

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION

NOBELBIZ, INC.,

Plaintiff,

vs.

GLOBAL CONNECT, L.L.C.,

Defendant.

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SEALED

CASE NO. 6:12-CV-244

NOBELBIZ, INC.,

Plaintiff,

vs.

TCN, INC.,

Defendant.

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SEALED

CASE NO. 6:12-CV-247

AMENDED MEMORANDUM OPINION AND ORDER

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Before the Court are the following motions:

- Defendants Global Connect, L.L.C. (“Global Connect”) and TCN, Inc.’s (“TCN”) (collectively, “Defendants”) Rule 50 Motion for Judgment as a Matter of Law on Infringement (Docket No. 343);¹ there is a duplicative motion in Cause No. 6:12-cv-247 (Docket No. 322);
- Plaintiff NobelBiz, Inc.’s (“NobelBiz”) Motion for Judgment as a Matter of Law Regarding Infringement and No Invalidity (Docket No. 344); there is a duplicative motion in Cause No. 6:12-cv-247 (Docket No. 323);
- Defendants’ Joint Motions for Post-Verdict and Post-Judgment Relief Pursuant to Rules 50, 59 and 60 and Request to Lower Supersedeas Bond Amount (Docket No. 373); there is a duplicative motion in Cause No. 6:12-cv-247 (Docket No. 352); and
- NobelBiz’s Post-Trial Motions (Docket No. 374); there is a duplicative motion in Cause No. 6:12-cv-247 (Docket No. 353).

All duplicative motions will be handled in the same manner as their corresponding motion from Cause No. 6:12-cv-244. The table below sets out which motions correspond to each other:

Motion	Cause No. 6:12-cv-244	Cause No. 6:12-cv-247
Defendants’ Rule 50 Motion for Judgment as a Matter of Law on Infringement	Docket No. 343	Docket No. 322
NobelBiz’s Motion for Judgment as a Matter of Law Regarding Infringement and No Invalidity	Docket No. 344	Docket No. 323
Defendants’ Joint Motions for Post-Verdict and Post-Judgment Relief Pursuant to Rules 50, 59 and 60 and Request to Lower Supersedeas Bond Amount	Docket No. 373	Docket No. 352
NobelBiz’s Post-trial Motions	Docket No. 374	Docket No. 353

¹ Unless noted otherwise, all references to the docket refer to Cause No. 6:12-cv-244.

As stated at trial on September 15, 2015, Defendants' Rule 50 Motion for Judgment as a Matter of Law Regarding Infringement (Docket No. 343) and NobelBiz's Motion for Judgment as a Matter of Law Regarding Infringement and No Invalidity (Docket No. 344) are **DENIED**. Docket No. 365 at 59:5–15, 67:17–68:6 (“Trial Tr. 9/15/15 PM”). Further, having considered the parties' written submissions and argument at the December 8, 2015 post-trial hearing, and for the reasons stated below, the Court rules as follows:

- Defendants Joint Motions for Post-Verdict and Post-Judgment Relief Pursuant to Rules 50, 59 and 60 and Request to Lower Supersedeas Bond Amount (Docket No. 373) are **DENIED**;
- NobelBiz's Post-trial Motions (Docket No. 374) are **GRANTED-IN-PART** and **DENIED-IN-PART**.

BACKGROUND

In April 2012, NobelBiz filed two separate actions accusing Defendants of infringing United States Patent No. 8,135,122 (“ ’122 Patent”): *NobelBiz, Inc. v. Global Connect, L.L.C.*, 6:12-cv-244 and *NobelBiz, Inc. v. TCN, Inc.*, 6:12-cv-247 (collectively, “2012 Cases”). On October 22, 2013, the U.S. Patent and Trademark Office (“USPTO”) issued United States Patent No. 8,565,399 (“ ’399 Patent”)² and NobelBiz filed two new cases accusing Defendants of infringing the ’399 Patent: *NobelBiz, Inc. v. Global Connect, L.L.C.*, 6:13-cv-804 and *NobelBiz, Inc. v. TCN, Inc.*, 6:13-cv-805 (collectively, “2013 Cases”). NobelBiz moved to consolidate the 2012 and 2013 Cases, which was granted on February 27, 2014. *See* Docket No. 141 (granting NobelBiz's opposed Motion to Consolidate (Case No. 6:13-cv-804, Docket No. 16) and vacating an earlier order denying consolidation (Docket No. 54 (denying NobelBiz's opposed motion to consolidate the 2012 Cases (Docket No. 48))). Accordingly, Case No. 6:13-cv-804 was consolidated into Case No. 6:12-cv-244, and Case No. 6:13-cv-805 was consolidated into Case

² The ’122 Patent and ’399 Patent will be collectively referred to as the “asserted patents.”

No. 6:12-cv-247. Finally, Case Nos. 6:12-cv-244 and 6:12-cv-247 were consolidated for all pretrial purposes and eventually trial. *See id.*

The parties proceeded to trial on September 8, 2015, where NobelBiz asserted that Global Connect's "Enhanced Caller ID" or "Regional Caller ID" systems and TCN's "Local Caller ID" system infringed the asserted patents. Docket No. 348 at 8 ("Jury Instructions"). NobelBiz asserts direct infringement of claims 1, 6, 9, 16 and 24 of the '122 Patent and claims 1-2, 4 and 6-7 of the '399 Patent against Global Connect, and direct infringement of claims 1, 5-6, 10 and 24 of the '122 Patent and claims 1-2 and 4-6 of the '399 Patent against TCN.³ Jury Instructions at 8, 18-19; *see also* Docket No. 350 ("Verdict"). NobelBiz also contends Defendants indirectly infringed the asserted claims by active inducement or contributory infringement. Jury Instructions at 22-23. NobelBiz asserts that the direct and indirect infringement were willful. Jury Instructions at 8-9, 24-25. At trial, Defendants denied infringement and alleged that the asserted claims were invalid on two grounds: (1) anticipation and (2) obviousness. *Id.* at 26. At the close of evidence, the parties moved for judgment as a matter of law ("JMOL") on a number of grounds under Rule 50(a) of the Federal Rules of Civil Procedure. *See* Trial Tr. 9/15/15 PM at 50:21-59:4, 60:12-67:16. The Court denied those motions. Trial Tr. 9/15/15 PM at 59:5-15, 67:17-68:6.

On September 15, 2015, the jury returned a unanimous verdict. The jury found the asserted claims not invalid, all asserted claims infringed by either the doctrine of equivalents or literal infringement and that Defendants indirectly infringed the asserted claims (either by inducement or contributorily). *See* Verdict. The jury also found that the infringement was willful. *Id.* To compensate NobelBiz for Global Connect's infringement, the jury awarded

³ Claims 1, 5-6, 9-10, 16 and 24 of the '122 Patent and claims 1-2 and 4-7 of the '399 Patent are collectively referred to as the "asserted claims."

NobelBiz \$566,395.08 in damages for the '122 Patent, and \$566,395.08 for the '399 Patent. Verdict at 9. To compensate NobelBiz for TCN's infringement, the jury awarded NobelBiz \$169,024.03 for the '122 Patent and \$169,024.03 for the '399 Patent. *Id.*

Background of the Technology

The '122 and '399 Patents are both entitled "System and Method for Modifying Communication Information (MCI)." *See* '122 Patent, '399 Patent. The asserted patents also share near identical specifications and generally relate to a system, computer and a computer-implemented method to modify a communication from a call originator, such as a call center, to a call target "to provide a call back number or other contact information to the Target that may be closer to or local to the Target, in order to reduce or eliminate the payment of long distance toll charges in the event the Target dials the callback number." '122 Patent at 1:43–49. The asserted patents are continuations of the provisional application for U.S. Patent No. 7,899,169 ("the Parent Patent"), and have a priority date of October 20, 2005. *See* Docket Nos. 115 at 3, 194 at 4.

Asserted Claim 1 of the '122 Patent is representative of the independent claims and recites:

1. A system for processing an outbound call from a call originator to a call target, the system comprising:
 - a database storing a plurality of outgoing telephone numbers;
 - an information processor controlled by the call originator and configured to process a trigger comprising a telephone number of the call target;
 - access the database and select a replacement telephone number from the plurality of outgoing telephone numbers based on at least an area code of the telephone number of the call target;
 - modify caller identification data of the call originator to the selected replacement telephone number, the selected replacement telephone number having at least an area code

the same as an area code of the telephone number of the call target; and transmit the modified caller identification data of the call originator to the call target.

'122 Patent at col. 5:4–21.

APPLICABLE LAW REGARDING RULE 50

Judgment as a matter of law is only appropriate when “a reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue.” FED. R. CIV. P. 50(a). “The grant or denial of a motion for judgment as a matter of law is a procedural issue not unique to patent law, reviewed under the law of the regional circuit in which the appeal from the district court would usually lie.” *Finisar Corp. v. DirecTV Group, Inc.*, 523 F.3d 1323, 1332 (Fed. Cir. 2008). The Fifth Circuit “uses the same standard to review the verdict that the district court used in first passing on the motion.” *Hiltgen v. Sumrall*, 47 F.3d 695, 699 (5th Cir. 1995). Thus, a jury verdict must be upheld, and judgment as a matter of law may not be granted, unless “there is no legally sufficient evidentiary basis for a reasonable jury to find as the jury did.” *Id.* at 700. “A jury verdict must stand unless there is a lack of substantial evidence, in the light most favorable to the successful party, to support the verdict.” *Am. Home Assurance Co. v. United Space Alliance*, 378 F.3d 482, 487 (5th Cir. 2004).

A court reviews all evidence in the record and must draw all reasonable inferences in favor of the nonmoving party; however, a court may not make credibility determinations or weigh the evidence, as those are solely functions of the jury. *See Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 150–51 (2000) (“although the court should review the record as a whole, it must disregard all evidence favorable to the moving party that the jury is not required to believe”). Under Fifth Circuit law, a court is to be “especially deferential” to a jury’s verdict, and must not reverse the jury’s findings unless they are not supported by substantial evidence.

Baisden v. I'm Ready Productions, Inc., 693 F.3d 491, 499 (5th Cir. 2012). Consequently, “[o]nly if there existed substantial evidence that would have led reasonable jurors to reach a differing conclusion, will this court overturn the district court’s judgment.” *Hawkins v. Jones*, 74 F. App’x. 391, 394 (5th Cir. 2003) (citing *Portis v. First Nat’l Bank of New Albany, Miss.*, 34 F.3d 325, 327–28 (5th Cir. 1994)).

APPLICABLE LAW REGARDING RULE 59

Under Federal Rule of Civil Procedure 59(a), a party may receive a new trial on any or all issues “for any reason for which a new trial has heretofore been granted in an action at law in federal court.” Rule 59(a)(1)(A). The Federal Circuit reviews the question of a new trial under the law of the regional circuit. *Z4 Techs., Inc. v. Microsoft Corp.*, 507 F.3d 1340, 1347 (Fed. Cir. 2007). “A new trial may be granted, for example, if the district court finds the verdict is against the weight of the evidence, the damages awarded are excessive, the trial was unfair, or prejudicial error was committed in its course.” *Smith v. Transworld Drilling Co.*, 733 F.2d 610, 612–13 (5th Cir. 1985).

ANALYSIS

The parties raise four predominant issues with their cross-post-trial-motions: (1) whether the evidence supports the jury’s finding of infringement; (2) whether a new trial is required; (3) whether the infringement was willful and if NobelBiz is entitled to enhanced damages as a result; and (4) whether NobelBiz is entitled to pre- and post-judgment interest and costs, attorneys’ fees, injunctive relief and a final accounting of Defendants’ infringing activities. *See generally* Docket No. 374. As a threshold matter, the parties dispute whether Defendants waived their rights to challenge the sufficiency of certain infringement evidence and the willfulness evidence

under Rule 50(b). Docket No. 378 at 2–6. As the waiver issue defines the scope of the parties’ post-trial filings, it will be discussed first, with the other issues being addressed in turn.

VI. Waiver under Rule 50

On September 15, 2015, Defendants filed their Rule 50 Motion for Judgment as a Matter of Law on Infringement under Federal Rule of Civil Procedure 50(a) and argued that they were entitled to a judgment as a matter of law on the issue of infringement of claims 6, 9, 10, 16 and 24 of the ’122 Patent and claim 7 of the ’399 Patent because there was no legally sufficient evidence to support that the accused systems practiced the “geographic region” limitation. Docket No. 343 at 3. Defendants also argued that there was no legally sufficient evidence to support that the accused systems transmit caller ID information to a call target. *Id.* Finally, Defendants contended that the asserted claims of the ’122 Patent were not infringed because the evidence was insufficient to support a finding that Defendants’ accused systems modify caller ID information by providing a replacement telephone number. *Id.* The parties presented oral argument on these issues, and the Court denied Defendants’ Rule 50(a) motion. Trial Tr. 9/15/15 AM at 50:24–51:4, 51:19–57:9.

On September 16, 2015, the jury returned a verdict making four comprehensive findings: (1) Defendants directly infringed the ’122 and ’399 Patents’ asserted claims, either literally or under the doctrine of equivalents; (2) Defendants indirectly infringed the ’122 and ’399 Patents’ asserted claims, either by inducement or contributorily; (3) the infringement was willful; and (4) that the ’122 and ’399 Patents’ asserted claims were not invalid. Verdict at 2–8. Following the jury verdict, Defendants filed their renewed motion for judgment as a matter of law under Rule 50(b). *See* Docket No. 373. In addition to the arguments made in their Rule 50(a) motion (Docket No. 343), Defendants also challenge the sufficiency of the evidence regarding

willfulness and direct infringement of certain asserted claims under the doctrine of equivalents. Docket No. 373 at 10. In opposition, NobelBiz claims, among other things, that Defendants cannot seek judgment as a matter of law on direct infringement under the doctrine of equivalents, or on willfulness, because such issues were not raised in their Rule 50(a) motion. Docket No. 378 at 2–3. Defendants respond that the arguments were not waived by virtue of their objections being made known during trial. Docket No. 379 at 1–2 (quoting *In re Isbell Records, Inc.*, 774 F.3d 859, 867 (5th Cir. 2014)).

Requiring a Rule 50 motion to identify the specific grounds challenging the sufficiency of the evidence prior to submitting the case to the jury serves two purposes: (1) to enable the trial court to re-examine the sufficiency of the evidence as a matter of law if, after verdict, the Court must address a motion for judgment as a matter of law; and (2) to alert the opposing party to the insufficiency of the case before being submitted to the jury. *U.S. for use of Wallace v. Flintco Inc.*, 143 F.3d 955, 960 (5th Cir. 1998); *see also* FED. R. CIV. P. 50(b) Advisory Committee Notes to 2006 Amendment.

Under Rule 50(a), Defendants explicitly challenged infringement of asserted claims 6, 9, 10, 16 and 24 of the '122 Patent and claim 7 of the '399 Patent based on a lack of evidence for the “geographic region” limitation. *See* Docket No. 343. Defendants also explicitly challenged the evidence that showed the accused systems transmit caller ID information to a call target and that the accused systems modify caller ID information by providing a replacement telephone number as described by the asserted claims of the '122 Patent. *See id.* Defendants did not raise, either explicitly or implicitly by oral or written argument, an issue with the sufficiency of the evidence with respect to direct infringement of certain asserted claims under the doctrine of equivalents. While Defendants did object to a portion of the jury instructions on the doctrine of

equivalents, the objection went to the inclusion of an estoppel instruction, not to the sufficiency of evidence. Docket Nos. 363 at 125:25–128:7 (“Trial Tr. 9/14/15 PM”), 364 at 9:15–25 (“Trial Tr. 9/15/15 AM”). Thus, Defendants waived their right to renew any challenges to the sufficiency of the evidence regarding direct infringement under the doctrine of equivalents because Defendants did not identify it as a specific ground in their Rule 50(a) motion.

As to NobelBiz’s argument that Defendants waived any argument for a renewed request for judgment as a matter of law on willfulness, the legal standard that applied at the time of the trial was laid out in *In re Seagate Technology, LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc). Pursuant to *Seagate*, courts used a two-part test for determining when damages may increase under 35 U.S.C. § 284 that required both factual and legal findings. *See id.* at 1371. The evidence on willfulness presented to the jury was directed towards their duty to make factual determinations pursuant to the *Seagate* test. Defendants did not raise, either explicitly or implicitly by oral or written argument, an objection to the sufficiency of that evidence as a specific ground in their Rule 50(a) motion. Accordingly, Defendants waived their right to renew any challenges to the sufficiency of the evidence presented to the jury for any factual determinations related to willfulness. However, after the jury returned a verdict, but before final judgment, the Supreme Court decided, on June 13, 2016, *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923 (2016). Consequently, the Court is still obligated to review the legal issues surrounding willfulness, and will do so under the new legal standard set out in *Halo* below.

VII. Infringement

The parties both filed renewed motions for judgment as a matter of law on issues of infringement. *See* Docket Nos. 373, 374. Defendants claim noninfringement of the asserted

claims, while NobelBiz asserts that the evidence supports a finding that the asserted claims were literally infringed. *See id.*

D. Applicable Law

Infringement is a question of fact reviewed for substantial evidence. *Finisar*, 523 F.3d at 1332. To prove infringement under 35 U.S.C. § 271, a plaintiff must show the presence of every element, or its equivalent, in the accused product or service. *Lemelson v. United States*, 752 F.2d 1538, 1551 (Fed. Cir. 1985). First, the claim must be construed to determine its scope and meaning; and second, the construed claim must be compared to the accused device or service. *Absolute Software, Inc. v. Stealth Signal, Inc.*, 659 F.3d 1121, 1129 (Fed. Cir. 2011) (citing *Carroll Touch, Inc. v. Electro Mech. Sys., Inc.*, 15 F.3d 1573, 1576 (Fed. Cir. 1993)). “A determination of infringement is a question of fact that is reviewed for substantial evidence when tried to a jury.” *ACCO Brands, Inc. v. ABA Locks Mfr. Co.*, 501 F.3d 1307, 1311 (Fed. Cir. 2007).

E. Defendants’ Rule 50(b) Motion for Noninfringement

Defendants argue that no reasonable jury could find infringement because there was no legally sufficient evidence to support that the accused systems satisfied the “geographic region” limitation in asserted claims 6, 9, 10, 16 or 24 of the ’122 Patent or claim 7 of the ’399 Patent. Docket No. 373 at 7. Defendants also argue that there was no legally sufficient evidence to support that the accused systems transmit caller ID information to a call target. *Id.* at 8. Finally, Defendants contend that the asserted claims of the ’122 Patent were not infringed because the evidence was insufficient to support a finding that Defendants’ systems modify caller ID information by providing a replacement telephone number. *Id.* at 9.

1. “Geographic Region”

Defendants contend that the evidence did not support a finding that the accused systems fall within the construction of “geographic region”—construed to mean “an area bounded by one or more area codes selected to reduce or eliminate the payment of long distance toll charges in the event the call target dials the callback number.” *Id.* at 7 (citing Docket Nos. 115, 194), *see also* Docket No. 378 at 7 (citing Docket Nos. 115 at 25, 194 at 9). Defendants argue that the evidence presented to the jury fails to show that the requisite intent of the accused systems is that “a caller ID number is chosen to reduce or eliminate call back rates.” *Id.* (citing Docket Nos. 356 at 79:13–22, 88:19–22 (“Trial Tr. 9/9/15 AM”), 358 at 94:16–23 (“Trial Tr. 9/10/15 AM”)). Defendants state that the evidence shows that the accused systems “increase the likelihood that the call target will actually answer the telephone or call back the number displayed, regardless of the cost to the call recipient.” *Id.* (citing Trial Tr. 9/8/15 PM at 56:7–22; Trial Tr. 9/9/15 AM at 42:12–19, 88:19–22).

Defendants assert that “intent” is part of the “geographic region” limitation because the Court’s construction “states that codes are ‘selected’ because they ‘reduce or eliminate the payment of long distance toll charges.’ ” Docket No. 379 at 3. Defendants further state that TCN’s corporate witness, Jesse Bird (Docket No. 360 at 113:4–10 (“Trial Tr. 9/11/15 AM”)), testified that he “never thought” to choose phone numbers with area codes that would reduce or eliminate the cost that a person would incur by calling the phone number back. *Id.* at 3–4. Mr. Bird testified further that if he wanted to reduce the cost to TCN’s customers, he “would recommend a toll-free number.” *Id.* at 4.

NobelBiz responds that “customer intent” is not a claimed limitation, and even if it is, testimony from various witnesses support that Defendants practice this claim element. Docket

No. 378 at 7. With respect to Global Connect, NobelBiz states that Global Connect Chief Operations Officer Mr. Darrin Bird's testimony supports the jury's finding that the "geographic region" limitation is met:

QUESTION: Would a person rather call a free number or a local number versus a long distance number?

ANSWER: I think -- I believe a consumer would -- would call back a toll-free number or a local number rather than possibly incurring a long distance charge if they know what the call was.

Docket No. 378 at 8 (citing Trial Tr. 9/9/15 PM at 49:15–20 (testifying by video deposition)). NobelBiz also states that Global Connect's former lead developer, David Christopher Crenshaw, testified that a benefit of Global Connect's accused system was its ability to reduce long distance charges. *Id.* (citing Docket No. 362 at 40:10–21 ("Trial Tr. 9/14/15 AM")). NobelBiz asserts that its expert, Dr. Arthur Brody, relied "on this and other evidence, including caller ID mappings," when he opined that the term "geographic region" was found in Global Connect's accused system. *Id.* (citing Trial Tr. 9/9/15 AM at 78:17–80:1, 88:10–22 ("[A.:] 'So, in other words, when you came home, if you saw a 903 or 403 – 430 area code in Tyler, someone would be more apt to make a call . . . because there was still a lot more long distance charges being charged them.' ")), PX-377-31 (GC002434)).

NobelBiz argues that the evidence also supports the same finding against TCN's accused system. *Id.* NobelBiz states that TCN's Vice President of Sales, Dave Bethers, similarly testified to the benefits of using a local number to reduce long distance charges:

QUESTION: Is there an advantage to the call target to be able to call that -- that number that -- from the bucket list that reflects the local Caller ID?

ANSWER: As compared to what?

QUESTION: As compared to if it's just an 800-number or it's the actual call center location number.

ANSWER: I believe, yes.

QUESTION: And what would that -- what's the advantage of having a local to call back?

ANSWER: Well, one advantage is, if that number doesn't incur a cost to call it, it's similar to -- well, it's similar to calling a toll-free number.

QUESTION: And that would be because it's -- it's local or from the same area code?

ANSWER: I would assume that they -- they would guess there's not going to be a charge for that.

QUESTION: So the toll would be cheaper?

ANSWER: To the -- to the end user?

QUESTION: To the -- to the end user, yes.

ANSWER: The destination number?

QUESTION: Yes.

ANSWER: I would -- I would -- you know, most people would -- would understand or -- or think that there wouldn't be a charge for calling that number, similar to calling a toll-free number. Depending on what their -- you know, I don't know if -- if they use minutes, then who knows.

QUESTION: But if it -- if it's got a -- an area code that's -- if the call target sees on -- on his or her Caller ID a local -- a local number -- so, in other words, let's say -- let's use Utah, let's use the 801 area code, as opposed to he sees an East Coast telephone number on the Caller ID and actually has to call the East Coast number versus the Utah number -- there's going to be more of a cost to call the -- to make that long distance call to, say, 212 in New York, correct?

ANSWER: I would guess most of the time.

Id. at 8–9 (citing Docket No. 359 at 7:18–8:11, 15:12–16:21 (“Trial Tr. 9/10/15 PM”) (testifying by video deposition)). As with Global Connect’s accused system, NobelBiz asserts that Dr. Brody relied on Mr. Bethers’s deposition testimony when forming his expert opinion on whether TCN’s accused system infringes the asserted patents. *Id.* at 9 (citing Trial Tr. 9/10/15 PM at 94:15–95:21). NobelBiz claims that Defendants do not contradict the evidence, but merely try to explain away Mr. Darrin Bird and Mr. Brethers’s video deposition testimony with their live testimony at trial. *Id.* NobelBiz concludes that Defendants’ arguments thus go to credibility determinations instead of the sufficiency of the evidence. *Id.*

Here, the claim construction of “geographical region” is not contested, merely the application of that claim construction to the accused systems. The “geographic region” claim limitation is found in asserted claims 6, 9 –10, 16 and 24 of the ’122 Patent and asserted claim 7 of the ’399 Patent. *See* ’122 Patent, ’399 Patent; *see also* Verdict at 2–3. As previously stated, claims 6, 9, 16 and 24 of the ’122 Patent and claim 7 of the ’399 Patent are asserted against Global Connect, and claims 6, 10 and 24 of the ’122 Patent are asserted against TCN. *See* Verdict at 2–3.

The parties’ dispute centers around the weight the jury gave the evidence, not its veracity. Defendants provided no basis for the Court to reevaluate the evidence, which must be viewed in the light most favorable to the verdict. *See Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 150–51 (2000). The jury heard all of the evidence and found direct infringement. *See* Verdict at 2–3. The evidence presented at trial supports that a reasonable jury could find that Defendants’ accused systems satisfy the “geographic region” limitation, where an added benefit is a reduction in long distance charges to call targets. *See* Trial Tr. 9/9/15 AM at 78:17–80:1, 88:10–22, Trial Tr. 9/9/15 PM at 49:15–20, Trial Tr. 9/10/15 PM at 7:18–8:11, 15:12–16:21,

94:15–95:21, Trial Tr. 9/14/15 AM at 40:10–21. Accordingly, Defendants’ motion for judgment as a matter of law as to noninfringement due to the “geographic region” limitation having not been met is **DENIED**.

2. Transmission of Caller ID Information

Next, Defendants state that the evidence does not support a finding that Defendants’ accused systems “transmit caller ID data ‘to the call target.’ ” Docket No. 373 at 8. Defendants assert that Dr. Brody merely relied on “selective quotations of deposition testimony from Chris Crenshaw and from Jesse Bird regarding the use of SIP protocols.” *Id.* (citing Trial Tr. 9/9/15 AM at 65:16–69:3, Trial Tr. 9/10/15 AM at 81:7–82:25; *see also* Trial Tr. 9/9/15 PM at 17:1–8, Trial Tr. 9/10/15 AM at 115:17–21). Defendants contend this evidence does not show that “the accused systems transmit anything—SIP protocol or otherwise—to the call target.” *Id.* Defendants argue that this is because the accused systems are functionally limited to the origination of calls and that neither accused system transmits caller ID information to the call target. *Id.* Defendants assert that their accused systems merely “ ‘set up the call with different functionalities and features . . . that’s all Global Connect [and TCN] can do,’ ” and that “they rely on ‘phone providers like Verizon or Sprint or AT&T to send out the calls.’ ” Docket No. 379 at 4 (citing Docket No. 361 at 104:17–23 (“Trial Tr. 9/11/15 PM”)) (alteration in original).

NobelBiz responds that Defendants are rearguing rejected claim construction positions by “contending that ‘[NobelBiz] has presented no evidence to show that [D]efendants transmit any caller ID information *directly* to a call target.’ ” Docket No. 378 at 10 (emphasis in original). NobelBiz argues that “[t]here is no physical or temporal limitation in the claim such that the ‘transmission’ is ‘directly’ to the call target.” *Id.* NobelBiz claims that the evidence at trial supports a finding that Global Connect’s accused system meets this limitation because Mr. Bird

testified that its accused system controls the caller identification data from the outset, and Mr. Crenshaw testified that caller identification is sent to the call target with the outbound call. *Id.* (citing Trial Tr. 9/9/15 PM at 47:12–48:5; Trial Tr. 9/9/15 AM at 36:25–37:10). Moreover, NobelBiz asserts that the evidence supports the same finding against TCN because its accused system “also transmits caller identification data to the call target in connection with the outbound call.” *Id.* at 11 (citing Trial Tr. 9/10/15 AM at 81:4–84:25, PX-58-14, -15 (TCN001628) (source code for OutboundCallsManager.java), Trial Tr. 9/10/15 PM at 11:17–19, 29:14–16 (“Outbound, to me, means that our -- the -- the feature set or the -- the group of methods that our clients would use to place outbound calls.”), *id.* at 30:8–16 (“In the context of TCN, the call engine is what collects calls and executes them to the scheduler.”), *id.* at 31:6–8 (“Los Angeles data center is where the calls are made out of and also where our database concerning our system is located.”), *see id.* at 41:6–10, 43:13–15). Finally, NobelBiz contends that the evidence shows that Defendants’ respective accused systems transmit caller ID information to the call target because “the Call Engine creates a SIP by generating a message with the selected caller ID in the ‘from’ header and the call target number in the ‘to’ header.” *Id.* at 10 (citing Trial Tr. 9/9/15 AM at 21:17–22:25, *id.* at 33:16–34:6 (discussing source code for the scheduler sending “Caller ID information to the call engine”), *id.* at 35:24–36:24 (discussing source code for how the SIP message is created)), 11 (citing PX-341-15, Trial Tr. 9/10/15 AM at 46:18–23).

The parties dispute whether the accused systems transmit identification data to the call target. *See generally* Docket Nos. 373 at 8–9, 378 at 10–11. On September 15, 2014, the claim terms “transmit the caller identification data to the call target in connection with the outbound call” of claim 1 of the ’399 Patent and “code for transmitting the caller identification data to the call target in connection with the outbound call” of claim 7 of the ’399 Patent were construed to

have their plain and ordinary meaning. Docket No. 194 at 23–25, *see also* '399 Patent at cols. 5:5–23, 5:40–62. The disputed “transmit caller identification information to call targets” limitation is asserted in claims 1 and 7 of the '399 Patent against Global Connect, and asserted in claim 1 of the '399 Patent against TCN. *See* Verdict at 2–3.

The parties do not argue about what evidence has been presented to the jury. The argument is whether the evidence supports a finding that Defendants' systems transmit ID information “to call targets.” The Court has considered Defendants' arguments, with much attention on their argument that Defendants' systems set up the calls, but the service providers send out the calls (and are therefore the ones transmitting the information to the call targets), but the Court is satisfied that substantial evidence was provided to the jury to find the claim limitation met. The jury heard all of the evidence and found direct infringement. *See* Verdict at 2–3. Among that evidence is Mr. Bird's testimony that the Global Connect system controlled the outbound call at the origination, and that because of this, the client could choose the Caller ID. Docket No. 357 at 46:21–48:5. In addition, the jury heard testimony from Mr. Crenshaw that Global Connect's system includes the Caller ID for the call. Trial Tr. 9/9/15 AM at 36:25–37:10. The jury also heard evidence about TCN's system. Mr. Jesse Bird stated that TCN's call engine tries to initiate a call with the call information, which may include the Caller ID. Trial Tr. 9/10/15 AM at 46:18–47:15. In light of the highlighted testimony, and the rest of the evidence presented to the jury, the Court finds that there was substantial evidence for the jury to conclude that the Defendants' systems transmit Caller ID information to the call targets. Accordingly, Defendants' motion for judgment as a matter of law of noninfringement due to the “transmit caller ID data ‘to the call target,’ ” Docket No. 373 at 8, limitation having not been met is **DENIED**.

3. Replacement Telephone Number

Defendants' third point of contention is that the accused systems do not provide a replacement telephone number, as required by claim 1 of the '122 Patent. Docket No. 373 at 9. Defendants argue that neither the Global Connect system nor the TCN system originally stores the caller ID field with a *telephone* number. *Id.* Therefore, when the system does input a telephone number, the system is replacing something other than a telephone number. *Id.* Defendants claim that the Global Connect system originally places a string of zeros in the caller ID field, and that this is what is replaced when the system finally inputs the caller ID number into the field. *Id.* Further, Defendants argue that a string of zeros is not a *telephone* number, and therefore, the new string cannot act as a replacement telephone number. *Id.* Likewise, Defendants claim that that TCN's caller ID field is originally set with no number. *Id.* Defendants argue that "[TCN's] accused system simply 'sets' the number with selected caller ID number; there is no replacement that occurs." Docket No. 379 at 5 (citing Trial Tr. 9/10/15 AM at 91:8-10).

NobelBiz states that Defendants are arguing for a claim construction that was previously rejected by the Court. Docket No. 378 at 12. "This Court previously construed 'replacement telephone number' as having its plain and ordinary meaning." *Id.* at 11 (citing Docket No. 115 at 25). NobelBiz contends that the claim term is not so narrow as to be limited to only replacing a telephone number. *Id.* at 11–12. Additionally, NobelBiz claims that there is evidence that Global Connect's system sets the field to all zeros, which is a valid telephone number, then replaces those zeros with a caller ID selected from the database. *Id.* at 12. Similarly, NobelBiz asserts that there is evidence that TCN's system sets the field to Null, then replaces Null with a

telephone number. *Id.* NobelBiz claims that this evidence is sufficient to support the claim limitation. *Id.*

The two parties just dispute whether those facts meet the claim limitation. The jury heard all of the evidence and found direct infringement. *See* Verdict at 2–3. The Court will not second guess the jury’s factual determination that the claim limitation was met based on the evidence set out above. The Court finds that there was substantial evidence to support the finding, and that the jury’s interpretation was reasonable. Accordingly, Defendants’ motion for judgment as a matter of law of noninfringement due to the replacement telephone number limitation having not been met is **DENIED**.

F. NobelBiz’s Rule 50(b) Motion for Literal Infringement

NobelBiz renews its Rule 50 motion for judgment as a matter of law on the issues of literal infringement with respect to claims 1 and 6–7 of the ’399 Patent and claims 1, 6, 9 and 16 of the ’122 Patent against Global Connect, and claims 1 and 6 of the ’399 Patent and claims 1 and 6 of the ’122 Patent against TCN. *See* Docket No. 374 at 22. In its motion, NobelBiz asserts that each element of each asserted claim is literally infringed by the respective parties. *Id.* at 22–32. NobelBiz cites evidence for each element that purports to demonstrate that no reasonable jury could find that the elements were not literally infringed. *Id.*

Defendants respond that neither parties’ systems transmit information “to the call target” as required by claims 1, 6 and 16 of the ’122 Patent and claims 1 and 6 of the ’399 Patent, either literally or by the doctrine of equivalents. Docket No. 377 at 33–34, 36. Further, Defendants assert that neither party’s system satisfies the “geographic region” term as required by claims 6 and 9 of the ’122 Patent and claim 7 of the ’399 Patent, either literally or under the doctrine of equivalents. *Id.* at 34–35, 36–37. These arguments are substantially similar to the arguments

Defendants made in support of their Rule 50(b) Motion for Noninfringement. *See* Docket No. 373 at 7–8. The Court has addressed these arguments in its discussion of that motion, *supra*, and found that there was substantial evidence for the jury to find that the claim limitations were met.

Notwithstanding its motion for literal infringement, NobelBiz states substantial evidence supports the jury’s finding of infringement under the doctrine of equivalents. Docket No. 374 at 22 n.10. Defendants respond that substantial evidence does not support the jury’s finding of infringement under the doctrine of equivalents, and that such a finding with respect to independent claims is irreconcilably inconsistent with the jury’s finding of literal infringement with respect to related dependent claims. Docket No. 377 at 33 n.12. The Court addresses the latter point, *infra*, with respect to Defendants’ motion for a new trial pursuant to Rule 59. *See* Docket No. 373 at 22.

Substantial evidence supports the jury’s finding of infringement under the doctrine of equivalents. NobelBiz’s infringement expert, Dr. Brody, testified that both accused systems infringed under the doctrine of equivalents. Trial Tr. 9/9/15 AM at 95:19–100:5; Trial Tr. 9/10/15 AM at 98:16–100:4. Dr. Brody’s analysis follows the classic function-way-result formulation and provides a legally sufficient basis for the jury’s verdict. *See id.* The jury was free to credit this testimony and find infringement under the doctrine of equivalents with respect to those claim elements for which it may not have found literal infringement.

As NobelBiz urges, the jury heard evidence with respect to literal infringement. *See* Docket No. 374 at 22–32. As discussed with respect to Defendants’ motion for judgment of noninfringement, the jury heard substantial evidence to support a finding that many of the claim elements were infringed literally. The jury’s verdict of infringement under the doctrine of equivalents reflects that it did not make such a finding with respect to every claim element. The

jury was free not to credit Dr. Brody's testimony with respect to literal infringement or to credit defense testimony that certain claim elements were not literally infringed.

After considering all the evidence presented by NobelBiz in this motion, and all the evidence presented at trial, the Court finds that a reasonable jury could have found infringement under the doctrine of equivalents but not literal infringement. Conversely, NobelBiz has not carried its burden to prove that no reasonable jury could find that the asserted claims were not literally infringed. Accordingly, NobelBiz's motion for judgment as a matter of law on the issues of literal infringement is **DENIED**.

VIII. New Trial

Defendants further request a new trial under Rule 59 based on the following: (1) the sufficiency of the jury instructions for direct infringement under the doctrine of equivalents; (2) the verdict was deficient for failing to include a space for a reasonable royalty rate; (3) the verdict was inconsistent with respect to direct infringement and damages; and (4) the findings for infringement of the '399 Patent under the doctrine of equivalents, indirect infringement and willfulness are against the great weight of the evidence. Docket No. 373 at 18, 22, 28–29.

NobelBiz argues that Defendants waived any arguments for a new trial due to an inconsistent verdict because their objections were not made before the jury was dismissed. Docket No. 378 at 3. Finally, NobelBiz states that Defendants failing to object to the verdict form and the jury instructions for the doctrine of equivalents, indirect infringement, willfulness and damages waives any arguments for a new trial. *Id.* at 5–6.

E. Insufficient Jury Instructions

i. Limitations of Prosecution History Estoppel on the Doctrine of Equivalents

Defendants argue that the Court presented the jury with a faulty instruction on infringement through the doctrine of equivalence under 35 U.S.C. § 112(f). Docket No. 373 at 18–20. The Court instructed the jury on direct infringement under the doctrine of equivalents as follows:

6.3 Direct Infringement under the Doctrine of Equivalents

If a company makes, uses, sells, offers to sell within, or imports into the United States a system that does not meet all of the requirements of a claim and thus does not literally infringe that claim, there can still be direct infringement if that system satisfies that claim “under the doctrine of equivalents.”

Under the doctrine of equivalents, a system infringes a claim if the accused system contains elements or performs steps corresponding to each and every requirement of the claim that is equivalent to, even though not literally met by, the accused system. You may find that an element or step is equivalent to a requirement of a claim that is not met literally if a person having ordinary skill in the field of technology of the patent would have considered the differences between them to be “insubstantial” or would have found that the system: (1) performs substantially the same function and (2) works in substantially the same way (3) to achieve substantially the same result as the requirement of the claim. In order for the system to be considered interchangeable, the system must have been known at the time of the alleged infringement to a person having ordinary skill in the field of technology of the patent. Interchangeability at the present time is not sufficient. In order to prove infringement by “equivalents,” NobelBiz must prove the equivalency of the system to the claims by a preponderance of the evidence.

6.4 Limitations on Direct Infringement under the Doctrine of Equivalents

The prior art may preclude a finding of infringement under the doctrine of equivalents. I will explain what “prior art” is, but generally speaking “prior art” is things that were already known or

done before the invention. In reaching your decisions in this case, you must use the definition of “prior art” that I provide to you.

To determine whether the prior art precludes a finding of infringement under the doctrine of equivalents, you must first have in mind a “hypothetical claim” that would cover the accused, allegedly equivalent system literally. The hypothetical claim is exactly the same as the claim at issue, except that the unmet claim requirements are broadened so that they would be met by the allegedly “equivalent” hypothetical claim.

Once you have this equivalent “hypothetical claim” in mind, you must decide whether this hypothetical claim would have been invalid for anticipation or obviousness. I will instruct you later on how to determine if a claim is invalid for anticipation or obviousness. You should use these same rules to determine whether or not the “hypothetical claim” would be invalid for anticipation or obviousness. If you determine that they “hypothetical claim” would have been invalid for anticipation or obviousness, then you must find that there is no infringement of this particular claim under the doctrine of equivalents.

You may not find that a system infringes a claim under the doctrine of equivalents if you find that: (1) the allegedly “equivalent” alternative feature(s) of that system was/were described somewhere in the patent and (2) that system is not covered literally by any of the claims of the patent.

You may not determine that an alternative aspect of a system is equivalent to an unmet requirement of a claim if a finding of infringement under the doctrine of equivalents would effectively eliminate that requirement. Specifically, the alleged equivalent cannot eliminate or ignore an element or requirement of the claim.

Jury Instructions at 19–21. Defendants argue that they objected to Instruction 6.4 because it failed to include an explanation on the proper limits for the doctrine of equivalents. Docket No. 373 at 19 (citing Trial Tr. 9/14/15 PM at 126:4–128:9). Defendants contend that Instruction 6.4 should have instructed the jury on the effects of prosecution estoppel and, without it, the jury “was not properly instructed regarding the effect of prosecution history estoppel and was not able to evaluate the evidence Defendants presented regarding the prosecution history of [the asserted

patents]” *Id.* at 19 (citing *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 733 (2002)), 20 (citing Trial Tr. 9/14/15 PM at 12:10–15:15, 68:9–72:21). Defendants claim they were therefore prejudiced because the jury returned a verdict where all asserted independent claims were infringed by the doctrine of equivalents. *Id.* at 20.

As previously stated, NobelBiz contends that Defendants waived their right to request a new trial because they failed to make their request before the jury was dismissed. Docket No. 378 at 22 (citing FED. R. CIV. P. 51(c)). In the event the objection was not waived, NobelBiz argues that Defendants did not provide any support for retaining the instruction. *Id.* (citing Trial Tr. 9/15/15 AM 9:16–18 (“While we certainly do prefer to have those instructions about estoppel, we understand Your Honor’s reasons [for] keeping them out.”)). NobelBiz asserts that Instruction 6.4 “provided the legally correct basis for a finding of infringement under the doctrine of equivalents” because “*Festo* does not require, as Defendants have implied, that a prosecution history estoppel instruction is appropriate in every case involving prosecution of a patent.” *Id.* at 22–23. NobelBiz concludes that excluding the *Festo* limitations was not improper because “Defendants had adduced no evidence that NobelBiz narrowed the scope of its claims during prosecution.” *Id.* at 23.

Defendants reply that they properly objected to Instruction 6.4 under Rule 51(c) during the informal charge conference and the formal charge conference. Docket No. 379 at 13–14 (citing Trial Tr. 9/14/15 PM at 127:7–12, Trial Tr. 9/15/15 AM at 9:15–18). Defendants contend that the objection remains despite acknowledging the Court’s reason for omitting the instruction. *Id.* at 14. Defendants argue Dr. Perry testified that “certain terms and claims were removed by amendment that overlap with any infringement equivalents” during prosecution for the Parent Patent, which necessitates an instruction on the limitations of prosecution history estoppel. *Id.*

Defendants claim that during the prosecution of the Parent Patent, amendments “narrowed the scope within which infringement by equivalents could be found as it precluded certain interoperations of ‘replacement’ or ‘transmit.’ ” *Id.* at 15. Defendants conclude that omitting such an instruction “left the [j]ury with the wrong impression as to the limits of the doctrine [of equivalents],” and that had the instruction been included, the jury “would likely have resulted in a different verdict because the understanding of ‘replacement’ and ‘transmit’ were at the center of Defendants’ non-infringement defenses.” *Id.* at 15.

NobelBiz refutes that Dr. Perry opined on the effects of prosecution history estoppel for the Parent Patent and the asserted patents. Docket No. 382 at 15. NobelBiz claims that the evidence shows that Dr. Perry did not read, or do an analysis of, the Parent Patent and thus could not provide an opinion on the prosecution history for the Parent Patent. *Id.* at 15–16 (citing Trial Tr. 9/14/15 PM at 13:1–3, 72:4–18). NobelBiz argues that Dr. Perry’s testimony was not sufficient to alter the jury’s view on infringement under the doctrine of equivalents, even if an instruction on the limitations of prosecution history estoppel were included. *Id.* at 16.

The Federal Circuit reviews preserved challenges to jury instructions under the law of the regional circuit. *AbbVie Deutschland GmbH & Co., KG v. Janssen Biotech, Inc.*, 759 F.3d 1285, 1302 (Fed. Cir. 2014). The Fifth Circuit grants “broad discretion to the district judge in formulating the jury charge.” *Martin v. Thomas*, 973 F.2d 449, 454 (5th Cir. 1992). Jury instructions are reviewed as a whole and reversed only if the jury is misled as to the substantive law. *Bradshaw v. Freightliner Corp.*, 937 F.2d 197, 200 (5th Cir. 1991). “No harmful error is committed if the charge viewed as a whole correctly instructs the jury on the law, even though a portion is technically imperfect.” *Harrison v. Otis Elevator Co.*, 935 F.2d 714, 717 (5th Cir. 1991). In other words, even if an instruction to a jury is erroneous, the verdict should be upheld

if “the challenged instruction could not have affected the outcome of the case.” *Int’l Ins.*, 426 F.3d at 296.

As a threshold matter, NobelBiz incorrectly argues that Defendants failed to properly preserve their objection to Instruction 6.4. Rule 51(c)(2)(A) states that “[a]n objection is timely if a party objects at the opportunity provided under Rule 51(b)(2)” Rule 51(b)(2) provides that “[t]he Court must give the parties an opportunity to object on the record and out of the jury’s hearing before the instructions and arguments are delivered” The Court provided the parties with two opportunities to make their objections: at an informal charge conference and a formal charge conference. *See* Trial. Tr. 9/14/15 PM at 123:16–149:12, Trial Tr. 9/15/15 PM at 3:3–10:16. Defendants properly preserved their objection to Instruction 6.4 at both the informal and the formal charge conferences. *See* Trial. Tr. 9/14/15 PM at 125:25–128:8, 129:12–131:18, Trial Tr. 9/15/15 PM at 9:14–10:1.

The instructions on the doctrine of equivalents given to the jury are consistent with the law, and that the omission of a limiting instruction on the effects of prosecution history estoppel was not material to the outcome of the jury’s verdict. The following testimony by Dr. Perry is representative of the discussion on the relevant prosecution history:

QUESTION: (By Mr. MacArthur) If we go back to slide 10 -- and it’s going to load shortly, I promise -- does this show the ’169 patent?

ANSWER: Yes, it does.

QUESTION: And maybe I mistakenly heard you, but I thought you said on direct that you did not analyze this patent. Is that correct?

ANSWER: Well, analyze in the sense that -- excuse me. I didn’t analyze it in the sense of going through and do an analysis of it. It’s not part of the patent-in-suit.

QUESTION: But you put it up on the screen on your Slide 10?

ANSWER: Well, I was citing to it and -- and indicating the -- for sort of the history of these -- of the patents and what the patent -- '169 patent was about in terms of -- of the fact that it was issued but nothing -- no suit was made of it.

Trial Tr. 9/14/15 PM at 72:4–18. The evidence shows that Dr. Perry merely commented on the prosecution history on the Parent Patent and the asserted patents for background, and did not opine on any specific effects that the prosecution history had on the Parent Patent and the asserted patents. Accordingly, instruction on the limiting effects of prosecution estoppel on the doctrine of equivalents was not material to the jury's verdict and Defendants' motion for a new trial due to insufficient instructions on the doctrine of equivalents is **DENIED**.

ii. Inclusion of a Space for a Reasonable Royalty Rate

Defendants request “a new trial or partial new trial in this case because the verdict form allowed the [j]ury to assign damages in equal measure to the infringement of the '122 [P]atent and the '399 [P]atent despite the discrepancy in their dates of issuance.” Docket No. 373 at 20. Defendants contend that the damages award is ambiguous as to “whether the \$566,395.08 and \$169,024.03 amounts reflect total awards for the infringement of both patents or whether the [j]ury found that infringement of each patent resulted in the same amount of damages, which is not supported by the evidence.” *Id.* at 20–21. Defendants maintain that they requested a space for a reasonable royalty rate and that they “are prejudiced by the inability of all parties to understand the actual verdict. Defendants are further prejudiced by the possibility that judgment could be entered in excess of the amount that the [j]ury actually intended.” *Id.* at 22. Defendants argue that the evidence presented does not support a royalty rate that would result in the damages award being the same for each of the asserted patents. *Id.* at 26.

NobelBiz responds that Defendants waived any right to challenge the verdict form with respect to the damages portion by failing to state an objection after the verdict was read. Docket No. 378 at 24. Even if an objection was made, NobelBiz contends “there is no legal requirement to apportion damages on different infringement theories,” and Defendants did not provide any legal support that would indicate the omission of a space would result in an inconsistent damages award. *Id.* at 26. NobelBiz cites defense counsel declining to assert that such a space is legally required. *Id.* (citing Trial Tr. 9/14/15 PM at 145:8–9). Furthermore, NobelBiz argues that the Court declined to include the space for a reasonable royalty rate because to do so “would ‘increase your chances of getting an inconsistent verdict.’ ” *Id.* (citing Trial Tr. 9/14/15 PM at 146:6–11). NobelBiz states that TCN’s own damages expert, Clark Nelson, did not provide a royalty rate “and agreed that the jury could properly calculate damages.” *Id.* (citing Trial Tr. 9/10/15 PM at 103:2–7, 119:15–20 (“I think the jury is perfectly capable of making the determination of damages in this case. . . . I’m not giving an ultimate opinion on what the rate – as I said, I think the jury is perfectly capable of making that determination”)). Moreover, NobelBiz argues that the damages award was not excessive and well within the range provided by the parties’ damages experts. *Id.* at 29–30.

As with the jury instructions on the doctrine of equivalents, NobelBiz incorrectly argues that Defendants failed to properly preserve their objection to the omission of a space for a reasonable royalty rate on the verdict form. *See* Trial Tr. 9/14/15 PM at 145:2–146:11. Defendants’ objection to the omission of a space for a reasonable royalty rate at the informal charge conference was sufficient to put NobelBiz on notice of the alleged deficiency even though Defendants did not renew their objection at the formal charge conference, or after the verdict was read.

Whitserve, LLC v. Computer Packages, Inc., 694 F.3d 10 (Fed. Cir. 2012), cited by both parties, is instructive in this case. See Docket Nos. 373 at 21–22; 378 at 27. In *Whitserve*, the Federal Circuit sought to evaluate whether substantial evidence supported the jury’s damages award of about \$8.4 million. 694 F.3d at 26 (“Nonetheless, on post-trial JMOL motions, district court judges must scrutinize the evidence carefully to *ensure that the ‘substantial evidence’ standard is satisfied*, while keeping in mind that a reasonable royalty analysis necessarily involves an element of approximation and uncertainty.”) (internal citations and quotations omitted) (emphasis added). Because the trial court had not provided sufficient analysis, the Federal Circuit performed its own. *Id.* The parties agreed on the royalty base so the question reduced to whether the rate derived from dividing the royalty base by the damages award was supported. *Id.* at 27. Finding that the imputed rate was not supported by testimony, the Federal Circuit vacated the damages award and remanded for a new trial. *Id.* at 33–34.

Following *Whitserve*, the question in this case is whether substantial evidence supports the jury’s damages award. However, the parties dispute the nature of the damages award that must be supported. NobelBiz argues that the aggregate damages awards of “\$1,132,790.16 for Global Connect’s and \$338,048.06 for TCN’s infringement were well within the range of testimony provided by NobelBiz’s and Defendant’s damages experts.” Docket No. 378 at 29. Defendants argue (1) that the verdict is unclear as to whether the damages award represents a total of \$566,395.08 against Global Connect and \$169,024.03 against TCN or whether the jury awarded that amount for each patent as NobelBiz suggests, and (2) that separate damages awards of \$566,395.08 for each patent against Global Connect and \$169,024.03 for each patent against TCN would be unsupported by the evidence. Docket No 373 at 20–21.

First, the verdict form clearly states the amount the jury awarded with respect to each party and each patent. The Court finds that the jury awarded \$566,395.08 against Global Connect for each of the '122 and '399 Patents and \$169,024.03 against TCN for each of the asserted patents. Accordingly, the total damages awarded against Global Connect are \$1,132,790.16, and against, TCN, \$338,048.06.

Second, substantial evidence supports the aggregate damages awards. Mr. Hoffman presented testimony sufficient to establish damages awards of \$2,831,975.39 against Global Connect and \$845,120 against TCN. *See* Docket No. 378 at 29–30 (citing Trial Tr. 9/9/15 PM at 71:3–72:12; Trial Tr. 9/10/15 PM at 17:25–18:16). Mr. Perry testified that, if both patents are infringed, “the damages range would be \$93,000 to \$150,000 [against Global Connect].” Trial Tr. 9/11/15 AM at 13:1–7. TCN’s expert did not provide a damages range. The jury’s award is less than that recommended by Mr. Hoffman and more than that recommended by Mr. Nelson. The jury was entitled to make its own calculation based on how much credit it assigned to the two experts.

Finally, substantial evidence supports the separate awards of \$566,395.08 for each patent against Global Connect and \$169,024.03 for each patent against TCN. With respect to Global Connect, NobelBiz provided evidence of a damages base of 167,078,194 minutes for the '122 Patent and 43,041,459 minutes for the '399 Patent. Trial Tr. 9/11/15 AM at 33:18–34:6. Dividing the award by the base shows that the jury used a rate of about \$0.003/minute for the '122 Patent and about \$0.013/minute for the '399 Patent. The same calculation yields similar rates for the two patents with respect to the TCN award. Mr. Hoffman provided legally sufficient testimony that an appropriate royalty rate would be \$0.015/minute. Trial Tr. 9/9/15 PM at 71:3–72:12. The jury was entitled to credit this testimony or use a lower rate as it saw fit

based on conflicting testimony provided by Defendants. Furthermore, the jury was free to use different rates for the different patents.

In sum, the jury's award of damages is supported by substantial evidence. Accordingly, the exclusion of a space for a royalty rate on the verdict form does not provide grounds for a new trial. Defendants' motion for a new trial on these grounds is **DENIED**.

F. Inconsistent Verdict

i. Inconsistent Verdict with Respect to Direct Infringement

Defendants request a new trial because “the [j]ury’s finding of direct infringement of dependent claims while concluding that the independent claims were infringed only through equivalence is inconsistent and cannot be reconciled.” Docket No. 373 at 22. NobelBiz responds that Defendants waived their rights to challenge the verdict due to any inconsistencies with direct infringement because such an objection was not made prior to the jury’s dismissal. Docket No. 378 at 28. Even if their objections were not waived, NobelBiz argues that the verdict may stand because it can be reconciled by granting NobelBiz’s motion for judgment as a matter of law under literal infringement. *Id.* at 29.

The Federal Circuit reviews the question of allegedly inconsistent jury verdicts under the law of the regional circuit. *Callaway Golf Co. v. Acushnet Co.*, 576 F.3d 1331, 1343 (Fed. Cir. 2009); *Minn. Mining & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1302 (Fed. Cir. 2002). In the Fifth Circuit, a party need not object to the jury’s inconsistent verdict prior to the dismissal of the jury if the verdict is *special* and falls under Federal Rule of Civil Procedure 49(a). *See Mercer v. Long Mfg. N.C., Inc.*, 671 F.2d 946, 947–48 (5th Cir. 1982) (“We know of no case in this Circuit holding that inconsistencies in special verdicts pursuant to Rule 49(a) are waived if not raised

prior to release of the jury.”); *see also id.* at 948 n.1 (explaining that waiver does not apply to verdicts under Rule 49(a) but does apply to verdicts under Rule 49(b)).

However, the Federal Circuit has found under Fifth Circuit law that “[i]f the verdict falls under Rule 49(b), which covers general verdicts and general verdicts ‘with written questions on one or more issues of fact,’ waiver applies if no objection is raised before the jury is dismissed.” *Function Media, L.L.C. v. Google, Inc.*, 708 F.3d 1310, 1328 (Fed. Cir. 2013) (citing *Stancill v. McKenzie Tank Lines, Inc.*, 497 F.2d 529, 533–35 (5th Cir. 1974)). Importantly, *Function Media* was a patent case involving a claim that the verdicts of noninfringement and invalidity were irreconcilable. *See id.* at 1327; *accord L&W, Inc. v. Shertech, Inc.*, 471 F.3d 1311, 1318–19 (Fed. Cir. 2006) (applying Sixth Circuit waiver rule in the context of a patent case involving alleged irreconcilable verdict).

While Rule 49 does not define the term “general verdict,” it is commonly known as “[a] verdict by which the jury finds in favor of one party or the other, as opposed to resolving specific fact questions.” BLACK’S LAW DICTIONARY (9th ed. 2009). “The theoretical distinction between general and special verdicts is that general verdicts require the jury to apply the law to facts, and therefore require legal instruction, whereas special verdicts compel the jury to focus exclusively on its fact finding role.” Charles Alan Wright & Arthur R. Miller, 9B Federal Practice and Procedure § 2503 n.1 (3d ed. 2008).

In reviewing a jury verdict, a court is “required . . . to make a concerted effort to reconcile apparent inconsistencies in answers to special verdicts if at all possible.” *Ellis v. Weasler Eng’g Inc.*, 258 F.3d 326, 343 (5th Cir. 2001) (citing *Atl. & Gulf Stevedores, Inc. v. Ellerman Lines, Ltd.*, 369 U.S. 355, 364 (1962)). If there is a view of the case that makes the jury’s answers consistent, the court must adopt that view and enter judgment accordingly.

Griffin v. Matherne, 471 F.2d 911, 915 (5th Cir. 1973) (citing *Gulf Stevedores*, 369 U.S. at 364). “[T]he test to be applied in reconciling apparent conflicts between the jury’s answers is whether the answers may fairly be said to represent a logical and probable decision on the relevant issues as submitted” *Id.* When considering whether seemingly inconsistent verdicts may be reconciled, the court must view the evidence in the light most favorable to upholding the jury’s decision. *Ellis*, 258 F.3d at 343. Only if there is no view of the case that will make the jury’s answers consistent may the court set aside the jury’s decision.⁴ *Snyder v. Trepagnier*, 142 F.3d 791, 801 (5th Cir. 1998).

Here the jury returned a general verdict with respect to infringement because it was provided legal instruction and asked to apply the law to facts, and as such, any objections to the verdict should have been made prior to the jury’s dismissal. Following the presentation of the jury’s verdict, which included identifying whether the claims were infringed by literal infringement or by the doctrine of equivalents, the Court asked the parties whether they wished to address anything further:

THE COURT: . . . Anything further from the parties before we dismiss?

MR. DENGLER: No, Your Honor. Thank you As far as, you know, preserving the record and rights going forward as far as things like an accounting, costs, injunction and things of that nature, we’ll—we’ll obviously look toward that and wish to reserve those, you know, from here forward.

THE COURT: Certainly.

MR. DENGLER: We’ll address those in due course.

THE COURT: Certainly.

⁴ This standard is similar to the standard used to review a jury’s verdict on a motion for judgment as a matter of law—“[a] jury verdict must be upheld unless ‘there is no legally sufficient evidentiary basis for a reasonable jury to find’ as the jury did.” See *ACCO Brands*, 501 F.3d at 1311 (quoting *Hiltgen*, 47 F.3d at 700).

MR. DENGLER: Thank you, Your Honor.

THE COURT: Mr. Duke.

MR. DUKE: Us as well. Thank you, Your Honor, for a good experience. We appreciate it.

Tr. 9/15/15 P.M. at 32:11–33:4. Defendants remained silent and did not object to the jury’s alleged inconsistent verdict at trial. *See* Trial Tr. 9/16/15 PM at 31:24–33:11. Accordingly, Defendants waived any right to challenge the verdict as to infringement.

Even if Defendants did not waive any objections, the verdict still stands because it can be reconciled. The verdict evinces, and the evidence supports, a finding of direct infringement under the doctrine of equivalents as to all the asserted claims.

The verdict form asked, with respect to each Defendant and each asserted patent, whether each claim was infringed literally or under the doctrine of equivalents. Verdict at 2–3. The jury’s responses are summarized in the following chart:

'122 Pat.	Global Connect		TCN		'399 Pat.	Global Connect		TCN	
	Literal	DOE	Literal	DOE		Literal	DOE	Literal	DOE
Claim 1		YES		YES	Claim 1		YES		YES
Claim 5	***	***	YES		Claim 2	YES		YES	
Claim 6		YES		YES	Claim 4	YES		YES	
Claim 9		YES	***	***	Claim 5	***	***	YES	
Claim 10			YES		Claim 6		YES		YES
Claim 16		YES	***	***	Claim 7		YES	***	***
Claim 24	YES		YES						

*** Claim not asserted against this Defendant.

The apparent inconsistency in the verdict arises from the fact that some of the claims for which the form seems to indicate a finding of literal infringement depend from independent

claims that the forms indicate are found to infringe under the doctrine of equivalents. These apparent inconsistencies are summarized below:

- Global Connect, '122 Patent: independent claim 16 and dependent claim 24.
- Global Connect, '399 Patent: independent claim 1 and dependent claims 2 and 4.
- TCN, '122 Patent: independent claim 1 and dependent claim 5; independent claim 6 and dependent claim 10.
- TCN, '399 Patent: independent claim 1 and dependent claims 2, 4 and 5.

Defendants argue that these findings are inconsistent, requiring a new trial. Docket No. 373 at 22–25.

As in many patent trials, the evidence of infringement in this case was presented with respect to each element of the independent claims. *E.g.*, Trial Tr. 9/9/15 AM at 86:16–89:10 (presenting element-by-element infringement analysis of independent claim 6 of the '122 Patent). The presentation of infringement evidence with respect to the dependent claims did not retread the old ground covered with respect to the independent claims, but rather focused on the additional limitations presented by each dependent claim. *E.g.*, Trial Tr. 9/9/15 AM at 89:15–23 (presenting infringement analysis only with respect to additional limitations of dependent claim 9 of the '122 Patent). This presentation mirrors the written presentation of the claims in patent documents generally, and specifically the '122 and '399 Patents the jury considered in this case.

In this light, the apparent inconsistency in the jury form falls away. It is clear to the Court that the jury intended by its responses to indicate its findings that the additional limitations of the relevant dependent claims were met literally. Accordingly, the Court will reform the verdict and enter judgment on the finding of infringement under the doctrine of equivalents as to

all the asserted claims and Defendants' motion for a new trial due to an inconsistent direct infringement verdict is **DENIED**.

ii. Inconsistent Verdict with Respect to the Damages Awards

For the reasons stated with respect to Defendants' motion for a new trial due to the omission of a space for a reasonable royalty rate on the verdict form, the Court **DENIES** Defendants' motion for a new trial due to any inconsistencies in the damages awards.

G. Jury Findings Against Great Weight of the Evidence

Defendants contend that the jury's findings are against the great weight of the evidence with respect to the jury's finding of willfulness, direct infringement of the '399 Patent under the doctrine of equivalents and indirect infringement. Docket No. 373 at 28–36.

i. Willfulness

For the reasons stated below, the evidence aptly supports a finding of willful misconduct. Accordingly, Defendants' motion for a new trial due to the lack of sufficient evidence on willfulness is **DENIED**.

ii. Direct Infringement of the '399 Patent under the Doctrine of Equivalents

For the reasons stated above with respect to NobelBiz's renewed motion for judgment as a matter of law as to literal infringement, the jury's finding of direct infringement of the '399 Patent under the doctrine of equivalents was not against the great weight of the evidence. Accordingly, Defendants' motion for a new trial due to the lack of sufficient evidence is **DENIED**.

iii. Indirect Infringement

Defendants contend that the evidence does not support a finding of indirect infringement, by inducement or contributorily, because Defendants did not know "the induced acts constituted

patent infringement; instead, the evidence shows that Defendants believed that they were not inducing infringement.” Docket No. 373 at 30. Defendants further argue that if the finding of indirect infringement does not stand, as they contend it should not, the damages verdict cannot stand either because the verdict form only contained one blank for damages and not separate blanks for damages for direct infringement and damages for indirect infringement. *Id.* at 34–36.

Plaintiff argues again that Defendant waived any right to challenge evidence for indirect infringement by failing to file a Rule 50(a) motion. Docket 378 at 35. Plaintiff further argues that the jury’s finding of indirect infringement is supported by substantial evidence. *Id.*

1. Induced Infringement

Defendants argue that the only evidence that Global Connect’s customers infringe is the assertion by Dr. Brody that “[t]he customer is using the infringing product, so they are infringing for use.” *Id.* at 30. Defendants claim that this statement contains circular reasoning and cannot support a finding that Global Connect’s customers infringe. *Id.* Defendants also contend that the only evidence that Global Connect had any intent to encourage infringement is a statement by Dr. Brody that Global Connect knew of the asserted patents and knew that NobelBiz might bring claims of infringement and argue that mere knowledge of patents is not enough to prove that Global Connect intended that its customers infringe the patents. *Id.* at 31. Finally, Defendants argue that the same deficiencies are present in Dr. Brody’s testimony about TCN’s customers’ infringement and in TCN’s intent to induce infringement. *Id.* at 32–33. Defendants argue that this evidence is insufficient to support the jury’s finding of induced infringement. *Id.* at 33.

Plaintiff responds that Dr. Brody’s testimony was sufficient to support the testimony and points to other evidence offered to prove both direct infringement by Defendants’ customers and intent to induce infringement by Defendants. Docket No. 378 at 36–38. Plaintiff states that Dr.

Brody testified that Global Connect's customers practiced the infringing feature and referenced an exhibit that showed the number of minutes of infringing calls by Global Connect's customers. *Id.* at 36. Plaintiff further states that Dr. Brody testified to Global Connect's customers creating settings for the infringing feature and that he discussed specific customer settings that infringe. *Id.* at 37. Plaintiff also notes that Dr. Brody testified as to the minutes of TCN's customers infringing calls, and that this testimony was verified by the testimony of TCN's Chief Technical Officer via deposition. *Id.* at 38. Finally, Plaintiff points to evidence of Defendants' knowledge of Plaintiff's patents and to several other pieces of evidence showing that Defendants knew of the infringing nature of their technology, including one of Defendant's witnesses testifying that their product was the same as Plaintiff's product and several instances of Defendants' witnesses stating that Plaintiff had a non-frivolous claim. *Id.* at 18–19, 38.

Defendants have not shown that there was insufficient evidence to support the jury's finding of induced infringement. Defendant mischaracterizes Plaintiff's evidence. Plaintiff's evidence shows that Dr. Brody's testimony was not circular, but instead showed that Defendants' customers were using the infringing technology. Further, Defendants are incorrect that the only evidence supporting a finding of intent was knowledge of the patents. Plaintiff has shown evidence that Defendants knew or should have known that their technology was infringing.

Courts have found similar or lesser evidence than was presented in this case to be sufficient to support a finding for induced infringement. *Internet Machs. LLC v. Alienware Corp.*, No. 6:10-cv-23, 2013 U.S. Dist. LEXIS 115723, at *14–16 (E.D. Tex. June 19, 2013) (denying a motion to overturn a jury verdict finding inducement that was supported with “substantial evidence” because “Defendants had actual notice of the patents at least as early of the filing of this suit . . . [yet] continued to sell the accused products . . . through the time of trial

[and] advertised the patented feature.”); *SSL Servs., LLC v. Citrix Sys., Inc.*, 940 F. Supp. 2d 480, 488 (E.D. Tex. 2013) (“Citrix provided its customers with detailed documentation on how to use the Access Gateway products in an infringing manner.”); *Convolve, Inc. v. Dell Inc.*, No. 2:08-cv-244, 2015 U.S. Dist. LEXIS 16465, at *11–16 (E.D. Tex. Feb. 11, 2015) (finding inducement when “evidence of internal Dell discussions regarding the litigation risk of implementing the technology in question”). The evidence here thus supports the jury’s finding of induced infringement.

2. Contributory Infringement

To succeed on a claim for contributory infringement, Plaintiff must show “1) that there is direct infringement, 2) that the accused infringer had knowledge of the patent, 3) that the component has no substantial noninfringing uses, and 4) that the component is a material part of the invention.” *Fujitsu Ltd. v. Netgear Inc.*, 620 F.3d 1321, 1326 (Fed. Cir. 2010). Defendants argue that the evidence does not show that their systems are not capable of noninfringing uses, and thus the jury’s finding of contributory infringement are not supported. Docket No. 373 at 33. Defendants argues that Dr. Brody’s testimony regarding noninfringing uses was conclusory, and that there was no other evidence of noninfringing uses. *Id.* Plaintiff responds that Defendants have cited no evidence of noninfringing uses and ignore Plaintiff’s evidence of the many ways in which Defendants’ products infringe. Docket No. 378 at 40.

Defendant has not shown that the great weight of the evidence does not support the jury’s finding of contributory infringement. Dr. Brody testified that the products did not have significant noninfringing uses, and showed in each product why this was true. Docket No. 373 at 33–34. Further, Defendants have cited no evidence of noninfringing uses. Defendants have thus failed to show that the jury’s finding was against the great weight of the evidence.

H. Conclusion

For the reasons stated above, Defendants motion for a new trial is **DENIED**.

IX. Willful Infringement and Enhanced Damages

A. Willfulness

At the time of trial, proof of willful infringement required “clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent,” and this “objectively-defined risk . . . was either known or so obvious that it should have been known.” *In re Seagate Technology, LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en banc). The Court instructed the jury based on the law of the then-applicable willfulness standard:

In this case, NobelBiz argues both that Global Connect and TCN infringed and, further, that Global Connect and TCN infringed willfully. If you have decided that Global Connect and TCN have infringed, you must go on and address the additional issue of whether or not this infringement was willful. Willfulness requires you to determine by clear and convincing evidence that Global Connect and TCN acted recklessly.

To prove that Global Connect and TCN acted recklessly, NobelBiz must prove two things by clear and convincing evidence:

The first part of the test is objective: NobelBiz must persuade you that Global Connect and TCN acted despite a high likelihood that Global Connect and TCN’s actions infringed a valid patent. In making this determination, you may not consider Global Connect and TCN’s state of mind. Legitimate or credible defenses to infringement, even if not ultimately successful, demonstrate a lack of recklessness.

Only if you conclude that the Global Connect and TCN’s conduct was reckless do you need to consider the second part of the test. The second part of the test does depend on the state of mind of the Global Connect and TCN. NobelBiz must persuade you that Global Connect and TCN actually knew or should have known that its actions constituted an unjustifiably high risk of infringement of a valid patent. To determine whether Global Connect and TCN

had this state of mind, consider all facts which may include, but are not limited, to:

- (1) Whether Global Connect and TCN acted in accordance with the standards of commerce for its industry;
- (2) Whether Global Connect and TCN intentionally copied a product of NobelBiz that is covered by the '122 and the '399 [P]atents;
- (3) Whether there is a reasonable basis to believe that Global Connect and TCN did not infringe or had a reasonable defense to infringement;
- (4) Whether Global Connect and TCN made a good-faith effort to avoid infringing the '122 and the '399 [P]atents; and
- (5) Whether Global Connect and TCN tried to cover up their infringement.

Jury Instructions at 24–25. In its verdict, the jury found that NobelBiz had proven by clear and convincing evidence that Defendants willfully infringed the asserted claims. Verdict at 6–7.

As stated above, after the jury returned a verdict, but before final judgment, the Supreme Court determined that the Federal Circuit’s two-part test for enhanced damages was inconsistent with 35 U.S.C. § 284, repealing *Seagate*. See *Halo*, 136 S. Ct. at 1928. The Supreme Court explained that “[s]ection 284 gives district courts discretion in meting out enhanced damages. It ‘commits the determination’ whether enhanced damages are appropriate ‘to the discretion of the district court’ and ‘that decision is to be reviewed on appeal for abuse of discretion.’ ” *Id.* at 1934 (quoting *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S.Ct. 1744, 1748 (2014)). “In applying this discretion, district courts are ‘to be guided by [the] sound legal principles’ developed over nearly two centuries of application and interpretation of the Patent Act.” *Id.* (alteration in original) (citing *Martin v. Franklin Capital Corp.*, 546 U.S. 132, 139 (2005)). Enhanced damages are “not to be meted out in a typical infringement case, but are instead

designed as a ‘punitive’ or ‘vindictive’ sanction for egregious infringement behavior. The sort of conduct warranting enhanced damages has been variously described in . . . cases as willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant or—indeed—characteristic of a pirate.” *Id.* at 1932.

In *Halo*, the Supreme Court rejected the *Seagate* approach, holding that the objective reasonableness of the infringer’s litigation defense does not preclude a finding of “willful misconduct.” *Id.* Rather, “[t]he subjective willfulness of a patent infringer, intentional or knowing, may warrant enhanced damages, without regard to whether his infringement was objectively reckless.” *Id.* at 1933. “As with any exercise of discretion, courts should continue to take into account the particular circumstances of each case in deciding whether to award damages, and in what amount. Section 284 permits district courts to exercise their discretion in a manner free from the inelastic constraints of the *Seagate* test.” *Id.* at 1933–34.

In accordance with the *Halo* ruling, the Supreme Court vacated and remanded *Innovention Toy, LLC v. MGA Entertainment, Inc.*, 136 S.Ct. 2483, 2484 (2016). With the guidance from *Halo*, the Federal Circuit addressed the purposes of the remand to the district court, given circumstances in which the jury had found, under the *Seagate* standard, that the defendants willfully infringed by clear and convincing evidence:

The task on remand is limited in an important respect. There is no basis for a new trial on “willful misconduct,” which is a sufficient predicate, under *Halo*, to allow the district court to exercise its discretion to decide whether punishment is warranted in the form of enhanced damages. *Halo*, 136 S.Ct. at 1934 (“such punishment should generally be reserved for egregious cases typified by willful misconduct”). On the record in this case, including the jury instructions . . ., the predicate of willful misconduct is established by the jury’s finding that MGA was subjectively willful under the second part of the *Seagate* standard. The jury made that finding under the clear-and-convincing-evidence standard, which is more demanding than needed. *See Halo*, 136 S.Ct. at 1934. The

Supreme Court in *Halo* did not question our precedents on jury determination of that issue. See *WBIP, LLC v. Kohler Co.*, Nos 2015-1083, -1044, 2016 WL 3902668, at *15 (Fed. Cir. July 19, 2016). Nor did it doubt that a finding favorable to the patentee on the second part of the *Seagate* standard suffices to establish the subjectively willful misconduct that, when present, moves the enhancement inquiry to the stage at which the district court exercises its discretion. The remand in this case, therefore, is for the district court to exercise its discretion in accordance with *Halo*, including the emphasis on egregiousness; willful misconduct has already been established by a verdict that *Halo* does not warrant disturbing. See *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, Nos 2013-1472, -1656, slip op. at 20–21 (Fed. Cir. Aug. 5, 2016).

2016 WL 4151240 at *2 (Fed. Cir. 2016). In *WBIP, LLC v. Kohler Co.*, the Federal Circuit stated that “[w]e do not interpret *Halo* as changing the established law that the factual components of the willfulness question should be resolved by the jury.” 2016 WL 3902668, at *15 (Fed. Cir. 2016) (citing *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1250 (Fed. Cir. 1989)). On remand for *Stryker Corp., v. Zimmer, Inc.*, the Federal Circuit similarly found that the trial record “sufficiently established” the jury’s finding of willful misconduct because the determination was made under the higher clear and convincing standard. 2016 WL 4729504, at *8 (Fed. Cir. 2016).

By returning a verdict of willful infringement, the jury found that Defendants acted “recklessly,” (*i.e.*, they “acted despite a high likelihood that Global Connect and TCN’s actions infringed a valid patent”) and that they “actually knew or should have known that [their] actions constituted an unjustifiably high risk of infringement of a valid patent.” Jury Instructions at 24–25. As in *Innovention*, the record in this case, including the jury’s instructions, establishes the jury’s findings that Defendants were subjectively willful under the *Seagate* standard. Because the jury’s finding was made under the higher clear and convincing standard, the Court upholds the verdict and moves to the next stage of the enhancement inquiry.

B. Enhanced Damages

In exercising its discretion, the Court reviewed the record, and for general guidance considered the non-exclusive factors the Federal Circuit previously provided to assist in this discretionary determination. *Read Corp. v. Portec Inc.*, 970 F.2d 816 (Fed. Cir. 1992), abrogated in part on other grounds by *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (en banc). The non-exclusive *Read* factors in deciding whether to enhance damages and the amount of the enhancement include the following: (1) whether the infringer deliberately copied the ideas of another; (2) whether the infringer investigated the scope of the patent and formed a good-faith belief that it was invalid or that it was not infringed; (3) the infringer's behavior as a party to the litigation; (4) the defendant's size and financial condition; (5) the closeness of the case; (6) the duration of the defendant's misconduct; (7) remedial action by the defendant; (8) the defendant's motivation for harm; and (9) whether the defendant attempted to conceal its misconduct. *Id.* at 827. An award need not rest on a particular factor, and not all relevant factors need to weigh in favor of an enhanced award. *See SRI Int'l, Inc. v. Advanced Tech. Labs., Inc.*, 127 F.3d 1462, 1469 (Fed. Cir. 1997). While the *Read* factors remain helpful to the Court's execution of its discretion, an analysis focused on "egregious infringement behavior" is the touchstone for determining an award of enhanced damages rather than a more rigid, mechanical assessment.

i. Read Factor 1: Copying

NobelBiz argues that Defendants deliberately copied NobelBiz's LocalTouch® product. Docket No. 374 at 7. NobelBiz asserts that Defendants knew of NobelBiz's product and had it in their possession before developing the accused products. *Id.* (citing Trial Tr. 9/9/15 AM at 101:4–10, 105:18–106:3, Trial Tr. 9/10/15 AM at 103:23–25, 104:10–15, PX-188-1

(TCN213649); PX-321-1 (NB0053836); Trial Tr. 9/11/15 PM at 35:11–37:20). With respect to Global Connect’s accused system, NobelBiz states that Global Connect told it “[w]e do believe a service such as yours would be valuable to many of our clients and therefore our intention would be to offer it to all of our clients.” *Id.* (citing PX-321-1 (NB0053836)). With respect to TCN’s accused system, NobelBiz contends that it offered its LocalTouch® product to TCN and that “TCN wanted to ‘keep up with the joneses’ as well.” *Id.* at 7–8 (citing PX-164-1 (TCN048779), Trial Tr. 9/10/15 PM at 10:4–10, PX-86-2 (TCN003160)). Defendants respond that NobelBiz’s evidence is circumstantial. Docket No. 377 at 14. Defendants contend that all NobelBiz can show is that NobelBiz proposed its services to Defendants, Defendants declined and then later Defendants advertised a system offering similar services. *Id.* Defendants assert that NobelBiz cannot show that Defendants copied anything from the received proposals. *Id.* at 14–15.

The evidence shows that NobelBiz discussed its product with (and provided a copy of it) Global Connect in March 2007. Docket No. 374 (citing PX-321-1 (NB0053836)). The record is unclear at exactly what point Global Connect started offering its accused system, but it appears to be sometime in 2008–2009. *Id.*, Docket No. 377 at 14. Comparably, NobelBiz offered its product to TCN in August 2008, with TCN offering a similar product by 2009. Docket No. 374 at 7–8 (citing PX-164-1 (TCN048779)), Docket No. 377 at 14. Most of the evidence NobelBiz presented is circumstantial, however; it is most compelling when combined with testimony from Mr. Jesse Bird of TCN:

QUESTION: So is it common in the industry to see what other -- other companies are doing, what features are popping up and try to do those same type of features?

ANSWER: Yeah. I mean, it’s common in the world. So, yeah, there’s a lot of tick for tack in the contract center software world where one person does something and the other person does

something. But that's common everywhere. I mean, your iPhone, and your Samsung might not be that different anymore.

Trial. Tr. 9/11/15 PM at 44:9–16. Additionally, the jury found that Defendants' accused systems did infringe the asserted patents. That Defendants developed very similar systems under these circumstances is strong evidence of copying and favors enhancing damages.

ii. Read Factor 2: Investigation and Good Faith Belief of No Liability

NobelBiz claims that Defendants did not make an effort to analyze the asserted patents for noninfringement and invalidity by virtue of Defendants' failed noninfringement positions and a jury finding of willfulness. Docket No. 374 at 8. Defendants respond that the evidence presented supports a showing that Defendants engaged in multiple discussions over infringement issues surrounding the accused systems. Docket No. 377 at 15–16.

A "belief" that the asserted patents do not cover the accused systems, and that the asserted patents are invalid, is not a good faith belief of noninfringement or invalidity. The evidence does not support a finding that Defendants investigated the scope of NobelBiz's patent rights, made any attempt to design around the asserted patents or had a good faith belief of noninfringement. Accordingly, and for the reasons stated above on Defendants' infringement and willful infringement, this factor favors enhancement.

iii. Read Factor 3: Conduct During Litigation

The parties address this issue more substantively in response to NobelBiz's motion for attorneys' fees. The Court will follow similarly by addressing these arguments in more detail in the context of the motion for attorneys' fees. In sum, when considered individually, none of Defendants' actions warrant a finding that they engaged in litigation misconduct. However, when considered collectively, and in light of the weakness of Defendants' defenses, Defendants' actions reveal an attempt to needlessly multiply proceedings and prolong the case, but not in a

manner that warrants an “exceptional” finding. Accordingly, this factor slightly favors enhancement.

iv. Read Factor 4: Defendants’ Size and Financial Condition

NobelBiz asserts that while Defendants argued extensively that they are small companies, the evidence shows that Defendants’ accused systems are highly profitable. Docket No. 374 at 10 (citing, *e.g.*, Trial Tr. 9/9/15 PM 69:20–70:6, 72:4–21, 94:18–95:6; PX-385-6-7, -10, -18, -21 (Global Connect); Trial Tr. 9/10/15 PM at 34:6–38:22 (TCN)). NobelBiz further states that Defendants deemed the infringing features “important to their overall success.” *Id.* at 10–11 (citing, *e.g.*, Trial Tr. 9/9/15 AM at 106:19–108:14; Trial Tr. 9/9/15 PM at 80:15–81:4; 84:16–85:10, 95:6–9; PX-391-1; PX-394-1; PX-403-1; PX-410; PX-416-2; PX-437-1; PX-435-1 (Global Connect); Trial Tr. 9/10/15 AM at 106:25–108:2, Trial Tr. 9/10/15 PM at 21:20–22:2, PX-13-3; PX-14-1; PX-15-1; PX-45-1; PX-86-2; PX-107-3; PX-121-1; PX-129-1; PX-148-2; PX-160-1; PX-179-1; PX-180-2 (TCN)). Defendants respond that NobelBiz overinflates the accused systems’ profitability. Docket No. 377 at 16. Defendants contend that the accused systems were only marketed to customers for a short period of time and NobelBiz’s purported evidence failed to establish a connection between Defendants’ profit margin and the accused systems. *Id.*

The parties do not dispute that Defendants employ a small number of employees, yet are highly profitable. Based on this evidence, a trebled damages award would not “unduly prejudice [Defendants’] non-infringing business.” *See Creative Internet Advertising v. Yahoo Inc.*, 689 F. Supp. 2d 858, 866 (E.D. Tex. 2010) (finding Yahoo’s profit margins to be evidence that it was large and profitable enough to pay enhanced damages). Accordingly, this factor slightly favors enhancement.

v. Read Factor 5: Closeness of the Case

NobelBiz argues that this case was not close because the jury found in its favor on every claim and every legal theory. Docket No. 374 at 11. Defendants counter that the case was close because “the jury relied on contradictory conclusions regarding literal infringement and infringement under the doctrine of equivalents.” Docket No. 377 at 17 (elaborating that these contradictory conclusions are the subject of Defendants’ separate motions for judgment as a matter of law and for a new trial).

As detailed throughout this Order, the jury ruled in favor of NobelBiz and Defendants’ noninfringement positions were not strong. Ultimately, the case that went to trial was not close and this factor favors enhancement.

vi. Read Factor 6: Duration of the Misconduct

NobelBiz argues that Defendants’ misconduct began in 2009 when Global Connect and TCN began to evaluate what infringement claims may be brought against them. Docket No. 374 at 11–12. NobelBiz claims that TCN continues to infringe while Global Connect “allegedly changed its system more than two years [ago] in July 2014.” *Id.* at 12. Defendants respond that NobelBiz fails to take into consideration that they operated “under the reasonable belief that their conduct did not infringe the ’122 and ’399 [P]atents based upon their interactions with [NobelBiz], or alternatively that the ’122 and ’399 [P]atents were invalid.” Docket No. 377 at 17.

The evidence at trial shows that Defendants were aware of NobelBiz’s technology as early as 2009. *See* Docket No. 374 at 11. Awareness of potentially infringing a patent does not inherently equate to misconduct. As more fully detailed in NobelBiz’s motion for enhanced

damages and motion for attorneys' fees, Defendants did not act unreasonably during the course of this litigation. Accordingly, this factor is neutral.

vii. Read Factor 7: Remedial Action

NobelBiz contends that Defendants' remedial action, if any, is too late. Docket No. 374 at 12. NobelBiz asserts that little weight should be given to Global Connect allegedly removing "all Enhanced Caller ID features, on July 8, 2014" because it took more than two years after NobelBiz filed suit for Global Connect to make said changes. *Id.* As for TCN, NobelBiz claims TCN is still infringing despite having knowledge of NobelBiz's technology before suit was filed. *Id.* Defendants retort that the '122 and '399 Patents did not issue until 2012 and 2013, respectively. Docket No. 377 at 17. Further, Global Connect claims that its good-faith noninfringement beliefs were strengthened when NobelBiz decided not to pursue any claims against Defendants with respect to the Parent Patent. Docket No. 377 at 17-8. "TCN concedes that it did not suspend its accused feature." *Id.* at 18.

Voluntarily removing the Enhanced Caller ID features does suggest Global Connect attempted to act in good-faith, even though it did not do so until 2014. Thus, this factor as to Global Connect is neutral.

On the other hand, TCN's continued use supports a finding that this factor favors enhancement.

viii. Read Factor 8: Motivation for Harm

NobelBiz asserts that Defendants' motivation for using the accused systems was to generate sales and retaliate against NobelBiz for filing this action. Docket No. 374 at 12-13. Defendants contend that their only motivation for using the accused systems was to generate a profit in a manner that was consistent with their noninfringement belief. Docket No. 377 at 18.

It takes considerable effort to pursue patent rights. NobelBiz's acquisition of the '122 and '399 Patents gave it an opportunity to exert monopoly power over that technology space. Any gain by Defendants using NobelBiz's technology came at NobelBiz's expense. That being said, the evidence does not support a finding that Defendants acted out of spite or ill will towards NobelBiz. Accordingly, this factor is neutral.

ix. Read Factor 9: Attempt to Conceal Misconduct

NobelBiz claims that this factor favors enhancement based on "Defendants' dilatory litigation conduct (Factor No. 3), duration of the misconduct (Factor No. 6) and motivation (Factor No. 8)." Docket No. 374 at 13. Defendants rebut NobelBiz's claims by again asserting they operated on a good-faith belief of noninfringement. Docket No. 377 at 18. Defendants further maintain that their actions were never concealed and "were open in their advertising of the accused features." *Id.*

This factor is not concerned with misconduct in general, but only misconduct related to infringing activities. *See Harris Corp. v. Fed. Express Corp.*, No. 6:07-cv-1819-Ol-28KRS, 2011 U.S. Dist. LEXIS 96257, at *26 (M.D. Fla. Feb. 28, 2011). NobelBiz does not refute Defendants' claim that "they were open in their advertising of the accused systems." Accordingly, there was no concealment, and this factor is neutral.

C. Conclusion

As to Global Connect, factors 1, 2 and 5 support enhancement; factors 3 and 4 slightly support enhancement; and factors 6–9 are neutral. With respect to TCN, factors 1, 2, 5 and 7 favor enhancement; factors 3 and 4 slightly support enhancement; and factors 6 and 8–9 are neutral. While none of these factors overwhelmingly supports enhancement, it is important to note that no single factor weighs against enhancement. Many of the factors are present to the

same or similar degree in nearly any case that involves willful infringement. However, enhancement is nonetheless appropriate to address Defendants' willful infringement and conduct. Enhancement of damages by three times the jury verdict of \$1,132,790.16 against Global Connect would result in a total amount of \$3,398,370.48. Similarly, enhancement of damages by three times the jury verdict of \$338,048.06 against TCN would result in a total amount of \$1,014,144.18. However, after considering the weight of the factors, the Court awards an additional \$300,000 to the jury's damages award against Global Connect and \$150,000 to the jury's damages award against TCN, and **ORDERS** Global Connect to pay NobelBiz **\$1,432,790.16** in damages and TCN to pay NobelBiz **\$488,048.06** in damages.

X. NobelBiz's Request for Miscellaneous Relief

NobelBiz requests that it be awarded pre- and post-judgment interest and costs, attorneys' fees, injunctive relief and a final accounting of Defendants' infringing activities. Docket No. 374 at 13, 17, 21 and 32.

A. Motion for Pre- and Post-Judgment Interest and Costs

i. Pre-Judgment Interest

NobelBiz moves the Court to award "pre-judgment interest at the prime rate compounded quarterly, from the date each of the asserted patents issued" (March 13, 2012 for the '122 Patent and October 22, 2013 for the '399 Patent). *Id.* at 13. Defendants claim that pre-judgment interest is not awarded as a matter of right, and NobelBiz provides no authority for why the interest should be set at the prime rate and compounded quarterly. Docket No. 277 at 19. Defendants argue that if pre-judgment costs are awarded, "it should only be used to make [NobelBiz] whole, not provide a windfall from the [j]ury's verdict" by setting it "at the relevant prime rate or lower, either uncompounded or compounded annually, as is common." *Id.* at 19

(citing *Kaiser v. Fishman*, 187 A.D.2d 623, 627 (N.Y. S. Ct. 1992)), 20 (citing *Creative Internet Advertising Corp. v. Yahoo!, Inc.*, 689 F. Supp. 2d 858, 872 (E.D. Tex. 2010) (awarding pre-judgment interest at average prime rate, compounded annually)). Moreover, Defendants object to any pre-judgment interest being applied to the total sum of the jury's verdict based on their argument that the damages portion of the verdict is inconsistent. *Id.* at 20.

As stated above, the damages verdict was not inconsistent. In keeping with the standard practice of this District, the Court **ORDERS** Defendants to pay NobelBiz pre-judgment interest at the prime rate compounded quarterly from the date each of the asserted patents issued (March 13, 2012 for the '122 Patent and October 22, 2013 for the '399 Patent) through the date on which the Court enters final judgment. *See VirnetX, Inc. v. Apple, Inc.*, No. 6:10-cv-417, Docket No. 732 at 35 (collecting cases in which the Court awarded pre-judgment interest on damages at the prime rate compounded quarterly). NobelBiz's motion for pre-judgment interest is **GRANTED**.

ii. Post-Judgment Interest

NobelBiz also requests post-judgment interest under 28 U.S.C. § 1961. Docket No. 374 at 14. NobelBiz states that it is able to provide a declaration by its damages expert as to the pre-judgment and post-judgment interest owed. *Id.* Defendants maintain that the jury's verdict as to damages is inconsistent, being double what they owe, and any post-judgment interest should be limited, at most, to \$566,395.08 as to Global Connect and \$169,024.03 as to TCN. Docket No. 377 at 20–21. Consistent with this Order on Defendants' request for a new trial on damages, the Court **ORDERS** Defendants to pay NobelBiz post-judgment interest at the statutory rate upon entry of judgment as proscribed by 28 U.S.C. § 1961. Accordingly, NobelBiz's motion for post-judgment interest is **GRANTED**.

iii. Costs

Following the hearing on post-trial motions, NobelBiz submitted an unopposed motion for entry of bill of costs (Docket No. 384) stating that the parties had agreed on the amount of costs. The Court granted the motion and ordered that Defendants pay NobelBiz \$86,825.84 in costs. Docket No. 387.

iv. Conclusion

For the reasons stated above, NobelBiz's Motion for Pre- and Post-Judgment Interest and Costs is **GRANTED-IN-PART** and **DENIED-IN-PART**. Pursuant to the Court's previous order (Docket No. 387), Defendants **SHALL** pay NobelBiz \$86,825.84 in costs.

B. Motion for Permanent Injunction

In addition to the damages award, NobelBiz requests a permanent injunction against TCN, or, in the alternative, a running royalty. Docket No. 374 at 16, 20. NobelBiz further requests that Global Connect's "self-imposed injunction" be certified and that the Court require Global Connect to provide a reporting that its infringement was terminated.⁵ *Id.* at 21.

i. Applicable Law

The Patent Act provides courts with the authority to "grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable." 35 U.S.C. § 283. To obtain a permanent injunction, the moving party must show: "(1) that it has suffered irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction." *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006). Courts have broad latitude to

⁵ In light of Global Connect's "self-imposed injunction," the Court's analysis will focus on the case against TCN.

issue permanent injunctions, and orders on such motions are evaluated under the abuse of discretion standard. *i4i Ltd. P’ship v. Microsoft Corp.*, 598 F.3d 831, 861 (Fed. Cir. 2010).

ii. Analysis

NobelBiz claims that the four *eBay* factors favor permanently enjoining TCN from using its accused system. Docket No. 374 at 16.

a. Irreparable Harm

NobelBiz asserts that it will suffer irreparable harm absent an injunction because TCN and NobelBiz are competitors. *Id.* at 16–17 (citing Trial Tr. 9/14/15 AM at 78:2–80:20 (one TCN client stated: “We did a test with LocalTouch and LOVED it.”), 82:22–83:13 (Mr. Bethers asks: “Who of our competition will be there?” [T]o which a TCN employee responded: “*NobelBiz*, GC1 [Global Connect], LiveVox.”) (emphasis in original), PX-111-1 (TCN016042), PX-117-1 (TCN017714)). NobelBiz claims that TCN intentionally tried “to take away a NobelBiz client during this litigation: ‘CirTech. This is the one that we want to pull from NobelBiz’ and ‘[w]e are trying to take away [CirTech] from NobelBiz, the one that is suing us.’” *Id.* at 17 (citing Trial Tr. 9/14/15 AM at 83:15–89:20, PX-92-1, -3 (TCN012335, TCN012337), PX98-1 (TCN014538), PX-202-1 (TCN231873)).

Moreover, NobelBiz contends that TCN’s infringing activities have impacted NobelBiz’s reputation because customers “can obtain the infringing technology elsewhere.” *Id.* (citing Trial Tr. 9/8/15 PM at 75:10–76:6). NobelBiz asserts that its product is the foundation of its business, and absent an injunction, “others would be encouraged to enter the market place to provide infringing local ID technology.” *Id.* at 18 (citing *Amgen, Inc. v. F. Hoffman-La Roche Ltd.*, 581 F. Supp. 2d 160, 212 (D. Mass. 2008) (“entry into the market, despite a judgment of infringement, could encourage other would-be infringers to attempt to gain access [T]he

value of the patents at issue, which are admittedly ‘the foundation of business’ would be greatly diminished.”)).

TCN responds that NobelBiz failed to show irreparable harm because the alleged harm does not have “ ‘a sufficiently strong causal nexus’ to the infringement.” Docket No. 377 at 29 (citing *Apple, Inc. v. Samsung Elecs. Co.*, 695 F.3d 1370, 1374 (Fed. Cir. 2012)). TCN argues that NobelBiz cannot “show that the infringing feature drives consumer demand for the accused product.” *Id.* (citing *Apple*, 695 F.3d at 1375). Moreover, TCN asserts that it is not a direct competitor to NobelBiz. *Id.* at 29–30 (citing Trial Tr. 9/14/15 AM at 46:2–14).

NobelBiz has shown a likelihood of irreparable harm absent a permanent injunction. It is unclear whether NobelBiz licenses its asserted patents, but the record reflects that it offers its patented services directly to customers through its LocalTouch® product. Additionally, the evidence presented at trial establishes that NobelBiz and TCN are direct competitors. Trial Tr. 9/14/15 AM at 82:22–83:13 (Mr. Bethers asks: “Who of our competition will be there?” [T]o which a TCN employee responded: “*NobelBiz*, GC1 [Global Connect], LiveVox.”) (emphasis in original), 83:15–89:20, PX-92-1, -3 (TCN012335, TCN012337), PX98-1 (TCN014538), PX-111-1 (TCN016042), PX-117-1 (TCN017714), PX-202-1 (TCN231873). TCN’s lack of causal nexus argument is unpersuasive because TCN offers an extremely similar system to NobelBiz’s LocalTouch® product. Accordingly, NobelBiz has shown a likelihood of irreparable harm.

b. Other Remedies are Inadequate

NobelBiz maintains that monetary damages are inadequate to compensate NobelBiz for TCN’s infringement because TCN gained market share at NobelBiz’s expense by using the accused systems to acquire prospective customers. Docket No. 374 at 18. NobelBiz claims that

monetary damages cannot repair its reputation when customers have the ability to acquire infringing technology from other providers. *Id.* at 19. TCN responds that any harm to NobelBiz can be adequately compensated by monetary damages. Docket No. 377 at 30.

NobelBiz's statutory right to exclude competitors from practicing the asserted patents is self-evident in this situation. *See Acumed LLC v. Stryker Corp.*, 551 F.3d 1323, 1328 (Fed. Cir. 2008) ("The essential attribute of a patent grant is that it provides a right to exclude competitors from infringing the patent."). Denying NobelBiz's request for a permanent injunction would effectively require it to grant a compulsory license to TCN with all the consequences that increased competition in the market brings, such as lost sales, foregone business relationships and depressed pricing. Accordingly, monetary damages are insufficient to compensate NobelBiz for any harm due to TCN's infringement.

c. Remaining Factors: Balance of Hardships and Public Interest

Defendants do not dispute NobelBiz's assertions that the balance of hardships favors NobelBiz and that the public interest is served by a permanent injunction. Accordingly, the Court finds that these factors weigh in favor of granting a permanent injunction.

iii. Conclusion

Accordingly, NobelBiz's request for a permanent injunction is **GRANTED**. Following a meet and confer, the parties may file a joint sealed motion for entry of the permanent injunction that states their respective positions no later than **October 24, 2016**.

C. Motion for Final Accounting

NobelBiz requests that the Court order Defendants to provide a final accounting of "Defendants' accused minutes, both inbound (*e.g.*, callback and linkback minutes) and outbound, for infringement of the [asserted patents] from March 13, 2012, when the '122 [P]atent issued,

through present.” Docket No. 374 at 21. NobelBiz further requests that the accounting “be conducted by an independent auditor of NobelBiz’s choosing, and taxed as a cost to Defendants.” *Id.* Finally, “NobelBiz requests that any differences in minutes between those presented at trial and those determined by the auditor shall be added to the judgment and reasons for such difference determined.” *Id.*

Defendants respond that NobelBiz’s requests should be denied because NobelBiz “has not shown that there is any need for the accounting.” Docket No. 377 at 32. Defendants argue that NobelBiz has provided no evidence or argument that suggests the evidence presented at trial for the infringing minutes was inaccurate. *Id.* Further, Defendants contend that an accounting of the infringing minutes would be meaningless because the jury’s damages award “did not specify a royalty rate to apply if any differences are found in the minutes identified by an auditor.” *Id.* NobelBiz replies that an accounting is necessary because “it is proper to ensure the accuracy of the minutes.” Docket No. 380 at 14.

Defendants are correct that final accounting of minutes without a royalty rate would be meaningless. The jury’s damages award does not include a royalty rate. Accordingly, NobelBiz’s motion for a final accounting is **DENIED**.

D. Motion for Attorneys’ Fees

NobelBiz requests that the Court declare this case exceptional under 35 U.S.C. § 285 and award attorneys’ fees. Docket No. 374 at 32. NobelBiz has not provided an accounting of what attorneys’ fees were incurred, but would do so according to the Court’s ruling. *Id.* at 33, 45.

i. Applicable Law

“The court in exceptional cases may award reasonable attorney fees to the prevailing party.” 35 U.S.C. § 285. Prior to the Supreme Court’s recent decision in *Octane Fitness, LLC v.*

ICON Health & Fitness, Inc., 134 S. Ct. 1749 (2014), Federal Circuit precedent required the prevailing party to produce clear and convincing evidence that the opposing party's claims were objectively baseless and brought with subjective bad faith to declare a case exceptional. *Brooks Furniture Mfg., Inc. v. Dutailier Int'l, Inc.*, 393 F.3d 1378, 1381–82 (Fed. Cir. 2005). Rejecting both the clear and convincing evidence standard and the two-part test, the Supreme Court held that an exceptional case under § 285 is “simply one that stands out from others with respect to the substantive strength of a party's litigating position (concerning both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” *Octane Fitness*, 134 S. Ct. at 1756.

District courts “may determine whether a case is ‘exceptional’ in the case-by-case exercise of their discretion, considering the totality of the circumstances.” *Id.* at 1757. “[A] case presenting either subjective bad faith or exceptionally meritless claims may sufficiently set itself apart from mine-run cases to warrant a fee award.” *Id.* at 1756. “The predominant factors to be considered, though not exclusive, are those identified in *Brooks Furniture*: bad faith litigation, objectively unreasonable positions, inequitable conduct before the PTO, litigation misconduct, and (in the case of an accused infringer) willful infringement.” *Stragent, LLC v. Intel Corp.*, No. 6:11-cv-421, 2014 WL 6756304, at *3 (E.D. Tex. Aug. 6, 2014) (Dyk, J., sitting by designation); *see also Octane Fitness*, 134 S. Ct. at 1756 n.6 (“[I]n determining whether to award fees under a similar provision in the Copyright Act, district courts could consider a ‘nonexclusive’ list of ‘factors,’ including ‘frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.’ ”) (quoting *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 535 n.19 (1994)). “Ultimately, a party's entitlement to attorney fees need only be proved by

a preponderance of the evidence.” *DietGoal Innovations LLC v. Chipotle Mexican Grill, Inc.*, No. 2:12-cv-764, 2015 WL 1284826, at *1 (E.D. Tex. March 20, 2015) (Bryson, J., sitting by designation) (citing *Octane Fitness*, 134 S. Ct. at 1758).

ii. Analysis

NobelBiz argues that this case is exceptional because Defendants put forth “substantively weak and shifting defenses,” the case was litigated in an unreasonable manner, and the jury found willfulness. Docket No. 374 at 33, 38, 44. NobelBiz contends that Defendants initially argued a noninfringement and invalidity theory that was “long-refuted” by the Federal Circuit, a “practicing the prior art defense” such that if their accused systems infringed, then the asserted patents are invalid. *Id.* at 33–34 (citing Docket No. 214 at 25–29). In support of their invalidity position, NobelBiz asserts that Defendants’ technical expert, Dr. Perry, proffered three invalidity reports. *Id.* at 35. NobelBiz argues that Dr. Perry’s opinions failed at trial because they were conclusory and substantiated only by “[relying] on Wikipedia and the dictionary definition” instead of data. *Id.* at 36 (citing 9/14/15 PM at 22:5–29:18).

Moreover, NobelBiz states that Defendants litigated this case unreasonably in that Defendants asserted unclean hands and inequitable conduct defenses but never presented evidence at trial and did not object to dropping those defenses upon a motion made by NobelBiz. *Id.* at 38 (citing Trial Tr. 9/14/15 PM 147:11–148:14). NobelBiz asserts that Defendants also engaged in discovery misconduct by routinely failing to produce discoverable documents timely. *Id.* at 38–41 (citing Docket Nos. 375-1 at 17 (Ex. 4, SEALED) (TCN’s Responses to NobelBiz’s First Set of Interrogatories)), 374-5 at 3 (Ex. 5) (Global Connect producing 2,455 pages of documents, where many were publically available), 374-8 (Ex. 10) (Global Connect producing source code the day of depositions), 374-12–374-14 (Exs. 15–17) (TCN producing over 250,000

pages of documents following NobelBiz taking two depositions of TCN witnesses, including the full source code for its accused system)). NobelBiz claims that Defendants then objected to NobelBiz's requests to take additional depositions in light of Defendants' late discovery productions. *Id.* at 40, 41.

NobelBiz contends that Defendants continued their egregious behavior at trial by providing uncorroborated testimony, rearguing rejected legal theories, attempting to use a lay witness as an expert and attempting to use a disregarded juror question during closing arguments. *Id.* at 42–44. NobelBiz argues that a TCN witness, Mr. Jesse Bird, proffered “a wholly uncorroborated story of a ‘pizza franchise’ in an attempt to conjure a previously undisclosed argument for anticipation.” *Id.* at 42 (citing Trial Tr. 9/11/15 AM at 131:3–21). NobelBiz claims that although the Court rejected Defendants' prosecution history estoppel arguments during claim construction, Defendants attempted to “flout the Court's claim construction order” by devoting 11 out of 42 invalidity slides to an amendment made during prosecution of the Parent Patent. *Id.* (citing Trial Tr. 9/14/15 PM at 13:6–15:9). Further, NobelBiz argues that TCN attempted to use Mr. Jesse Bird as an expert witness by offering his “ ‘opinions’ on the scope of the patents, and why they allegedly do not infringe,” but backed off such testimony after NobelBiz objected. *Id.* at 43 (citing Trial Tr. 9/11/15 AM at 107:8–14, 110:5–22). Finally, during closing arguments, NobelBiz claims that Defendants referenced a juror question that the Court, NobelBiz and even Defendants found to be confusing in an “attempt to win over” that juror. *Id.* at 43–44 (citing Trial Tr. 9/9/15 PM 37:8–40:13; Trial Tr. 9/15/15 PM at 3:13–6:14).

In response, Defendants claim NobelBiz's arguments are “nothing more than nitpicking at [an] unreasonable magnification of various minor issues.” Docket No. 377 at 37. Defendants maintain that their noninfringement and invalidity arguments “were not exceptionally weak and

their conduct was not unreasonable.” *Id.* Defendants assert that they relied on “two completely reasonable and alternative defenses” because the Court having construed claim terms to have their plain and ordinary meaning left Defendants “unsure how the [j]ury would understand these terms.” *Id.* at 38. Additionally, Defendants maintain that Dr. Perry amending his invalidity reports “does not represent any shifting of arguments” because they were “generally the same.” *Id.* at 38–39. While Dr. Perry may not have convinced the jury that his opinions were correct, Defendants claim they were still reasonable because he relied on “his analysis of the source code, evidence of the prior art systems being used, and testimony describing these systems to show invalidity.” *Id.* Furthermore, Defendants assert that they were forthcoming and timely with their discovery productions. *Id.* at 40–41 (stating that the documents produced after NobelBiz’s depositions were primarily emails subject to the Order Regarding E-Discovery in Patent Cases). Defendants argue that NobelBiz must not have believed their discovery conduct to be too egregious, or it would have filed a motion to compel. *Id.* at 41.

Defendants claim that nothing about their conduct at trial was exceptional. *Id.* at 42. Defendants assert that NobelBiz’s fabrication argument is a serious and unsubstantiated allegation given that Mr. Jesse Bird’s testimony “was true, accurate and given under oath.” *Id.* Defendants further state that they did not pursue rejected claim constructions, but offered the terms’ plain and ordinary meaning and reviewed the prosecution history to offer limitations for the claims when reviewed under the doctrine of equivalents. *Id.* at 43. Additionally, Defendants maintain that they did not offer Mr. Jesse Bird as an expert but as a fact witness. *Id.* Mr. Jesse Bird was offered to introduce facts surrounding the prosecution history for the Parent Patent because it affected TCN’s belief that it did not infringe. *Id.* Finally, Defendants argue that their offer of demonstrative slides referencing a prior juror question was not improper because after

the Court sustained NobelBiz's objection, Defendants' "counsel removed these [slides] from his closing demonstratives and did not address this issue before the jury." *Id.* at 43–44.

Even though the Court adopts the jury's finding that Defendants willfully infringed the asserted patents, "it does not necessarily follow that the case is exceptional." *Stryker*, 2016 WL 4729504, at *8. "As with the determination of whether enhanced damages are appropriate, '[d]istrict courts may determine whether a case is 'exceptional' in the case-by-case exercise of their discretion, considering the totality of the circumstances.'" *Id.* (quoting *Octane Fitness*, 134 S. Ct. at 1756). Having considered the totality of the circumstances, this case does not rise to the "exceptional" level.

Throughout the litigation, the parties complied with deadlines and made objectively reasonable arguments. The parties seemingly got along throughout the case and at trial by working together, making compromises, and appropriately advocating for their clients. The fact that a party makes a losing argument is not relevant to whether attorneys' or experts' fees should be awarded. *See Octane*, 134 S. Ct. at 1753 (fees are not "a penalty for failure to win a patent infringement suit," but are appropriate only "in extraordinary circumstances"). For the same reasons that a maximum enhancement is not warranted, the Court finds that this is not an "exceptional case." Accordingly, NobelBiz's motion for attorneys' fees is **DENIED**.

CONCLUSION

For the reasons state above, Defendants' Joint Motions for Post-Verdict and Post-Judgment Relief Pursuant to Rules 50, 59, and 60 and Request to Lower Supersedeas Bond Amount (Docket No. 373) are **DENIED** and NobelBiz's Post-trial Motions (Docket No. 374) are **GRANTED-IN-PART** and **DENIED-IN-PART**. The parties are **ORDERED** to meet and confer in accordance with the guidance set forth above.

SIGNED this 27th day of October, 2016.

Robert W Schroeder III
ROBERT W. SCHROEDER III
UNITED STATES DISTRICT JUDGE