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14  
 15 UNITED STATES DISTRICT COURT  
 16 NORTHERN DISTRICT OF CALIFORNIA  
 17 SAN JOSE DIVISION

19 HTC CORPORATION, HTC AMERICA,  
 INC.,

20 Plaintiffs,

21 v.

22 TECHNOLOGY PROPERTIES  
 23 LIMITED, PATRIOT SCIENTIFIC  
 CORPORATION, and ALLIACENSE  
 24 LIMITED,

25 Defendants.

Case No. 5:08-cv-00882 PSG

**DEFENDANTS' OPPOSITION TO  
 EMERGENCY MOTION TO CLARIFY  
 THE COURT'S ORDER EXCLUDING  
 EXHIBITS 1517, 1519, 1528, AND 1536**

Complaint Filed: February 8, 2008  
 Trial Date: September 23, 2013

Date: September 30, 2013  
 Time: 9:00 a.m.  
 Place: Courtroom 5, 4th Floor  
 Judge: Hon. Paul S. Grewal

1 Plaintiff's emergency motion (Dkt. No. 634) regarding Exhibits 1517, 1519, 1528, and  
2 1536 (the "Licensing Briefings") is premature, as it is based on the inaccurate accusation that  
3 Defendants "ignored the Court's ruling and tried to move [the Licensing Briefings] into  
4 evidence." Defendants made no such motion. But Plaintiffs raise an important issue: is it  
5 appropriate to admit the Licensing Briefings into evidence? Defendants contend that it is.

6 As the Court may recall, the Licensing Briefings were relied on by Dr. Prowse and  
7 discussed in the context of his expert testimony regarding the reasonable royalty that would result  
8 from a hypothetical negotiation between the parties. The Licensing Briefings were used to show  
9 how TPL's licensing program was structured – how potential licensees were assigned to industry  
10 groups, and how proposed royalty rates increased as the licensing "tiers" increased. In other  
11 words, the Licensing Briefings were used as evidence of the licensing process that was to be  
12 emulated by the hypothetical negotiation.

13 "[A]dmissibility under Rule 408 depends not only on the nature of the evidence offered,  
14 but on the purpose for which it is introduced[.]" *American Standard, Inc. v. Pfizer, Inc., MISC.*  
15 *87-1-73-IP*, 1988 WL156152, at \*2 (S.D.Ind. July 8, 1988). Here, the Licensing Briefings were  
16 offered to illustrate TPL's negotiation and licensing practices. They were not used "either to  
17 prove or disprove the validity or amount of a disputed claim" as prohibited by Rule 408.

18 The court wrestled with a similar issue in *Cornell Research Foundation, Inc. v. Hewlett-*  
19 *Packard Co.*, No. 5:01-CV-1974 (NAM/DEP), 2007 WL 4349135, at \* 18 (N.D. NY, January  
20 31, 2007). There, the court held that while Rule 408 would preclude consideration of an "Intel  
21 license as bearing upon the value of the claim in that case, and thus a reasonable royalty rate to be  
22 applied in this action . . . Rule 408 does not require exclusion of such evidence to the extent that it  
23 bears relevance on other issues in dispute." (citing cases). Because the license was offered to  
24 address plaintiff's "licensing practices, in order to assist the factfinder in determining an  
25 appropriate royalty base" and not "to establish liability or for the purpose of valuation of the  
26 claim between Intel and CRF, as distinct from these other, ancillary purposes, *neither the letter*  
27 *nor the spirit of Rule 408 requires exclusion of the disputed license and negotiations* at this  
28

1 juncture, for those purposes.” *Id.* (emphasis added). *See, also, American Standard, Inc. v. Pfizer,*  
2 *Inc.*, 722 F.Supp. 86, 136, n. 55 (D.Del.1989) (admitting evidence otherwise excludable under  
3 Rule 408 as bearing upon the issue of commercial success). Accordingly, plaintiff’s motion to  
4 strike was denied.

5 The same result should apply here, as Defendants’ use of the Licensing Briefings as  
6 evidence of TPL’s negotiation process and the structure of its licensing program does not run  
7 afoul of Rule 408. Judge Koh’s well-reasoned opinion in *Fujitsu Limited v. Belkin International,*  
8 *Inc.*, No. 10-CV-03972-LHK, 2012 WL 5835741 (N.D. Cal. Nov. 116, 2012), is not inconsistent.  
9 There, defendants sought to introduce plaintiff’s prior “licensing offers in an attempt to reduce its  
10 damages [which] would be contrary to the purpose and spirit of Rule 408 and would penalize  
11 Fujitsu for attempting to resolve its dispute out of court.” *Id.* at \*6. Here, by contrast, the  
12 Licensing Briefings are not being used to contrast prior offers to HTC with Defendants’ current  
13 assessment of damages. Indeed, two of the briefings (1528 and 1536) involved negotiations  
14 between TPL and *third parties – not HTC*. Rule 408 is not implicated here, Plaintiffs’ motion  
15 should be denied, and the Licensing Briefings should be admitted into evidence.

16  
17 Dated: September 29, 2013

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