

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

VIASAT, INC., VIASAT
COMMUNICATIONS, INC., f/k/a
WILDBLUE COMMUNICATIONS,
INC.,

Plaintiffs,

vs.

SPACE SYSTEMS/LORAL, INC.,
LORAL SPACE &
COMMUNICATIONS, INC.,

Defendants.

CASE NO. 3:12-CV-00260-H
(WVG)

**ORDER REGARDING
MOTIONS IN LIMINE**

[DOC. NOS. 735, 736, 737, 762,
763, 764, 765, 766]

On February 7, 2014, Plaintiffs ViaSat, Inc., and ViaSat Communications, Inc. (collectively, "ViaSat"), filed three motions in limine (Doc. Nos. 735, 736, 737) and Defendants Space Systems/Loral, Inc., and Loral Space & Communications, Inc. (collectively, "SS/L"), filed five motions in limine (Doc. Nos. 762, 763, 764, 765, 766). The Court held a hearing on February 19, 2014. Sean S. Pak, Charles K. Verhoeven, Yury Kapgan, Amy H. Candido, and Adam B. Wolfson appeared for ViaSat. William C. Carmody, Jacob W. Buchdahl, Amanda K. Bonn, and Patrick C. Bageant appeared for SS/L. For the following reasons, the Court: (1) grants in part SS/L's motion to

1 exclude evidence of ViaSat's unrelated intellectual property (Doc. No. 762); (2) denies
 2 without prejudice ViaSat's motion to exclude hypothetical testimony of Thomas Gaske
 3 and testimony based thereon (Doc. No. 735); (3) denies without prejudice ViaSat's
 4 motion to preclude defendants from presenting certain arguments about functional
 5 claim language in U.S. Patent No. 8,107,875 (Doc. No. 736); (4) denies without
 6 prejudice ViaSat's motion to exclude certain evidence and argument regarding U.S.
 7 Patent No. 8,010,043 (Doc. No. 737); (5) denies without prejudice SS/L's motion to
 8 exclude evidence and argument about U.S. Patent No. 7,792,070 (Doc. No. 763); (6)
 9 denies without prejudice SS/L's motion to exclude the "Option 3" email and related
 10 evidence (Doc. No. 764); (7) denies without prejudice SS/L's motion to exclude
 11 evidence regarding what constitutes "proprietary information" (Doc. No. 765); and (8)
 12 denies without prejudice SS/L's motion to exclude evidence that ViaSat should have
 13 disclosed at the 30(b)(6) deposition (Doc. No. 766).

14 A. *SS/L's Motion in Limine to Exclude Evidence of ViaSat's Unrelated*
 15 *Intellectual Property (Doc. No. 762)*

16 SS/L seeks to prohibit ViaSat from introducing evidence of ViaSat's patents
 17 other than those at issue in this lawsuit. (Doc. No. 762.) SS/L anticipates that ViaSat
 18 will seek to introduce evidence of its other patents in order to rebut SS/L's evidence of
 19 non-infringing alternatives to the patents-in-suit. (*Id.* at 3.) Specifically, SS/L seeks
 20 to exclude evidence of U.S. Patents No. 8,213,929 ("the '929 Patent"); 8,254,832 ("the
 21 '832 Patent"); 8,285,202 (the '202 Patent"); 8,548,377 ("the '377 Patent"); and
 22 7,684,368 ("the '368 Patent"). (*Id.* at 2.) Those patents were issued after the
 23 hypothetical negotiation¹ and are the subject of a second lawsuit between the parties.
 24 See ViaSat, Inc. v. Space Systems/Loral, Inc., Case No. 3:13-cv-02074-H-WVG, Doc.
 25 No. 12. SS/L argues, first, that previously unasserted patents offered to rebut non-
 26 infringing alternatives are irrelevant under Rule 402 of the Federal Rules of Evidence.

27 ¹See Georgia-Pacific Corp. v. U.S. Plywood Corp., 318 F. Supp. 1116, 1121 (S.D.N.Y.
 28 1970).

1 (Id.) In the alternative, SS/L argues that the Court should exclude evidence of ViaSat's
2 other patents because it presents a risk of unfair prejudice that outweighs its probative
3 value under Rule 403. (Id. at 5-10.) ViaSat argues that evidence bearing on whether
4 SS/L's proposed alternatives infringe ViaSat's other patents is relevant to damages and
5 not unfairly prejudicial. (Doc. No. 817 at 6-13.)

6 This evidence relates to ViaSat's claims for damages under lost profits and
7 reasonable royalty theories. (Id. at 6.) Evaluating damages under either theory
8 involves consideration of whether non-infringing alternatives to ViaSat's patented
9 technology were available to SS/L. See Zygo Corp. v. Wyko Corp., 79 F.3d 1563,
10 1571-72 (Fed. Cir. 1996); Panduit Corp. v. Stahl Bros. Fibre Works, Inc., 575 F.2d
11 1152, 1156 (6th Cir. 1978). These patents were issued after SS/L completed its designs
12 for the Jupiter-1 satellite and after the hypothetical royalty negotiation. (Doc. Nos. 762
13 at 4, 817 at 11-12.) SS/L launched the Jupiter-1 satellite in July of 2012. (Doc. No.
14 762 at 4.) And in ViaSat's expert report on damages, ViaSat's expert states that a
15 hypothetical negotiation for a royalty to ViaSat's patents-in-suit would have had to take
16 place before August of 2010. (Doc. No. 558-2 at 45.) In comparison, the '929 Patent
17 was issued on July 3, 2012 (Doc. No. 775-6); the '832 Patent was issued on August 28,
18 2012 (Doc. No. 776); the '202 Patent was issued on October 9, 2012 (Doc. No. 776-1);
19 the '377 Patent was issued on October 1, 2013 (Doc. No. 776-2); and the '368 Patent
20 was issued on March 23, 2010 (Doc. No. 776-4). Therefore, at the time of the
21 hypothetical royalty negotiation, ViaSat did not hold the patents that it intends to
22 introduce into evidence for its damages calculations. The parties would not have taken
23 these patents into account when negotiating a royalty for SS/L's use of the patents-in-
24 suit, nor would SS/L have taken the newer patents into account when developing the
25 Jupiter-1 satellite prior to its July 2012 launch.²

26
27 ²ViaSat argues that the book of wisdom supports the admission of the evidence. (Doc.
28 No. 817 at 12 (citing ResQNet.com, Inc. v. Lansa, Inc., 594 F.3d 860, 872-73 (Fed. Cir.
2010)).

1 ViaSat argues that although it obtained these newer patents after the likely date
2 of the hypothetical negotiation, it had already filed applications for the patents at the
3 time of the negotiation. (Doc. No. 817 at 11-12.) Thus, the parties would have been
4 aware of ViaSat's pending patent applications and of the possibility that ViaSat might
5 file continuation applications claiming those disclosed inventions. (*Id.*) This argument
6 is speculative at best. See ResQNet.com, Inc. v. Lansa, Inc., 594 F.3d 860, 869 (Fed.
7 Cir. 2010) ("[A] reasonable royalty analysis requires a court to hypothesize, not to
8 speculate."). Moreover, SS/L points out that the newer patents are the subject of a
9 second lawsuit between the parties. ViaSat, Inc. v. Space Systems/Loral, Inc., Case
10 No. 3:13-cv-02074-H-WVG. To the extent that SS/L's proposed non-infringing
11 alternatives infringe the newer patents, ViaSat will be able to recover the bulk of those
12 damages in the second lawsuit, if appropriate. Thus, the probative value of the
13 evidence of ViaSat's other patents is limited.

14 In contrast, this evidence presents substantial risks of unfair prejudice, confusing
15 the issues, and waste of time. The newer patents have not been subject to claim
16 construction, and SS/L has not had an opportunity to challenge their validity. (Doc.
17 No. 762 at 3.) Furthermore, asking the jury to distinguish the patents-in-suits from
18 those ViaSat introduces only to undermine Defendants' evidence of non-infringing
19 alternatives is likely to result in confusion and delay. (*Id.* at 9-10.) As a result, the
20 Court grants SS/L's motion as to evidence of ViaSat's unasserted patents. Under
21 Federal Rule of Evidence 403, ViaSat may not introduce evidence that SS/L's non-
22 infringing alternatives infringe ViaSat's unasserted patents. Nonetheless, if events
23 during the trial cause this evidence to become more probative or less prejudicial,
24 ViaSat may seek to reintroduce this evidence outside the presence of the jury.

25 In the same motion, SS/L also argues that the Court should exclude evidence that
26 SS/L's other products (products not accused in this lawsuit) infringe ViaSat's patents.
27 (Doc. No. 762 at 10-11.) ViaSat states that it does not intend to offer evidence of
28 infringement by SS/L's other products. (Doc. No. 817 at 19.) Accordingly, the Court

1 grants SS/L's motion as to evidence of ViaSat's other intellectual property but denies
2 the motion without prejudice as to SS/L's other products.

3 *B. ViaSat's Motion in Limine to Exclude Hypothetical Testimony of Thomas*
4 *Gaske and Testimony Based Thereon (Doc. No. 735)*

5 ViaSat seeks to exclude the testimony of Thomas Gaske and any reference to
6 Thomas Gaske, which ViaSat contends is impermissibly speculative under Rule 701
7 of the Federal Rules of Evidence. (Doc. No. 735.) SS/L contends that Mr. Gaske's
8 testimony and other references at trial will comport with Rule 701. (Doc. No. 805 at
9 10-16.) Based on the present record, the Court denies the motion to exclude the
10 testimony without prejudice. ViaSat may make a contemporaneous objection at the
11 time of trial to the evidence.

12 *C. ViaSat's Motion in Limine to Preclude Defendants from Presenting*
13 *Certain Arguments About Functional Claim Language in U.S. Patent No.*
14 *8,107,875 (Doc. No. 736)*

15 ViaSat seeks to preclude SS/L from presenting arguments at trial that certain
16 functional claim language must be reflected in the structure of an accused device.
17 (Doc. No. 736.) SS/L argues that ViaSat's motion represents an untimely request for
18 claim construction. (Doc. No. 807 at 2-5.) The Court denies ViaSat's motion without
19 prejudice, but ViaSat may make a contemporaneous objection at the time of trial.

20 *D. ViaSat's Motion in Limine to Exclude Certain Evidence and Argument*
21 *Regarding U.S. Patent No. 8,010,043 (Doc. No. 737)*

22 ViaSat seeks to preclude SS/L from presenting evidence and argument
23 suggesting that the word "maximum" in Claim 1 of U.S. Patent No. 8,010,043 means
24 an absolute maximum rather than a relative maximum. (Doc. No. 737.) SS/L opposes,
25 and disagrees with ViaSat's characterization of its position. (Doc. No. 807.)
26 Accordingly, the Court denies SS/L's motion without prejudice, but ViaSat may make
27 a contemporaneous objection at the time of trial.

28 //

1 *E. SS/L's Motion in Limine to Exclude Evidence and Argument About U.S.*
2 *Patent No. 7,792,070 and Related Applications (Doc. No. 763)*

3 SS/L seeks to preclude all parties from introducing evidence and argument at
4 trial of SS/L's U.S. Patent No. 7,792,070 or the applications that led to it. (Doc. No.
5 763.) SS/L argues that evidence of this patent is irrelevant to the subject matter of this
6 lawsuit under Federal Rule of Evidence 402 and highly prejudicial under Federal Rule
7 of Evidence 403. (*Id.* at 5-7, 7-9.) ViaSat argues that U.S. Patent No. 7,792,070 is
8 relevant as an independent breach of the Build Contract. (Doc. No. 818 at 15-16.) The
9 Court denies SS/L's motion without prejudice, but SS/L may make a contemporaneous
10 objection at the time of trial.

11 *F. SS/L's Motion in Limine to Exclude the Option 3 Email and Related*
12 *Evidence (Doc. No. 764)*

13 SS/L seeks to exclude evidence related to an email that Tom Moore sent to
14 certain SS/L employees on August 2, 2006 (the "Option 3 Email"). (Doc. No. 764.)
15 SS/L argues that because the Court has ruled that information contained in the Option
16 3 email is not proprietary as a matter of law, it is irrelevant to ViaSat's claims for
17 breach of contract. (*Id.* at 5.) ViaSat argues that evidence related to the Option 3 email
18 is relevant to issues in this case other than the disclosure of proprietary information.
19 (Doc. No. 818 at 11-15.) The Court agrees with ViaSat based on the present record.
20 At the time of trial, SS/L may seek an appropriate limiting instruction or make a
21 contemporaneous objection. Accordingly, the Court denies SS/L's motion without
22 prejudice.

23 *G. SS/L's Motion in Limine to Exclude Evidence Regarding What Constitutes*
24 *Proprietary Information (Doc. No. 765)*

25 SS/L seeks to preclude ViaSat from offering witness testimony regarding
26 whether concepts are proprietary to ViaSat under the contracts at issue in this case.
27 (Doc. No. 765.) The Court denies SS/L's motion without prejudice, but SS/L may
28 make a contemporaneous objection at the time of trial.

H. SS/L's Motion in Limine to Exclude Evidence that ViaSat Should Have Disclosed at the 30(b)(6) Deposition (Doc. No. 766)

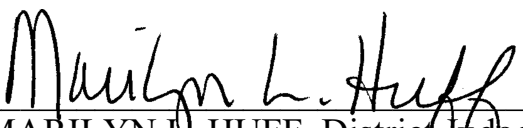
SS/L seeks to preclude ViaSat from introducing certain evidence regarding the conception, diligence, and reduction to practice of each of each of the asserted claims of U.S. Patent Nos. 8,010,043 and 8,068,827. (Doc. No. 766.) SS/L argues that ViaSat's corporate representative should have disclosed this information during a deposition on October 15, 2013 pursuant to Federal Rule of Civil Procedure 30(b)(6). (Id. at 6-9.) The Court denies SS/L's motion without prejudice to a contemporaneous objection at the time of trial.

CONCLUSION

Having fully considered the parties' positions, the Court grants in part SS/L's motion to exclude extraneous infringement allegations (Doc. No. 762) and denies without prejudice the remaining motions in limine. During the presentation of evidence at trial, the Court will be in a more informed position to rule on evidentiary issues. Therefore, the Court reserves the right to exclude any evidence at trial upon proper objection.

IT IS SO ORDERED.

DATED: February 20, 2014


MARILYN L. HUFF, District Judge
UNITED STATES DISTRICT COURT