

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

ABS GLOBAL, INC.,

Plaintiff/Counterclaim Defendant,

v.

OPINION and ORDER

14-cv-503-wmc

INGURAN, LLC,

Defendant/Counterclaimant/Third-Party Plaintiff,

and

XY, LLC,

Intervening Defendant/Counterclaimant/Third-Party Plaintiff,

v.

GENUS PLC,

Third-Party Defendant.

Based on the parties' additional briefing, the court issues the following order with respect to remaining motions *in limine* and other outstanding issues.

OPINION

A. Claims 40-46 of the '092 Patent

At summary judgment, ABS conceded that its GSS technology infringed claims 40-46 of the '092 patent. (ABS's Opp'n (dkt. #324) 9.) Nonetheless, on July 25, 2016, ABS filed a motion for clarification, seeking to reassert its non-infringement defenses with respect to those claims. (ABS's Mot. for Clarification (dkt. #580).) In a previous order (7/26/16 Op. & Order (dkt. #580)), the court denied that portion of the motion for reconsideration, but after hearing argument at the final pretrial conference, directed

ST to explain how it would be prejudiced by allowing ABS to reassert its infringement defenses with respect to those claims, and provided ABS an opportunity to respond. Having now considered that additional briefing (dkt. ##598, 614), the court will allow ABS to reassert its infringement defenses, and the jury may consider whether ABS's GSS technology infringes independent claim 40 and dependent claims 41, 42, 44 and 46.¹

A brief timeline is helpful in understanding how the court reached this determination. In his responsive report on infringement, served in December, ABS's expert, Dr. Robinson, did not offer any opinions on claims 40-46. (Robinson Rept. (dkt. #288).) ST filed for summary judgment in January, and in its opening brief, represented that ABS had conceded infringement of those claims. (ST's Br. (dkt. #275) 40.) As described above, in its opposition brief, filed in February, ABS acknowledged this concession. (ABS's Opp'n (dkt. #324) 9.)

In March, ST's expert John Nolan proposed a new construction of "detecting waveform pulses," which apparently was designed to narrow the claim of 40-46 in order to avoid a newly-identified prior art reference, and offered an opinion of infringement based on that construction. (Nolan Suppl. Rept. (dkt. #387).) In response, ABS's expert Robinson filed a supplemental report on April 5, 2016, asserting a non-infringement defense based on ST's newly-asserted construction. (Robinson Suppl. Rept. (dkt. #390-11).) ABS also moved for construction of the "detecting waveform pulses"

¹ In narrowing the claims it wishes to pursue for purposes of infringement, ST removed claims 43 and 45 from the list. (See dkt. #607.)

term. (Dkt. #382.) The court granted that motion, but adopted ST's proposed construction.

A month later, on May 5, 2016, Robinson was deposed. In the deposition, ST *did* touch on claims 40-46, but only asked Robinson if he agreed that ABS infringed those claims based on *his* interpretation of "detecting waveform pulses," namely the parties' original agreed-upon plain and ordinary meaning construction. (Robinson Depo. (dkt. #450) 286-87.) Critically, ST did not -- despite having the opportunity to do so -- explore his opinion that ABS's GSS technology did not infringe based on ST's newly-asserted construction.

No doubt ABS should have sought leave to amend its summary judgment filings to reassert its defense of non-infringement with respect to claims 40-46 of the '092 patent at the time Robinson filed his supplemental report, and certainly in conjunction with its motion for a further claim construction. Given this history, for ABS to now frame its request as a motion for "clarification" borders on specious. Still, given that the court's claims construction and summary judgment decision was not issued until July 21, 2016, and that ABS filed its motion containing this request only four days later, ABS's failure to raise it sooner is at least somewhat understandable.

More importantly, ABS's request to reassert its non-infringement defense was triggered by ST's late-proposed construction of "detecting waveform pulses." Of course, ST's construction was, in turn, triggered by ABS's assertion of a newly-identified prior art reference, but such is the nature of patent cases. The court need not tell counsel for these parties that patent litigation frequently involves managing moving targets and

contingent positions. In light of this history and the fact that ST did explore at his deposition Robinson's infringement opinion with respect to claims 40-46, the court will now grant ABS's request.² To be clear, ABS's non-infringement defense to claims 40, 41, 42, 44 and 46 will be limited to the narrowed construction of "detecting waveform pulses" adopted by the court. The closing instructions and verdict form will reflect this change.

B. ABS's MIL No. 14: Commercial Success

ABS moved *in limine* for an order barring ST from offering evidence or arguments relating to the commercial success of the '092 Patent in defending against ABS's obviousness challenge. (ABS's MIL No. 14 (dkt. #480).) In the court's opinion and order on ABS's motions *in limine*, the court credited ABS's argument, but gave ST an opportunity to present any empirical evidence before ruling definitively. ST provided a proffer, to which ABS responded, and ST further replied. (Dkt. ##586, 594, 616.) Having now reviewed the parties' additional briefing, the court will grant ABS's motion, barring ST from presenting testimony or argument about the commercial success of the '092 patent.

As set forth in the court's prior order on ABS's motions *in limine*, ST must establish the existence of a "nexus . . . between the merits of the claimed invention and the evidence of commercial success before that issue becomes relevant to the issue of

² Because ST did not explore Robinson's opinions based on its late construction, albeit by choice, ST may take up to one hour to do so by deposition before Robinson is put on the stand at trial. ST may also recall its own expert to respond to those opinions in rebuttal.

obviousness.” *Apple Inc. v. Samsung Elecs. Co.*, 816 F.3d 788, 810 (Fed. Cir. 2016). ST’s expert John Nolan admitted at his deposition that he did not do the necessary analysis to determine “how much of ST’s commercial success could be attributed to the ‘092 patent.” (Nolan Depo. (dkt. #422) 343-45.) Moreover, Nolan also testified that other patents contributed to ST’s commercial success. (*Id.* at 345-46.) While the court agrees that Nolan need not have testified or presented evidence that the commercial success was solely due to the ‘092 patent, he nevertheless needed to conduct some analysis to draw the necessary nexus. That he failed to do.

Perhaps in recognition of this evidentiary gap, ST further proffered testimony of its CEO, Juan Moreno. (ST’s Proffer (dkt. #586) 4.) As ABS points out in its additional briefing, however, in both his 30(b)(6) deposition *and* in his personal deposition, Moreno expressly disavowed doing *any* analysis of the contribution of the ‘092 patent, or any patent for that matter, to the commercial success of ST’s product. (ABS’s Br. (dkt. #594) 3-4.) In response, ST argues that ABS’s counsel asked questions requiring more detail than that required to demonstrate the necessary nexus. (ST’s Resp. (dkt. #616) 4.) Even crediting this criticism, Moreno’s answers disavow any insight into the nexus between the ‘092 patent and ST’s commercial success. As such, he is similarly barred from doing so in testimony at the trial. As a consequence, ST may not argue commercial success in support of a finding of non-obviousness, and the court will remove that factor from the jury instructions.

C. ST's MIL No. 9: Refusal to Provide Testimony

In the court's opinion and order on ST's motions *in limine*, the court denied ST's ninth motion *in limine* seeking to bar ABS from referencing topics on which it claimed attorney-client privilege, absent a proffer of ABS's broad refusal to answer *any* questions on a *specific* topic. ST submitted a proffer identifying four such topics: (1) the identification of any patents owned or controlled by ST that have caused delays in any research or development of GSS technology; (2) whether any patents owned or controlled by ST are considered to be fundamental patents in the area of semen sexing; (3) whether ABS would need a license to any patents owned or controlled by ST, XY or Cytonome in order to practice the GSS technology; and (4) fact witness testimony on whether Section 18(a) of the 2012 Semen Sorting Agreement prevents ABS from commercializing the GSS technology. (ST's Proffer (dkt. #592).) ABS in turn responded to each objection. (ABS's Resp. (dkt. #605).)

ST subsequently withdrew the motion with respect to topics two and four, and indicated that it found ABS's proposal with respect to topic three -- that its "fact witnesses should be allowed to testify that ABS would need a license to the asserted ST patents if ABS is found to infringe and if the patents are found valid" -- acceptable. (ST's Reply (dkt. #620).) Accordingly, the court need only address ST's first topic.

ST argues that because one of ABS's technical witnesses, Dr. Lightner, asserted attorney-client privilege in response to a question at his deposition asking him to identify specific patents owned or controlled by ST that have delayed the development of the GSS technology, then no ABS witness should be allowed to offer testimony on that

subject. In response, however, ABS points out that not only did Dr. Lightner testify at that deposition that ST's "thicket of patents" affected the development of the GSS technology, a different 30(b)(6) designee identified the four patents asserted against ABS in this case as reasons for delaying the commercialization of the GSS technology. In light of ABS's confirmation that it will not argue that any other patents than those four that ST and XY asserted against it in this case have delayed its ability to commercialize the GSS technology, the court will not preclude ABS from arguing generally that those patents have contributed to delaying the launch of the GSS technology. Lightner, however, will not be allowed to testify on any subject matter for which he refused to provide an answer at his deposition whether based on privilege or otherwise.

ORDER

IT IS ORDERED that:

1. ABS will be permitted to assert non-infringement defenses with respect to claims 40, 41, 42, 44 and 46 of the '092 patent;
2. ABS's motion *in limine* number 14 (dkt. #480) is GRANTED;
3. ST's motion *in limine* number 9 (dkt. #488) is DENIED; and
4. In light of ABS's withdrawal of its proffer of U.S. Patent No. 8,961,904, ST's motion *in limine* number 3 (dkt. #488) is GRANTED in part and DENIED in part, consistent with the court's rulings at the final pretrial conference.

Entered this 29th day of July, 2016.

BY THE COURT:

/s/

WILLIAM M. CONLEY
District Judge