serious argument that this specific evidence is not probative of the utility and value of the patent in a hypothetical negotiation.

RAI also wants to preclude evidence of the "epidemic" of youth vaping and the argument that RAI targets their products to minors. Dkt. 829 at 15. PMA argues that evidence of the youth use of e-cigarettes is relevant because the technology "mitigates youth use of e-cigarettes." Dkt. 1006 at 13. PMA cites a series of FDA documents, press releases, and newspaper articles that PMA argues tie RAI to the use of e-cigarettes by young people. Dkt. 1006 at 12-13. However, the FDA enforcement documents do not specifically identify any of the accused products. Dkt. 1007-1 at 7. Most of the FDA documents connect only the use of flavored nicotine products to youth smoking and they do not discuss any of the relevant technology. *See e.g.* Dkt. 1007-4 at 21. PMA has not pointed to any scientific data or put forth any proper expert testimony that connects the patented technology or the accused products to the epidemic of youth smoking. The use of electronic cigarettes may be of a concern to the FDA, but the causal connection of the patented technology to the prevalence of youth smoking is only established by speculation regarding unrelated statements by the regulatory agency. It would be unfairly prejudicial to allow evidence that implies conjectural untethered connections of a single product to a complex social problem such as the youth vaping epidemic. Testimony that RAI somehow targets their products to young people or that RAI's products are tied to the prevalence of electronic cigarette use by young people cannot be introduced as PMA has not presented a proper foundation for this evidence or established its relevance to any material issue in this case.

The Motion is **GRANTED IN PART** and **DENIED IN PART**. The testimony regarding how the patented technology prevents usage by children or young adults is admissible.

Testimony regarding a "youth smoking epidemic" or the targeting of electronic cigarettes to young people is unfairly prejudicial and therefore inadmissible.

20. RAI's Motion *in limine* #3.

RAI argues that the Court should exclude any reference to health risks associated with electronic cigarette usage. Dkt. 829 at 17. RAI argues that this evidence has no relevance. *Id.* PMA believes that there is evidence that the technology in specific patents prevents specific health risks and that this evidence will be relative to "validity and damages". Dkt. 1006 at 15. Certain evidence of health risks is admissible at trial, such as FDA or internal corporate documents. *See Id.* (referencing expert testimony, RAI internal documents discussing leakage, and FDA documents considering health considerations). If PMA introduces evidence that is irrelevant to the patented technology, a contemporaneous objection can address the issue. For this reason, the Motion *in limine* is **DENIED**.

21. RAI's Motion *in limine* #4.

RAI has moved the Court to exclude "all evidence and argument regarding any request for, or alleged entitlement to, any injunction." Dkt. 832 at 5. PMA characterizes this Motion as overbroad and argues that granting the Motion would improperly exclude relevant evidence. Both Parties cite to *Amdocs Isr. Ltd. v. Openet Telecom, Inc.* in their memoranda, and the Court finds the holding in that decision is instructive for this current Motion. 2012 U.S. Dist. LEXIS 191825 at *2 (E.D. Va. March 30, 2012). In *Amdocs*, the district court held that:

> defendant may not raise any argument or introduce any evidence concerning the impact of injunctive relief on its business. This ruling in no respect limits defendant's ability to cross-examine the defendant's damages expert. If reference to injunctive relief is relevant to that cross-examination, it will be permitted.

Id. The *Amdocs* court decided that motion on the basis that the jury would not consider whether injunctive relief would or would not be appropriate in that case as the matter of granting the

injunction was solely left to the discretion of the district court. *Id.* Similarly in the current case, evidence solely related to a request for an injunction will not be admissible. Other evidence that is relevant may still be admissible. Therefore, the Court **RESERVES RULING** on this Motion *in limine*.

22. RAI's Motion *in limine* #5.

RAI has motioned the Court to exclude any evidence related to any request for enhanced damages or attorney's fees and costs. Dkt. 832 at 10-11. In their opposition memorandum, PMA has represented that they do not intend to make any reference to the jury about claims for attorney's fees or enhanced damages. Dkt. 971 at 9. If any impermissible evidence is introduced, it can be addressed by a contemporaneous objection or jury instruction. Therefore, this Motion *in limine* is **DENIED** as moot.

23. RAI's Motion *in limine* #6.

RAI has moved to exclude "argument, evidence, or testimony regarding Reynolds not relying on an opinion of counsel or suggesting that Reynolds should have obtained one." Dkt. 839 at 2. PMA argues that RAI will open the door to this testimony by allowing a non-expert witness to give an opinion that RAI did not infringe the asserted patents. Dkt. 976 at 5. At the same time, PMA represents that if RAI does not open the door, PMA will not argue its claims for willfulness based on a lack of advice of counsel.

By statute, litigants cannot use the failure to obtain advice of counsel to prove willful infringement or the intention to induce infringement. 35 USC §298 (2021). Both Parties agree that if a defendant attempts to imply that the defendant relied on the advice of counsel, the door will open to allow testimony that would otherwise be excluded by the statute. *See Ultratec, Inc. v. Sorenson Communs., Inc.*, 2014 U.S. Dist. LEXIS 141428 at *7 (W.D. Wis. Oct 3, 2014);

LifeNet Health v. LifeCell Corp., 2014 U.S. Dist. LEXIS 154481 at *13 (E.D. Va. 2014) (The district court reserved ruling on a Motion *in limine* until testimony that may possibly refer to advice of counsel was given). PMA seeks to broaden this rule[11] by arguing that if a lay witness testifies that the witness did not believe there was patent infringement, then that testimony would subsequently open the door to allow testimony that a defendant did not seek the advice of counsel. Dkt. 976 at 6.

The RAI witness in question, Dr. Figlar, only gave his opinion in response to PMA's leading questions during a deposition. *See* Dkt. 901-12 at 4 (Dr. Figlar responded to questions regarding the '545 patent by saying, "In my opinion, one, I don't think it's appropriate for someone to seek a patent on lithium-ion batteries…") RAI objected to this line of questioning in the deposition. *Id.* In his deposition, Dr. Figlar at no time refers to either obtaining or not obtaining the advice of counsel to establish an opinion about infringement. PMA cannot circumvent statutory law by eliciting testimony through leading questions during a deposition. At trial, PMA cannot open the door to otherwise unpermitted testimony by asking leading questions on cross-examination. If at trial, RAI's witness explicitly refers to obtaining or not obtaining the advice of counsel, the Court will then consider whether the door has been opened to the otherwise prohibited testimony and argument. *See Avanos Med. Sales, LLC v. Medtronic Sofamor Danek USA, Inc.*, 2021 U.S. Dist. LEXIS 237262 at *16 (W.D. Tenn September 30, 2021) (If trial testimony implies a defendant relied on advice of counsel, the protection of 35 USC § 298 will "dissolve"). This testimony may be allowed if good cause is shown at the time that the testimony has become admissible (in the event the door is opened). However, at this

[11] It appears this rule has been adopted or addressed by several district courts but has not been addressed by the Federal Circuit.

time, the door has not been opened by the pretrial maneuvering of PMA. The Motion *in limine* is **DENIED**.

24. RAI's Motion *in limine* #7.

RAI has moved to exclude testimony by PMA's witnesses that would characterize RAI's position regarding the products made by third-party companies JUUL and NuMark. Dkt. 846 at 4. RAI indicates PMA's expert reports characterize RAI as having made an admission that the third-party products practice the '545 patent. *Id.* RAI explains that this misconception occurred when they represented to PMA that those products practice the '545 patents according to how PMA construes and asserts the claims. *Id.* at 5. RAI asserts that its position is only that PMA has misapplied the claims to these third-party devices and therefore PMA wrongly believes that the third-party devices practice the '545 patent. *Id.* at 5. RAI now believes PMA's experts wrongly represent RAI's position by omitting context from the quotations used in PMA's expert reports. *Id.* at 8. PMA argues that it is only quoting RAI's admission, that RAI is attempting to withdraw its admission, and that PMA will be prejudiced because it withdrew its claim for presuit damages based on RAI's admission. Dkt. 987 at 5. PMA also asserts that whether the third parties practice the '545 patent is relevant to their damages analysis because that evidence is probative of *Georgia-Pacific* Factor 10, "the benefits of those who use or have used the invention." *Id.* at 6.

Infringement is not determined by comparing an accused product to either a commercialized embodiment or to a preferred embodiment of the patented technology. *SRI Int'l v. Matsushita Elec. Corp.*, 775 F.2d 1107, 1121 (Fed. Cir. 1985); *see also Zenith Labs, Inc., v. Bristol Myers Squibb Co.*, 19 F.3d 1418, 1423 (Fed. Cir. 1994) ("As we have repeatedly said, it is error for a court to compare in its infringement analysis the accused product or process with the patentee's commercial embodiment or other version of the product or process;…") Although

PMA has repeatedly argued that it is only quoting RAI's experts and correspondence, it is evident that those quotations are taken out of context. Allowing PMA to assert that RAI has admitted that these third-party devices infringe the asserted patent would be confusing to the jury and would invite improper comparisons to irrelevant devices for the analysis of infringement. In addition, PMA's own interrogatory answers clearly demonstrate that PMA does not believe that the third-party devices practice the patented technology. *See e.g.* Dkt. 1063-2 at 9 ("Counterclaim Plaintiffs are not presently aware of any public use, sale, offer for sale, or public disclosure in the United States of any product or process within the scope of a claim of the '545 or '374 patent, other than the [RAI] Accused Products…") PMA cannot assert the third-party products are relative to damages based only on the arguably mischaracterized statements made by RAI. To apply the patent claims to devices other than the accused devices is not a proper method to establish infringement and is not evidence that is probative of damages.

To allow this evidence in the record would lead to confusion for the jury and would be misleading. Therefore, this evidence is inadmissible under Federal Rule of Evidence 403. The Motion *in limine* is **GRANTED**.

25. RAI's Motion *in limine* #8.

RAI has moved to preclude PMA from "offering evidence or argument at trial referencing the location in China of the manufacturers and suppliers of Reynolds' VUSE products or components, and any negative references to Chinese or overseas manufacturing or supply-chain roles." Dkt. 849 at 5. PMA has represented that at trial "it will not make any negative references to Chinese or overseas manufacturing or supply-chain roles." Dkt. 981 at 4.

At issue in this case are components imported from several Chinese companies, Chinese inventors, and Chinese utility patents. A blanket preclusion on referencing the entire country of

China would be overbroad and potentially unnecessarily confusing by leading to the omission of a significant amount of contextual detail. On the other hand, the cases that RAI cites in its memorandum clearly reflect that there is a line that should not be crossed where references to foreign manufacturers could become unduly prejudicial. *See* Dkt. 849 at 8. The Court has confidence that the litigators in this case are aware of that line and will proceed accordingly. Any argument that invokes an improper racial or nationalistic animus will not be tolerated. However, Chinese companies and Chinese persons may be relevant to the establishment of priority dates, the inventorship of asserted patents and the theories of infringement that will be presented and argued by both Parties in this case. A blanket preclusion of any reference to the country of China is unnecessary and could potentially be infeasible. Therefore, this Motion is **DENIED.** Any improper foray into clearly impermissible argument will be addressed by the Court if necessary.

26. RAI's Motion *in limine* #9.

During discovery, RAI produced a computer aided design ("CAD") file in September of 2020. Dkt. 856 at 5. In February of 2021, RAI realized that the CAD file was not an accurate representation of the VUSE Alto product. *Id.* RAI subsequently produced an accurate CAD file and made PMA aware of the realization. *Id.* RAI now seeks to have evidence of the inaccurate CAD file excluded from trial. *Id.* at 4. PMA has included the inaccurate CAD file in its list of trial exhibits and has opposed this Motion. Dkt. 991 at 4. PMA argues that the depictions based on the inaccurate CAD files are relevant because they were filed with the FDA and may be relevant to infringement and damages. Dkt. 991 at 5. PMA does not contend that the first produced CAD file is an accurate depiction of the accused device. Because the first produced CAD file is inaccurate, it will not be relevant to any of the patented technology at issue at trial.

Evidence of the first produced CAD file will be excluded unless the circumstances of trial create good cause for its introduction. The Motion *in limine* is **GRANTED**.

27. RAI's Motion *in limine* #10.

RAI has moved to exclude evidence that on prior occasions RAI was accused of infringing patents which are not related to the present case. Dkt. 863 at 5. PMA has represented that it only wants to reference one specific allegation that resulted in one of the licenses that both Parties use to estimate a reasonable royalty rate. Dkt. 997 at 4. PMA also represents that it does not intend to argue that RAI is a serial infringer. *Id.* RAI also does not dispute that the one specific allegation of infringement is relevant to the value of the settlement agreement between Fontem and Reynolds, and therefore the evidence will be relevant to the calculation of damages. Dkt. 863 at 10. Improper argument regarding other alleged prior infringement will be barred by Federal Rule of Evidence 404(b) and can be addressed with a contemporaneous objection. At this time, the Motion *in limine* is **DENIED**.

28. RAI's Motion *in limine* #11.

RAI has moved to exclude any evidence of PMA's IQOS tobacco product. Dkt. 870 at 4. RAI argues that PMA has admitted that IQOS does not practice the technology in any of the asserted patents. *Id.* at 7 (*ref*, Dkt. 870-4 at 7; Dkt. 870-5 at 7 (PMA's interrogatory responses)). PMA has asserted that the evidence is relevant to the damages analysis for two reasons: 1) to show that the Parties are direct competitors in the market and 2) to aid in "showing the regulatory benefits" RAI obtains from using "patented technology." Dkt. 1001 at 7.

PMA does not dispute that the IQOS device does not practice the technology in the asserted patents. As the device does not practice the patented technology, the IQOS device is not relevant to any issue of infringement to be decided at trial. In addition, there is a high likelihood

that testimony and argument regarding the IQOS device would be confusing and misleading. If evidence of the technology used in the IQOS device was allowed at trial, this admission would lead to the comparison of an irrelevant device to the accused product and invite other improper comparisons by the jury.

The Court does find that testimony regarding the IQOS device is relevant for the narrow purpose of establishing the competitive relationship of RAI and PMA. However, any evidence regarding the technology in IQOS, regulatory history of the IQOS device, or regulatory benefits of the IQOS device is not relevant and will not be admissible. Therefore, this Motion *in limine* is **GRANTED IN PART** and **DENIED IN PART**.

29. RAI's Motion to exclude the testimony of Stacy Ehrlich

RAI has moved to exclude the expert testimony of PMA's witness, Stacy Ehrlich. Dkt. 879. Ehrlich is an attorney who specializes in tobacco regulations. Dkt. 877-1 at 4-5. PMA seeks to offer Ehrlich's testimony to show the benefits that RAI derives from the alleged use of the patented technology. Dkt. 877-1 at 3-4. Ehrlich believes that the patented technology is valuable because the use of the technology makes the accused products more likely to receive authorization for sale from the FDA. *Id.* RAI has moved to exclude Ehrlich's testimony on the grounds that her testimony is not based on either a reasonable methodology or sufficient facts and data. Dkt. 877 at 5. RAI believes that the testimony is merely speculative and conclusory, and therefore the testimony does not meet the standards established by Federal Rule of Evidence 702. *Id.*

Ehrlich will testify that on May 10, 2016 the Federal Drug Administration ("FDA") implemented a "deeming rule" that required all new tobacco products to receive premarket tobacco authorization ("PMTA") before those products could be sold in the United States. Dkt.

877-1 at 8 ¶ 21. A new tobacco product, such as an electronic cigarette, would require a new PMTA application unless there was a showing that the product was substantially equivalent to a product that was already on the market. *Id.* In 2019, a Maryland district court issued an Order[12] that all products would be required to submit a PMTA application by September 9, 2020. Ehrlich's report also details the subsequent enforcement of the FDA policy. Dkt. 877-1 at 17-19.

Federal Rule of Evidence 702 will allow an expert to testify if their knowledge is "based on sufficient facts or data." When deciding on the admissibility of expert testimony, the Court has discretion to "determine reliability in light of the particular facts and circumstances of the particular case." *Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 158 (1999).

Ehrlich relies on a series of FDA documents and other witness testimony to establish her conclusion. Much of the information in Ehrlich's expert report is not related to the patented technology that is at issue in the trial. For instance, Ehrlich describes "PMTA Authorization Generally" when she explains a series of eight factors that all describe how the FDA compares the device application to the likelihood that granting the application will increase or decrease the use of traditional tobacco products. *See e.g.* Dkt. 887-1 at 20-21 ¶ 43 (the FDA will consider "Tobacco users who may opt to use the new tobacco product rather than an FDA-approved tobacco cessation medication.") No expert testimony or other evidence has tied any of the patented technology to a likelihood that the technology will prevent the use of traditional tobacco products.

In addition, Ehrlich's report extensively discusses the authorization of IQOS PMTA authorization. Dkt. 877-1. The IQOS does not practice the patented technology, and there is no connection of the IQOS device to the patented technology. Ehrlich discusses the Modified Risk Tobacco Product Authorization ("MRTPA") for certain devices that are to be sold as alternative

[12] *Am. Academy of Pediatrics v. FDA*, 399 F. Supp. 3d 479 (D. Md. 2019)

to traditional tobacco products. Dkt. 877-1 at 28. However, Ehrlich indicates that none of the accused products currently have MRTPA applications. *Id.* at 35 ¶ 79 ("There are no pending MRTPA's for any aerosolized products.") Ehrlich refers to several statements made by the FDA that indicate a concern for the prevalence of the use of electronic cigarettes in young adults. Dkt. 887-1 at 53. However, all the specific documents detail concerns about the use of flavored nicotine products or the marketing of nicotine products. *See e.g.* Dkt. 877-1 at 55 ¶ 130.[13] The flavor of the tobacco product is not related to any of the patented technology. Ehrlich goes on to say that "No one knows how this level of youth use of e-cigarettes will affect PMTA authorizations." *Id.* at 54 ¶ 129. The level of youth smoking is not relevant to any issue to be decided at trial.

Ehrlich throughout her report also references several deficiency letters sent by the FDA to RAI regarding their PMTA applications. *Id.* at 877-1 at 43 ¶ 97, 56-57 ¶¶133-134, 59-60 ¶¶ 142-143. These letters address deficiencies in the application and do not address deficiencies in the products themselves, or the letters just address the need for more adequate labeling of the device. In general, these letters only call for more data to be submitted for the application and do not express an opinion on an actual problem with the products or the technology used in the products.

Most of the information that Ehrlich discusses in her report is not tied to any relevant issues in the present case. However, Ehrlich does identify some aspects of the patented technology and ties those aspects to the requirements of the PMTA application process. Ehrlich identifies the utility of the battery technology claimed in the '545 patent and connects it to FDA

---

[13] For example, Ehrlich's report explains, "As discussed, FDA already has sent a deficiency letter to Reynolds regarding the VUSE Solo PMTAs involving flavor issues, among others. Included in the VUSE Solo PMTAs were seven flavors, both fruit and mint varieties (e..g berry, mint, and cream)" (footnotes omitted)

guidance documents based on an expert report. *Id.* at 39 ¶ 89. Ehrlich discusses her understanding of leakage prevention derived from the '911 patent and correlates it with FDA rules based on another expert's report. *Id.* at 45 ¶ 100. Ehrlich concludes that technology used in the '374 patent is related to features that the FDA will consider during the PMTA process. *Id.* at 46 ¶ 105. Ehrlich discusses the benefits of the '256 and '556 patents only based on her "general understanding" and not on any expert reports. *Id.* at 45 ¶ 111. At no point in her expert report does Ehrlich ever conclude that the technology will lead to approval of the PMTA application. At no point in her expert report does Ehrlich identify specific requirements for the PMTA application and then tie those requirements to the technology at issue in the case. The only ties of the technology to the application process are general conclusions that the technology might be considered in the process.

As RAI points out, Ehrlich's deposition testimony repeatedly shows that she cannot form an opinion on how the FDA will decide a PMTA application.[14] Ehrlich cannot tie the technology to an eventual approval or prohibition of the accused devices because there is no data or other underlying facts on which to base that conclusion. Ehrlich's report demonstrates that it is highly likely that a device could include all the patented technology and still have the application denied for reasons completely unrelated to the technology itself. On the other hand, the application could also be denied because of an insufficiency in the patented technology. There is no basis to differentiate the potential outcome beyond speculation.

[14] "[T]here's no way that anyone outside of FDA could tell you when or whether FDA will take enforcement action in any given case." Dkt. 1016-2 at 16. "[S]o yes, it may improve their chances. It's something that's important to FDA, but I can't say 100 percent for sure that it will." Dkt. 1016-2 at 18. "Whether they get an authorization or not is something that is very hard to predict, impossible to predict, but it definitely will strengthen the application." Dkt. 1016-2 at 19.

Ehrlich's testimony as an expert is admissible, but her testimony must be limited to opinions which are not based on speculation. Ehrlich may not testify regarding the '256 and '556 patents for which she has no expertise or another expert's report on which to base an opinion. Ehrlich may not offer testimony regarding the IQOS device (for the reasons discussed above). Ehrlich may not testify as to whether a device will or will not be granted FDA authorization. Ehrlich may identify FDA documents. Ehrlich may identify the aspects of the FDA authorization process so long as that testimony is tied to actual FDA statements and documents. Therefore, the Motion *in limine* is **DENIED**. However, any irrelevant testimony--as discussed above or in conjunction with the Court's holding on other Motions *in limine*--will not be admissible.

30. RAI's Motion to exclude the testimony of Joseph McAlexander

RAI has moved to exclude the testimony of PMA's expert witness in electrical engineering, Joseph McAlexander. Dkt. 885 at 11. RAI has moved to exclude McAlexander from testifying on: 1) how aspects of the '545 and '374 patent apply to FDA regulations; 2) a theory of infringement based on the doctrine of equivalents; 3) the nexus between the commercial success of a product and the asserted patents; and 4) the non-obviousness of the asserted patents. *Id.* at 10. PMA has opposed the Motion. McAlexander has a bachelor's degree in electrical engineering and forty years of industry experience working with electrical circuits and associated intellectual property. *See* Dkt. 885-4 at 2. Mr. McAlexander's expertise in electrical engineering is not challenged by RAI, however the basis of his opinions and the reliability of his analysis are challenged under the requirements established by Federal Rule of Evidence 702.

RAI argues that McAlexander has no relevant experience in FDA regulation. Dkt. 885 at 20. PMA asserts that it is proper for McAlexander to base his testimony on the opinion of PMA's

other expert witness, Stacy Ehrlich. Dkt. 1021 at 12. PMA argues that it is proper for one expert to rely on the opinion of another expert witness. *Id.* (citing *Apple, Inc. v. Motorola, Inc.*, 757 F.3d 1286, 1321 (Fed. Cir. 2014) ("Experts routinely rely upon other experts hired by the party they represent for expertise outside of their field.")) To the extent that McAlexander can tie technical aspects of the asserted patents to any specific technical factors identified by Ehlrich, McAlexander's testimony is relevant and admissible. McAlexander is precluded from testifying on how the incorporation of any asserted patent will or might affect the regulation of the accused devices or how important that technology is to the relevant regulation.

RAI believes that McAlexander's expert report reflects that McAlexander has performed no proper analysis to present a theory of infringement under the doctrine of equivalents. Dkt. 885 at 36. Infringement under the doctrine of equivalents is shown when the differences between the accused products and the patented claims are insubstantial. *VirnetX, Inc. v. Cisco Sys.*, 767 F.3d 1308, 1322 (Fed. Cir. 2014) (references omitted). There are insubstantial differences when "the accused device performs substantially the same function in substantially the same way to obtain substantially the same result as the claim limitation." *Id.* (citing *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 608 (1950)). RAI argues that McAlexander's report offers only conclusory allegations that the accused devices infringe under the doctrine of equivalents. Dkt. 885 at 36. McAlexander does address the doctrine of equivalents within his report by stating:

> As shown by the evidence cited above, the differences, if any, between the ASIC, microcontroller, and associated circuitry in the Alto and this claim limitation is insubstantial at most. Further, the Alto infringes this limitation under the doctrine of equivalents at least because the ASIC, microcontroller, and associated circuitry in the Alto perform substantially the same function (e.g. measure a variation in an oscillation frequency, selectively actuate a heater based on the variation in an oscillation frequency,) in substantially the same way (e.g., based on the variation in an oscillation frequency), to obtain the same result (e.g. selective actuation of the heater).

Dkt. 1021-2 at 26. The "evidence above" that McAlexander references is a series of tests on the accused devices where he demonstrates that the heater responds to oscillation in an electronic frequency as described in the limitations of the claims. *Id.* at 24-26. These tests could demonstrate that the function and result are the same between the claimed invention and the accused device.

McAlexander's expert report does not form a basis to exclude his testimony regarding the doctrine of equivalents. Expert testimony on the doctrine of equivalents requires "particularized testimony and linking argument." *Paice LLC v. Toyota Motor Corp.*, 504 F.3d 1293, 1304-1305 (Fed. Cir. 2007) (quoting *Texas Instruments, Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1567 (Fed. Cir. 1996)). Testimony without the linking argument that does not identify the equivalents of the components and their importance to the function of the device is testimony that is simply "subsumed in the plaintiff's case of literal infringement." *Lear Siegler, Inc. v. Sealy Mattress Co.*, 873 F.2d 1422, 1425 (Fed. Cir. 1989). In McAlexander's report he does identify that differences between the accused products and the patented technology are minimal. McAlexander also qualifies disagreements between himself and RAI's expert on the function and composition of the accused device. The Court does not find a basis in McAlexander's expert report to preclude McAlexander from presenting a theory of infringement based on the doctrine of equivalents to the jury. Subject to his testimony at trial, McAlexander will be allowed to present testimony in regards to the doctrine of equivalents.

RAI further argues that McAlexander should be precluded from testifying on the connection between the commercial success of a product and the patented technology. Dkt. 885 at 31. RAI argues that McAleaxnder's opinions regarding commercial success are improper because they are based on anonymous internet reviews and McAlexander does not have any

relevant expertise. *Id.* at 33. PMA asserts that McAlexander is qualified to testify about the commercial success of the product based on the user reviews, the success of JUUL products, and the technical benefits of the '545 patent. Dkt. 1021 at 20-21. The internet reviews are not a reliable data source and no meaningful analysis was performed on these reviews. As discussed above, it is disputed as to whether the JUUL product practices the '545 patent, and PMA has also not proffered any admissible evidence that the JUUL product practices the '545 patent. While McAlexander is qualified to discuss the technical benefits of the '545 patent, he has not provided any reliable methodology or analysis to make a conclusion regarding the '545 patent's connection to any commercial success nor does McAlexander have any relevant expertise that would indicate McAlexander should be allowed to testify on the commercial success of any product. Accordingly, McAlexander is precluded from testifying as an expert on the commercial success of a product based on the patented technology.

RAI has also moved to preclude McAlexander from testifying regarding non-obviousness of the patented technology, theories of induced or contributory infringement, and on the long-felt need for the product within the industry. Dkt. 885 at 23. Throughout his testimony, McAlexander refers to the history of electronic cigarette development and challenges within the industry. *See e.g.* Dkt. 1021-2 at 27 ("Before the invention, electronic vaping devices typically used mechanical switches, magnetic hall sensors, or traditional condenser microphones to detect a user's puff and activate the heater.") However, this testimony is almost solely drawn from RAI's internal documents, undocumented conversations, and the deposition testimony of two inventors. McAlexander has provided no basis to show that he has any relevant expertise in the electronic cigarette industry. McAlexander cannot testify regarding the industry or the state of the art--

based on undisclosed conversations and other witness testimony--and present an expert opinion in areas where he has no relevant expertise.

RAI's Motion is **GRANTED IN PART** and **DENIED IN PART**. McAlexander may testify on the doctrine of equivalents and the relation of the technical aspects of the patented technology to any regulatory requirements identified by Stacy Ehrlich. McAlexander may not testify as an expert on the commercial success of any product or as an expert on the electronic cigarette industry.

31. RAI's Motion to exclude the testimony of Paul Meyer

RAI has moved to exclude the expert testimony of PMA's damages expert, Paul Meyer. Dkt. 892 at 6. RAI has argued there are three reasons that Meyer's testimony is inadmissible: 1) he ignores a comparable agreement while using a less comparable agreement; 2) he arbitrarily adjusts the hypothetical license rate for the '545 patent and; 3) his methodology to calculate the rate for '374 patent is unreliable and based on inapplicable data. *Id.* at 6-7.

In assessing the comparability of a license, the Court considers if the license "involves comparable technology, is economically comparable, and arises under comparable circumstances as the hypothetical negotiation." *Bio-Rad Labs., Inc. v. 10X Genomics, Inc.*, 967 F.3d 1353, 1373 (Fed. Cir. 2020). If issues of comparability arise, that dispute will usually entail a question regarding the weight of the evidence rather than the admissibility of the evidence. *Id.* (citing *Ericsson, Inc. v. D-Link Sys. Inc.*, 773 F.3d 1201, 1227 (Fed. Cir. 2014)).

RAI argues that Meyer ignored the "most relevant" agreement in his calculation of damages by ignoring the license between third-party Fontem and RAI. Dkt. 892 at 10. However, Meyer did not ignore this agreement and in fact spent a considerable amount of time discussing the comparability of that agreement to his analysis of a royalty rate; however, Meyer ultimately

decided not to utilize the Fontem-RAI agreement. *See* Dkt. 892-1 at ¶¶ 267-268. The Parties disagree on Meyer's conclusion, but as discussed in PMA's Motion to Exclude the testimony of Ryan Sullivan, this disagreement is based on the selection of the underlying sales data that each expert utilized to calculate the royalty rate. Meyer adequately explains the methodology and reasoning he used to perform his calculations and the reason he chose to use an agreement between third parties Fontem and Nu Mark in that analysis. The agreement between Fontem and RAI is not undisputedly the most relevant agreement and each expert has explained their differing methodologies that lead to these competing analyses.

Meyer's report also adequately addresses some of the issues that RAI has identified with his methodology. Meyer explained his decision not to factor in the market cap[15] contained in the agreement he used to make his analysis. Meyer did not ignore this market cap in making his calculations. Meyer also explains the relevance of the most favored licensing status within his expert report and how he used the underlying documentation to assess its effect on the accuracy of his estimates. RAI may not like Meyer's methodology and his use of a certain agreement over another, but this is not a basis to render his testimony so unreliable that the testimony must be considered inadmissible.

RAI has also argued that no one paid the royalty rate reflected in the Fontem-Nu Mark agreement. However, PMA asserts that this is because the conditions to trigger the application of the royalty were never met and Nu Mark left the market in 2018. Dkt. 1101 at 22. This royalty rate is not an arbitrary amount "based on fiction." *Whiteserve, LLC v. Computer Packages, Inc.*, 694 F.3d 10, 29-30 (Fed. Cir. 2012). This rate is a real rate that two comparable companies

[15] The Agreement in question applied either a percentage or when certain conditions were met would convert to a market cap of a six-cent charge per unit sold rather than a percentage per unit.

agreed to pay for comparable technology. Therefore, the agreement between Fontem and Nu-Mark is still relevant for the estimation of a reasonable royalty rate in the present case.

RAI next argues that Meyer's 1% increase in the royalty rate for the '545 patent is arbitrary and has no basis in fact. Dkt. 892 at 25. In his expert report Meyer looks at the expert testimony of Stacy Ehrlich, the statements by RAI's corporate representative and documents provided by RAI. Dkt. 892-1 at 170 ¶ 514. Meyer also represents that he considered the amount of money RAI spent attempting to get PMTA authorization for two of these accused devices in relation to the potential economic harm RAI could face if the accused products were not allowed to be sold on the market. Dkt. 892-1 at 130-131 ¶ 406. Meyer has tied his assessment of the 1% increase to the *Georgia-Pacific* factors, his own expertise, and the facts of the case. Therefore, the assessment of the 1% royalty rate in the expert report is not a basis to exclude Meyer's testimony as an expert.

RAI also argues that the 1.5% royalty rate used by Meyer to assess the '374 Patent is improper. Dkt. 892 at 28. RAI argues that the agreement between Altria Client Services ("ACS") (which is one of the co-defendants) and Smart Chip does not actually contain a 1.5% royalty rate in the agreement. *Id.* In response, PMA argues that the 1.5% rate was a rate reflected in the offers and negotiations between the comparable parties and that this value was considered by those parties before the eventual agreement to purchase the patent family that includes the '374 patent for a lump sum. Dkt. 1101 at 26.

RAI further argues that Meyer's cost saving analysis which lead to this 1.5% rate is improper because it incorrectly attributed cost-savings to ACS instead of a patent infringer. Dkt. 892 at 30 (citing *Prism Techs. LLC*, 849 F.3d at 1376 (A hypothetical license can be estimated based on an infringer's cost savings). This is not a correct application of the law to the facts of

the case. In the negotiation between ACS and Smart Chip, ACS was the party who did not have the patent and would be potentially saving costs by not engaging in a design around. The holding of *Prism Techs.* does not preclude a cost-saving analysis being applied to analyze a comparable license where, as here, that party would still be earning value from not adopting a more expensive design around. The cost-saving analysis is proper because while in the present case ACS is a co-defendant asserting a counterclaim, in the comparable license negotiation ACS was the party who saved costs from acquisition of the license for the patented technology. PMA also argues that Meyer incorrectly apportions the value of the agreement between the '374 patent and the other patent families in that agreement. However, Meyer's testimony reflects a reasonable methodology and basis for apportioning half of his estimated 3% rate which Meyer calculated from the prior agreement for the '374 patent. Dkt. 892-1 at 60 ¶ 170. RAI has not shown that Meyer's testimony regarding the '374 patent is inadmissible.

Meyer's expert testimony meets the requirements established by Federal Rule of Evidence 702. The Motion is **DENIED**.

Conclusion

The Motions discussed above are summarized in the following table.

Docket number	Motion	Disposition
Dkt. 827	RAI's MIL 1, reference to regulatory status of	GRANTED

	VUSE products	
Dkt. 827	RAI's MIL 2, reference to youth vaping	GRANTED IN PART AND DENIED IN PART
Dkt. 827	RAI's MIL 3, references to vaping health risks	DENIED
Dkt. 832	RAI's MIL 4, preclude argument about PMA's request for injunction	RESERVE RULING
Dkt. 832	RAI's MIL 5, argument about enhanced damages and costs	DENIED
Dkt. 837	RAI's MIL 6, reference to not seeking advice of counsel	DENIED
Dkt. 844	RAI's MIL 7, exclude evidence about marking on Nu-mark products	GRANTED
Dkt. 851	RAI's MIL 8, Exclude reference to China	DENIED
Dkt. 858	RAI's MIL 9, Exclude reference to CAD diagram	GRANTED
Dkt. 865	RAI's MIL 10, no argument about the alleged infringement of other patents	DENIED
Dkt. 872	RAI's MIL 11, exclude evidence regarding the IQOS device	GRANTED IN PART AND DENIED IN PART
Dkt. 879	RAI's Daubert motion on Stacy Ehrlich	DENIED
Dkt. 887	RAI's Daubert motion on Joseph McAlexander	GRANTED IN PART AND DENIED IN PART
Dkt. 894	RAI's Daubert motion on Paul Meyer	DENIED

Dkt. 883	PMA's MIL 1, No evidence of non-comparable agreements	DENIED
Dkt. 883	PMA's MIL 2, Preclude prior art testimony in RAI's stipulation	GRANTED
Dkt. 883	PMA's MIL 3, prior art invalidity must be disclosed in expert reports	DENIED
Dkt. 883	PMA's MIL 4, no reference to practicing prior art as non-infringment	RESERVE RULING
Dkt. 883	PMA's MIL 5, experts cannot rely on hearsay	DENIED
Dkt. 883	PMA's MIL 6, the Court should find RAI has "control" over its suppliers	DENIED
Dkt. 883	PMA's MIL 7, limit testimony of RAI's corporate representative	GRANTED IN PART AND DENIED IN PART
Dkt. 883	PMA's MIL 8, no reference to RAI's patent infringement claims	GRANTED
Dkt. 883	PMA's MIL 9, no evidence about ITC or FTC investigations into Altria	GRANTED
Dkt. 883	PMA's MIL 10, no reference to withdrawn claims or defenses	DENIED
Dkt. 883	PMA's MIL 11, no reference to decision not to sue third parties	GRANTED
Dkt. 883	PMA's MIL 12, no reference to Fontem marking products	DENIED

Dkt. 883	PMA's MIL 13, no reference to Charles Higgins	GRANTED
Dkt. 883	PMA's MIL 14, no challenging the FDA's authorization of IQOS	GRANTED
Dkt. 903	PMA's Motion to exclude expert's rejected claim constructions	DENIED
Dkt. 910	PMA's Daubert motion on Ryan Sullivan	DENIED
Dkt. 917	PMA's Daubert motion on David Clissold	DENIED

It is so **ORDERED**.

April 7, 2022
Alexandria, Virginia

Liam O'Grady
United States District Judge