenses are comparable to the asserted patents and a hypothetical negotiation for a reasonable royalty. *Id.* It is therefore undisputed that licenses for the Fontem patents are comparable for the purposes of estimating a reasonable royalty in the present case. *Id.*; Dkt. 965 at 32.

[6] PMA argues that RAI did not disclose this argument in response to the interrogatory question asking for disclosure of all facts and evidence that support a theory of damages. Dkt. 901 at 24.

RAI argues that Fontem's decision on which products to mark is relevant to the value Fontem assesses to the comparable patents. Therefore, evidence of which products are marked should be admissible because this evidence will be relevant to damages. Dkt. 965 at 33. RAI argues that their damages expert does not need to decide if a marked product practices the patent because the mere existence of the mark is relevant to determining the value the company places on the patent regardless of whether the device actually practices the patent. *Id.* at 33-34 (Arguing that the patent license provision requires the mark to be applied to products that Fontem believes to be covered by the license agreement).

A reasonable royalty is determined by considering "a hypothetical negotiation, occurring between the parties at the time that infringement began." *Uniloc USA*, 632 F.3d at 1312 (citing *Wang Labs Inc. v. Toshiba Corp.*, 993 F.2d 858, 869-870 (Fed. Cir. 1993). For an expert's opinion on a reasonable royalty to be admissible, the expert must "separate the value of the allegedly infringing features from the value of all other features" in a process referred to as apportionment. *Commonwealth Sci. & Indus. Research Organisation v. Cisco Sys.*, 809 F.3d 1295, 1301 (Fed. Cir. 2015) (citing *VirnetX, Inc. v. Cisco Sys. Inc.*, 767 F.3d 1308, 1329 (Fed. Cir. 2014)). When using the past patent licenses, the expert must also "account for differences in the technologies and economic circumstances of the contracting parties." *Finjan, Inc. v. Secure Computing Corp.*, 626 F.3d 1197, 1211 (Fed. Cir. 2010) (citations omitted). There is no single methodology to calculate appropriation while considering the necessary factors; instead the process is "well-understood" to "involve some degree of approximation and uncertainty." *VirnetX*, 767 F.3d at 1328.

RAI's expert, Paul Meyer, succinctly explains how he uses a "market approach" to estimate a reasonable royalty for some of the asserted patents in this case. Dkt. 960-1 at 5 ("The

market approach is based on the premise that the value of an asset may be determined by reference to how others in the marketplace have valued the same or similar assets.") Meyer uses the presence of the patent mark on certain products to estimate how a comparable licensor values their comparable patented technology. This approach is reasonable to create a value with which to estimate how to apportion a reasonable royalty rate for the patented technology. In addition, Meyer's use of the patent marks allows him to consider differences between the economic circumstances of the comparable licensors (Fontem and PMA). Meyer's methodology (the market approach) is reasonable and uses reliable data (a comparable agreement). Therefore, Meyer's testimony is admissible under Federal Rule of Evidence 703. The argument that PMA has raised regarding Meyer's methodology may be addressed on cross-examination if necessary. *See Bayer HealthCare LLC v. Baxalta, Inc. v. Baxalta Inc.*, 989 F.3d 964, 985 (Fed. Cir. 2021) (Disputes over the underlying facts are to be decided by the jury and can be addressed on cross-examination) (citing *Summit 6, LLC v. Samsung Elecs. Co.*, 802 F.3d 1283, 1299 (Fed. Cir. 2015) ("To the extent [an expert's] credibility, data, or factual assumptions have flaws, these flaws go to the weight of the evidence, not its admissibility.")).

The legal precedent that PMA relies on to argue that Meyer's testimony must be precluded according to Rule 37 is not applicable to the present case. In *MLC Intellectual Prop., LLC v. Micron Tech., Inc.*, the testimony in question had been struck after a party's motion under Federal Rule of Civil Procedure 37(c)(1). 10 F.4th 1358, (Fed. Cir. 2021). In that case, the district court found that the plaintiff never disclosed a specific agreement that was the basis of its expert's royalty rate calculation after multiple specific interrogatory requests asking about the basis of the royalty rate. *MLC Intellectual Prop., LLC v. Micron Tech., Inc. I*, 2019 U.S. Dist. LEXIS 110882 at *41 (N.D. Cal. July 2, 2019). In the current case, there has been no Motion to

Strike granted by this Court for a failure to comply with a discovery request. In addition, the underlying facts and how they are utilized in the expert's opinion were fully disclosed by the expert in his report. *See e.g.* Dkt. 965-2 at 3 ¶ 166.

For the foregoing reasons, this Motion *in limine* is **DENIED**.

13. PMA's Motion *in limine* #13.

PMA seeks to preclude RAI from making any reference to Charles Higgins, an inventor of one of the patents. Dkt. 901 at 25. RAI does not oppose this motion. Dkt. 965 at 28. Therefore, this Motion is **GRANTED**.

14. PMA's Motion *in limine #14*

PMA moves the Court to prevent any argument, evidence or testimony challenging the Federal Drug Administration's (FDA's) Pre-market tobacco ("PMT") or modified risk tobacco product ("MRTP") authorization of the IQOS device.[7] Dkt. 901 at 26. As discussed below, all testimony regarding the IQOS device will be excluded from trial as the Court finds it will not be relevant. Accordingly, the Motion is **GRANTED**.

15. PMA's Motion to exclude opinions of experts based on rejected claim constructions.

PMA has argued that several of RAI's experts will give testimony based on a claim construction that has already been rejected by the Court. Dkt. 908 at 4. In a previous Order, the Court found that none of the fifteen terms disputed by the Parties during the earlier *Markman* hearing were modified by clear disclaimer. Dkt. 360. Accordingly, these claim terms will be given their plain and ordinary meaning. PMA has identified five characterizations within RAI's expert report that PMA identifies as rejected by the Court's previous Order on claim

[7] As discussed below, RAI has several motions to exclude references to IQOS device and the device's FDA authorization.

construction.[8] Dkt. 908 at 10. PMA believes that these characterizations have been rejected by the Court and therefore the characterizations should be precluded from testimony at trial. *Id.* at 11.

Claim terms are given their ordinary and customary meaning to a person of ordinary skill in the art. *Phillips v. AWH Corp.*, 413 d 1303, 1313 (Fed. Cir. 2005). There are two exceptions to this general rule. These exceptions are when a patentee defines a word in the patent application or when the scope of a claim term is disavowed during the patent's prosecution. *Hill-Rom Servs. v. Stryker Corp.*, 755 F.3d 1367, 1371 (Fed. Cir. 2014) (citing *Thorner v. Sony Computer Entm't Am. LLC*, 669 F.3d 1362, 1365 (Fed. Cir. 2012)). The Court previously held that neither exception applies to the terms claimed in any of the asserted patents and that all terms should be given their ordinary and customary meaning. *See* Dkt. 360. Consistent with this holding, it is appropriate for the Parties to introduce evidence regarding the plain and ordinary meaning of the claim terms during trial. *See DNT, LLC v. Sprint Spectrum, LP*, 2010 U.S. Dist. LEXIS 12420 at *13 (E.D. Va. Feb. 12, 2010).

PMA does not argue that any of the characterizations in RAI's expert reports contradict the plain meaning of a term. Instead, PMA argues that RAI's expert characterizations are the same as the claim constructions proposed by RAI at the *Markman* hearing and that the Court did not subsequently adopt those constructions.[9] The testimony in question will be appropriate for,

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[8] The descriptions in dispute are that 'Dimensions substantially as a cross-section of a cigarette or cigar' is characterized as 'an essentially circular shape' in the '265 patent; 'opening' explained as 'a passage or hole through which liquid aerosol forming substrate can flow' in the '556 patent; the characterization that the 'second capillary material must be separated by a distance' in the '556 patent; that to 'detect a blowing action' means to 'determine the presence of a blowing action' in the '374 patent; and that the term 'capacitor' excludes 'any other layer or material between the membrane and the plate' in the '374 patent.

[9] In the case cited by PMA, the Court rejected testimony that introduced an improper limitation into the plain and ordinary meaning of the claim term. *Yeti Coolers, LLC v.*

and helpful to, the jury in understanding the plain meaning of the terms. *See Lazare Kaplan Int'l, Inc. v. Photoscribe Techs., Inc.*, 628 F.3d 1359, (Fed. Cir. 2010) (citations omitted) (Sources to construe the plain meaning of claimed terms include the claims themselves, the specification, prosecution history and "extrinsic evidence concerning relevant scientific principles, the meaning of technical terms, and the state of the art.") To the extent that any expert testimony may improperly intrude on the Court's obligation to construe the claims to the jury, this testimony can be dealt with through a contemporaneous objection or a proper jury instruction.

RAI has also argued that the Court may need to revisit its claim construction ruling on the term 'blind hole' in the '911 patent. Dkt. 950 at 29. RAI argues that during the prosecution history of the '911 patent, PMA disclaimed certain prior art references that RAI argues are comparable to the structure in the accused devices. PMA believes these structures in the accused devices literally infringe the patent because they are within the limits of the claimed term 'blind hole.' *Id.* The Court previously did not find that the '265 patent contained any such disclaimer and would not require claim construction by the Court. Dkt. 360.

This dispute centers around the disclaimer of the prior art embodied in U.S. Patent no. 5,935,975 (the '975 patent). This patent claims a "a plurality of radially inwardly extending somewhat flexible fingers" that extend randomly inside a filter tip that is like the tip of a traditional cigarette. U.S. Patent No. 5,935,975 at Col. 13 ¶ 34 (issued August 10, 1999). These 'fingers' create spaces that trap liquid. *Id.* at Col. 13 ¶ 44. During prosecution of the '265 patent, the inventor discussed this structure in the '975 patent (referred to as the Rose Prior Art) and argued that the structure is "non-blind" and is therefore distinct from the 'blind hole' claimed in

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RTIC Coolers, LLC, 2017 U.S. Dist. LEXIS 11163 at *13 (W.D. Tex. Jan 27, 2017) ("Thus, while RTIC is correct that in an appropriate circumstance case law may permit testimony to the jury regarding the plain and ordinary meaning of a phrase as understood by one skilled in the art, this is not an appropriate case for permitting such testimony.")

the '265 patent. *See* Dkt. 950 at 28; Dkt. 686 at 6-7, 21-22. RAI now argues that due to this characterization of the structure during the '265 prosecution history, the '265 patent has disavowed any blind-hole that contains a space or cavity like the space or cavity created by the filaments in the '975 patent. This argument is important to the claims of infringement for the '265 patent because the accused device contains 'raised lips' that have two spaces. The Court finds that the criticism of the '975 patent has not led to the disavowal of any 'blind hole' that contains spaces or cavities.

The Federal Circuit has held that "mere criticism of a particular embodiment encompassed in the plain meaning of a claim term is not sufficient to rise to a level of clear disavowal." *Thorner*, 669 F.3d at 1366-1367 (disclaimer must be "clear and unmistakable"). There is a "heavy presumption" that claim terms will be construed according to their plain meaning, and this presumption cannot be overcome "simply by pointing to the preferred embodiment or other structures or steps disclosed in the specification or prosecution history." *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1327 (Fed. Cir. 2002) (citing *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366-1367 (Fed. Cir. 2002) (Disavowal of the plain meaning of a term requires "expressly disclaimed subject matter")); *see also Hil-Rom Servs.*, 755 F.3d at 1372 (collecting cases). The discussion of the '975 patent during the prosecution history was mere criticism and did not expressly disclaim the subject matter of any blind-hole that also contained additional spaces or cavities. The prosecution history here may be relevant to theories of infringement, but the history does not reach the level of explicit disavowal where the invention excludes a particular embodiment, or where the history limits the invention to a particular form. The question of whether the disputed structure in the accused device meets the

limitation defined by the clear and ordinary meaning of the term 'blind hole' is a question of infringement that must be decided by the jury.

In summary, the Court will not preclude RAI from using different words from the patented terms to describe those patented terms. The Court does not find it necessary to revisit claim construction. If any testimony at trial improperly and materially limits or broadens the scope of the patented claims, then the Court will address the issue at that time. The Motion *in limine* is **DENIED**.

16. PMA's Motion to Exclude the testimony of Ryan Sullivan

PMA has moved to exclude the testimony of RAI's damages expert, Ryan Sullivan, on the basis that his testimony does not meet the requirements of *Daubert* and Rule 702. Dkt. 915 at 6-7. PMA argues that Dr. Sullivan's testimony does not meet the requirements because 1) he relies on a lump sum payment for calculations; 2) his final calculation is different than another final calculation; and 3) he relies on the existence of design arounds to prevent infringement.

Both parties agree that establishing a reasonable royalty is an appropriate measure of damages in the present case. Establishing a reasonable royalty is "not an exact science" and "there may be more than one reliable method for estimating a reasonable royalty." *Summit 6, LLC v. Samsung Elecs. Co.*, 802 F.3d 1283, 1296 (Fed. Cir. 2015) (citing *Apple Inc. v. Motorola, Inc.*, 757 F.3d 1286, 1315 (Fed. Cir. 2014)). To establish a reasonable royalty using other licenses, the hypothetical license must be "sufficiently comparable" to the license used for comparison. *VirinetX, Inc. v. Cisco Sys.*, 767 F.3d 1308, 1330 (Fed. Cir. 2014) (quoting *Lucent Techs. Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1325 (Fed. Cir. 2009)). However, the circumstances between the comparable license and the hypothetical license do not have to be identical. *Id.* When this evidence is "sufficiently related," any disputes about the accuracy of the conclusions

will go to the weight of testimony and not its admissibility. *i4i Ltd. Partnership v. Microsoft Corp.*, 598 F.3d 831, 852 (Fed. Cir. 2010). If the damages calculations are based on unsound methodology or factual errors, the testimony will be excluded. *Apple Inc. v. Wi-LAN Inc.*, 2022 U.S. App. LEXIS 3181 at *26 (Fed. Cir. 2022) (testimony containing proposed royalty rates that did not compare the appropriate technology should have been excluded by the district court); *Lucent Techs.*, 580 at 1327 (A lump sum payment was inappropriate to use in an analysis of reasonable royalty rates when there was no evidence to support the relative value of the patent to the lump sum payment); *ePlus, Inc. v. Lawson Software, Inc.*, 764 F. Supp. 2d 807, 814 (E.D. Va. 2011) ("Even when a lump sum royalty agreement can be extrapolated to suggest a reasonable royalty, the methodology must itself be sound and not speculative and not far removed from the facts of the case…")

In the present case, Dr. Sullivan explains the cost analysis he uses to convert the lump-sum payment to a percentage royalty (and the factors he accounted for when considering that the agreement is a lump-sum payment). *See* Dkt. 960-1 at 12. Dr. Sullivan lists several factors that indicate why the agreement is sufficiently comparable to the hypothetical negotiation that would have occurred between the Parties in this case. *Id.* at 7-8. Dr. Sullivan has also explained what data he relied on to convert the previous agreement to a royalty, what methodology he used, and why he believes this approach is accurate. *Id.* at 16.

The Parties' experts dispute what economic forecast data should be used to calculate the reasonable royalty. *See* Dkt. 915 at 19-20, Dkt. 960 at 15. PMA argues that Sullivan's testimony is unreliable because he used sales forecast data created in 2020 to convert the lump sum payment to reasonable royalty. Dkt. 915 at 20. To convert the lump sum payment Sullivan used the 2020 forecast data (which projects sales until 2025) in conjunction with actual sales data of

the VUSE products up to 2020. Dkt. 960-1 at 8-9. Sullivan states that the he used the 2020 sales forecast because it extended until 2025, and this data more closely reflects the duration of the patents in that comparable agreement. *Id.* RAI argues that use of the actual sales data more closely reflects the actual value of the comparable license rather than the projected value based on the sales forecast from 2018. Dkt. 960 at 20. In comparison, PMA believes that the 2020 data wasn't available at the time of the comparable negotiation (in 2018) and therefore the use of the 2020 data makes the entire testimony inadmissible. Dkt. 915 at 19-20.

However, just because a dispute exists as to what subset of (comparable) data to use for an analysis does not indicate that the Court must find one expert's testimony is admissible and one expert's testimony is not. *i4i*, 598 F.3d at 855-865 ("The existence of other facts, however, does not mean that the facts used failed to meet the minimum standards of relevance of reliability.") The methodology used by Sullivan is thorough and explained in his expert report. Genuine disagreements do exist between the Parties regarding which application of which data set leads to a more accurate result. However, there has been no conclusive showing that Dr. Sullivan's use of the particular data set is arbitrary or that Sullivan somehow "cherry-picked" data. *In re Lipitor (Atorvastatin Calcium) Mktg., Sales Practices & Prods. Liab. Litig.*, 174 F. Supp. 3d 911, 932 (D.S.C. 2016) (An expert who ignored scientific research that was directly contrary to his conclusions did not use reliable methodology).

Dr. Sullivan's testimony is based on reliable methodology and data that is tied to the facts of the case. *See Interactive Pictures Corp. v. Infinite Pictures, Inc.*, 274 F.3d 1371, 1385 (Fed. Cir. 2001) (Sales forecast data was an appropriate foundation for expert testimony when it was "supported by evidence, not grossly excessive, nor based only on speculation and guesswork,…"). Dr. Sullivan's testimony has met the minimum standards required by Federal

Rule of Evidence 702, therefore "the inquiry on the correctness of the methodology and of the results produced thereunder belongs to the factfinder." *Summit 6*, 802 F.3d at 1298.

The relevance of David Clissold's testimony is discussed below. Dr. Sullivan's testimony relies on potential design arounds and their availability, this reliance will be discussed in regards to the Motion to Exclude Mr. Clissold's testimony. The Motion *in limine* is **DENIED**.

17. PMA's Motion to Exclude testimony of David Clissold

PMA argues that the design-around testimony of David Clissold is inadmissible because any change to the accused products would mean that those products could not be sold in the United States based on FDA regulations governing the sale of electronic cigarettes. Dkt. 922 at 5. The regulation of electronic cigarette products does not permit any new product to be sold in the United States without authorization from the FDA. *Id.* at 7. PMA argues that any modification of an existing product that is currently being sold would result in the product being banned from sale in the United States. *Id.*

The cases that PMA cites in its supporting memorandum all analyze the absence of alternatives for a lost-profits analysis of damages.[10] Dkt. 1106 at 8. In *Depuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, the Federal Circuit upheld a jury award based on lost profits after finding that substantial evidence supported a verdict that a non-infringing alternative did not exist on the market. 567 F.3d 1314, (Fed. Cir. 2009). In *Depuy*, the district court was affirmed when it excluded evidence that a design around was technically feasible in 2004, when the lost profits were calculated for a period from 2000-2003. *Id.* This holding demonstrates that unlike the calculation of a reasonable royalty, the calculation of lost profits requires evidence of

[10] A lost profit analysis requires the patent owner must show there would have been additional profits but-for the infringement of the accused device; to show this but-for infringement a plaintiff must prove causation in fact. *Grain Processing Corp. v. American Maize-Products Co.*, 185 F.3d 1341, 1349 (Fed. Circ. 1999).

what products would be available on the market at the time period when damages are calculated. Similarly, in *DUSA Pharms., Inc. v. Biofrontera Inc.*, the district court held on summary judgment that the absence of an FDA approved light source was sufficient evidence that a reasonable factfinder could find that there was no non-infringing alternative; therefore, an award of damages based on lost profits could be granted. 495 F. Supp. 3d 21, 30 (D. Mass. 2020). In *DUSA Pharms*, the district court did not hold that the lack of FDA approval for a device demonstrated that alternatives could not be used for a reasonable royalty rate analysis.

Several other cases demonstrate that a broader scope of testimony regarding potential design arounds to patented technology is admissible for reasonable royalty rate analysis. *Prism Techs. LLC v. Spring Spectrum L.P.*, 849 F.3d 1360, 1376 (Fed. Cir. 2017) (evidence of the cost of creating a theoretical non-infringing alternative was proper to calculate a reasonable royalty); *Mars, Inc. v. Coin Acceptors, Inc.*, 527 F.3d 1359, 1373 (Fed. Cir. 2008) (The district court properly reduced the royalty rate based on a noninfringing alternative that the defendant "probably could have designed"); *Carnegie Mellon Univ. v. Marvell Tech. Group, Ltd.*, 2012 U.S. Dist. LEXIS 120556 at *14 (W.D, Pa. August 24, 2012) (Expert testimony was admitted that concluded technologies existed and could achieve similar results as the patented technology in question).

In addition, testimony about design around alternatives is relevant to other factors first outlined in *Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970). The feasibility of creating comparable technology is probative of "the utility and advantages of the patent property over the old modes and devices" and "the portion of the realizable profit that should be credited to the invention as distinguished from non-patented elements…" *Id.*

PMA argues that withdrawing the FDA application and amending or creating a new application with a device using the non-infringing alternatives is 'speculative.' Dkt. 1106 at 9. However, at the time of the hypothetical negotiation this was an option that could have been available to RAI. The alternative could have factored into the cost that would have been associated with the hypothetical negotiation at the time. How feasible that alternative would be can be addressed on cross examination.

PMA has not challenged the technical expertise of Clissold or the application of that expertise by Clissold. The degree of availability of the proposed design arounds can be explored more fully on cross examination or with rebuttal testimony, but Clissold's testimony is relevant to the valuation of a reasonable royalty rate. The Motion *in limine* is **DENIED**.

18. RAI Motion *in limine* #1.

RAI has moved to preclude references to the accused products as being 'illegal.' Dkt. 829 at 10. RAI argues that the use of the term 'illegal' by PMA's expert witnesses will be unfairly prejudicial because it will confuse the jury by improperly implying criminal behavior. *Id.* at 12. RAI argues that this connotation mischaracterizes the complex regulatory framework that governs electronic cigarette sales. *Id.* at 11. PMA argues that the FDA characterizes unauthorized products as illegal and therefore the pejorative label is appropriate, accurate, and relevant to damages. Dkt. 1006 at 9-10.

The Court is concerned that repeated terms of the word "illegal" will confuse the jury and the issues to be decided at trial. The jury will not decide whether any of the accused products will meet the requirements of the FDA regulatory framework. The Court agrees with RAI that the connotations of the descriptor "illegal" is inherently related to criminal activity, especially in the context of a courtroom. The FDA regulatory framework is at best opaque, and statements and

characterizations made by the FDA consider a variety of factors beyond the technology that the FDA regulates. The majority of these factors are not related to any issue to be decided in the current case. As discussed below, PMA will be allowed to offer some testimony regarding the regulatory process for electronic cigarettes. PMA can relate that testimony to their claims for damages without using the descriptor "illegal." It would seem to be relatively easy for both Parties to refrain from using the label. The same relevant evidence can still be elicited by a careful framing and explanation of the regulatory status of the accused products and other products which may be probative of damages.

Due to the high likelihood of confusion and the minimum probative value, PMA and its expert witnesses are to refrain from characterizing any product discussed in this case as "illegal." Accordingly, this Motion *in limine* is **GRANTED**.

19. RAI's Motion *in limine* #2.

RAI's second Motion *in limine* seeks to bar PMA from referring to "youth vaping or alleged targeting VUSE products to youths." Dkt. 829 at 14. RAI argues that any such references would be inflammatory and have no relevance to any claims for infringement. *Id.* at 15-16. PMA argues that evidence of youth vaping is relevant to *Georgia-Pacific* factors nine and ten, the "utility and advantages of the patent" and "the benefits to those who have used the invention." Dkt. 1006 at 11-12. PMA indicates that two of its technical experts will explain how the technology described in the patents prevent nicotine exposure to minors. Dkt. 1006-7 (Joseph McAlexander's report describes how the '374 patent prevents accidental activation of the heating system); Dkt. 1006-8 (John Abraham's report describes how the '911 patent prevents leakage of nicotine and decreases the risk of accidental exposure to the chemical). Preventing chemical exposure to children is a relevant consideration in the value of the technology. There is no