

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS**

DIGITAL ALLY, INC.

Plaintiff,

v.

TASER INTERNATIONAL, INC.

Defendant.

Case No. 2:16-cv-02032-CM
(FILED UNDER SEAL)

**DEFENDANT'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR SUMMARY
JUDGMENT OF NO INFRINGEMENT, NO WILLFUL INFRINGEMENT, AND NO
ENTITLEMENT TO CONVOYED SALES**

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I. INTRODUCTION.

This case is not about auto-activation. Auto-activation of cameras is not new and was not invented by Digital Ally. Indeed, TASER publicly disclosed the use of a police car light bar to wirelessly activate body worn cameras as early as 2008—a full five years *before* Digital filed its ‘452 patent application. Instead, the patented technology allows law enforcement agencies to identify and assemble video evidence from multiple in-car and body-worn cameras related to the same event. TASER separately developed patent-pending technology called “Slate” to accomplish the same end, but by completely different and non-infringing means. TASER’s system does not use information from a recording device manager to link videos. Digital’s expert admits this. Instead, TASER uses Slate beacons sent between cameras wholly independent from the accused Axon Signal Unit (“ASU”) to identify videos of the same event. Slate is not an accused product.

TASER moves for summary judgment that it does not infringe Digital’s ‘452 patent. TASER further moves for summary judgment of no willful infringement, and for summary judgment that Digital is not entitled to alleged “convoyed sales” damages for non-accused, undisputedly non-infringing products, including TASER’s award-winning digital evidence management cloud-based software solution “Evidence.com” developed, launched and commercially successful long before Digital filed for its patent.

This case has narrowed substantially since filing. The Federal Circuit affirmed this Court’s dismissal of Digital’s antitrust and unfair competition claims, and the Supreme Court denied *certiorari*. Digital also dismissed the ‘292 patent, retracted its infringement allegations with respect to TASER’s Signal Performance Power Magazine (“SPPM”), and granted TASER a covenant not to sue. Finally, Digital dropped half of its asserted claims for the ‘452 patent in response to TASER’s invalidity arguments during claim construction briefing.

Now, only claims 10, 14-16 and 20 of the '452 patent remain. These claims require assembly of a recording "system" with several hardware and structural requirements. The accused products are TASER's ASU in combination with at least one, specifically-enumerated body camera and a second, similarly-enumerated in-car or body camera. The plain language of the claims imposes many limitations well beyond auto-activation of cameras from designated vehicle triggers. Specific to this motion, the system's second camera must be *located* so as to make a different, distinct recording of the same event being recorded by the first camera. The claimed "recording device manager" must also send a specific type of information to the cameras (called "correlation data") that is stored, and then is later used to link the camera recordings. TASER does not do this. Recognizing the problem, Digital's expert now asserts he is not required to apply the claim construction agreed to by the parties and submitted to the Court—*i.e.*, data "used to link together or otherwise associate" video data.

Digital's infringement and damages positions have shifted throughout this litigation. In its Amended Complaint, Digital asserted infringement under 35 U.S.C. 271(a), (b) and (c). These assertions included "making, using, selling and/or offering for sale" a range of products, and both "direct" and "indirect" (induced and contributory) infringement involving TASER's customers. Digital has now dropped all of these allegations, *except* for accusing TASER itself of "direct" infringement by "manufacturing" ASUs and cameras. But TASER does not assemble the claimed system or "locate" the second recording device as required. For all these reasons, TASER does not infringe as a matter of law.

TASER also cannot have willfully infringed Digital's patent. TASER did not have notice of the '452 patent until the day it issued, the same day Digital filed this lawsuit. Digital's CEO, Stan Ross, admitted Digital did not give TASER pre-suit notice. TASER also provided unrebutted

30(b)(6) testimony that TASER had no pre-suit knowledge. Moreover, as the history of this case shows, TASER's post-suit litigation defenses have been objectively reasonable, and TASER has not engaged in egregious conduct. Accordingly, Digital cannot prevail on its willful infringement claim.

Finally, TASER seeks summary judgment on the vast majority of Digital's asserted "convoys sales." During fact discovery, Digital alleged it was entitled to such damages for sales of Axon's Evidence.com management system and camera docks, as well as Digital's lost profits for sales of its own "VuLink" recording device system. Digital dropped its lost profits argument when it served its damages expert report on October 28, 2018. Digital now solely seeks "reasonable royalty" damages. But Digital has inexplicably expanded the base royalty amount to include speculative convoys sales projections for *every* unpatented item sold by TASER's Axon business division, which far exceeds the *total* revenue Axon actually received during that period. Indeed, 96% of Digital's damage claims relate to sales of non-accused products.

There is simply no evidence that most, if not all, of these unpatented items (including service plans) form a "functional unit" with the accused ASU and camera products. This is a core legal requirement for seeking convoys sales damages. Digital's experts cite no evidence supporting such broad claims, and Digital did not identify any during discovery in response to TASER's interrogatories. Accordingly, TASER moves for summary judgment that Digital cannot include unpatented products and services in Digital's "convoys sales" royalty base.¹

¹ TASER is separately filing a *Daubert* motion directed to Digital's improper damages methodology overall, including its attempts to include Evidence.com and dock revenue in undifferentiated, unapportioned damages claims that violate Federal Circuit law.

As further explained below, TASER respectfully requests entry of judgment in its favor on each of these issues.

II. STATEMENT OF UNDISPUTED FACTS.

A. Uncontroverted Facts Relating to Digital Ally’s Infringement Allegations.

SOF ¶ 1. Digital Ally asserts that TASER directly infringes claims 10, 14, 15, 16, and 20 (collectively, the “Asserted Claims”) of U.S. Patent No. 9,253,452 (“the ‘452 patent”) by “making” an allegedly infringing system. (*See* Dkt. 297, at 3; Ex. A, (U.S. Patent No. 9,253,452).)

SOF ¶ 2. Dr. Nettles, Digital Ally’s infringement expert, opines that TASER “makes” an infringing system by manufacturing component parts of the Accused System. (*See* Ex. B, at ¶ 78 (Nettles’ Infringement Report); *see also* Ex. C, Nettles Depo. Tr. at 23:12-23.)

SOF ¶ 3. Digital Ally accuses as the alleged, infringing “system” TASER’s Axon Signal Vehicle Unit (also referred to as the Axon Signal Unit or “ASU”) **in combination with** at least one Axon body camera (Axon Body 2, Axon Flex 1, or Axon Flex 2) and at least one other Axon body camera or Axon Fleet 1 or Axon Fleet 2 vehicle-based camera of infringing the asserted claims of the ‘452 patent. (*See* Dkt. 297, at 3 (emphasis added).)

SOF ¶ 4. Digital Ally never alleged in its infringement contentions that TASER “makes” an infringing system by (1) manufacturing component parts of the Accused System or (2) “combin[ing]” an ASU with at least one Axon body camera and at least one other Axon body camera or Axon Fleet 1 or Axon Fleet 2 vehicle-based camera. (*See generally* Ex. D, at 14 of Exhibit B (Digital Ally’s Infringement Contentions) (alleging only sale, offer to sell, and/or use of the accused products).)

SOF ¶ 5. The Accused Cameras include the Axon Body 2, Axon Flex 1, Axon Flex 2, Axon Fleet 1 and Axon Fleet 2. (*See* Dkt. 297, at 3.)

B. Uncontroverted Facts Relating to the Asserted Patent.

SOF ¶ 6. On February 2, 2016, the '452 patent entitled "Computer Program, Method, and System for Managing Multiple Data Recording Devices" was issued by the U.S. Patent and Trademark Office. (*See* Dkt. 297, at 3; Ex. A, (U.S. Patent No. 9,253,452).)

SOF ¶ 7. The '452 patent issued from U.S. Patent Application No. 13/967,151 ("the '151 Application"). The '151 Application was filed on August 14, 2013. (*See* Dkt. 297, at 3.)

SOF ¶ 8. Asserted Claim 10 of the '452 patent recites:

A system for recording multiple viewpoints of an event, comprising:

a first recording device configured to be mounted on or configured to be carried by a law enforcement officer so as to record a first set of record data for the event;

a second recording device, distinct from the first recording device, **located** so as to record a second set of record data for the event, said first set of record data being distinct from the second set of record [data]; and

a recording device manager operable to:

receive a trigger signal,

said trigger signal being at least one of activation of a law enforcement vehicle's siren, activation of said law enforcement vehicle's signal lights, activation of said law enforcement vehicle's spotlight, a vehicle crash event, and a vehicle speed, and

broadcast, in response to receiving the trigger signal, **at least one communication signal including correlation data** to the first recording device and the second recording device instructing the first recording device to begin recording said **first set of record data** and instructing the second recording device to begin recording said **second set of record data**,

wherein the first recording device stores the **correlation data** as metadata for the first set of record data and the second recording device stores the **correlation data** as metadata for the second set of record data, **such that the first set of record data and the second set of record data can be correlated back to the event**,

wherein the first set of record data and the second set of record data are recorded beginning substantially simultaneously in response to the broadcast communication signal.

(*See* Ex. A, at claim 10 (emphasis added).)

SOF ¶ 9. Asserted Claim 14 of the ‘452 patent depends directly from Asserted Claim 10 and recites: “The system of claim 10, wherein the communication signal further instructs the first recording device to store pre-event recording data with the first set of record data.” (*See id.* at claim 14.)

SOF ¶ 10. Asserted Claim 15 of the ‘452 patent depends indirectly from Asserted Claim 10 and recites: “The system of claim 14, wherein thirty seconds of pre-event recording data is stored.” (*See id.* at claim 15.)

SOF ¶ 11. Asserted Claim 16 of the ‘452 patent depends directly from Asserted Claim 10 and recites: “The system of claim 10, wherein the communication signal further instructs a third recording device to begin recording a third set of record data.” (*See id.* at claim 16.)

SOF ¶ 12. Asserted Claim 20 of the ‘452 patent depends directly from Asserted Claim 10 and recites: “The system of claim 10, wherein the trigger signal is caused by an activation of a law enforcement vehicle’s signal lights.” (*See id.* at claim 20.)

SOF ¶ 13. The specification of the ‘452 patent repeatedly states that correlation data, including, for example, time stamp and serial number, is used to corroborate and correlate *multiple* video and audio *recordings*. For example, the ‘452 patent described the problem that correlation data was meant to solve:

Another problem is that in a court of law, evidence is bolstered if corroborated or otherwise forensically verifiable, but **multiple recordings may be difficult to corroborate based solely on their content. Additionally, correlating and organizing evidence is time consuming and increases the workload of often understaffed law enforcement departments.**

(Ex. A, at col. 1, ll. 40-46 (emphasis added).) The patent also describes correlation data as data used to link together or otherwise associate “data recordings,” which are also referred to as “recorded data”:

The unique serial number serves to validate the time stamp as having been generated by a genuine and properly calibrated recording device manager 12. Additionally, use of **the unique serial number and time stamp allow video recording software that manages the data recordings to link together or otherwise associate data recordings having the same serial number and time stamp. Because recorded data is captured by disparate devices, use of the unique serial number assists in associating together the recorded data from each device. An officer or other user reviewing the recorded data *will then* know when a particular image or item of data obtained from a first recording device occurred and be able to correlate and corroborate such with images or items of data obtained from other recording devices.**

(Ex. A, at col. 6, ll. 43-49 (emphasis added).)

SOF ¶ 14. Digital Ally claims that it invented automatic-activation. However, many of its own employees, and even its infringement expert, do not agree. (*See* Ex. E, Andrews Depo. Tr. at 63:3-6, 64:9-16; Ex. F, Haler Depo. Tr. at 42:2-16; Ex. G, Ken McCoy Depo. Tr. at 40:3-9; Ex. H, Darrin McCoy Depo. Tr. at 40:25-41:1; Ex. C, Nettles Depo. Tr. at 317:3-7.)

C. Uncontroverted Facts Relating to TASER’s Early Development of the Accused Products and Cloud Management System.

SOF ¶ 15. TASER publicly disclosed the use of a police car light bar to wirelessly activate body worn cameras as early as 2008—a full five years *before* Digital filed its ‘452 patent application. The technology was called “TACOM” and stood for “TASER Communication System:



(Ex. I, at 27 (TI_00041365 at -401); *see also* Ex. J, at pp. 4-9 (TASER Response to Interrogatory No. 9).)

SOF ¶ 16. TASER’s award-winning digital evidence management cloud-based software solution “evidence.com” was developed, launched and commercially successful long before Digital filed for its patent. (*See* Ex. K, 2009 Innovation Award (TI_000592250).)

D. Uncontroverted Facts Relating to TASER’s Manufacture of the Accused Products.

SOF ¶ 17. Dr. Nettles testified that the accused ASU and the Axon Body 2 camera infringe the Asserted Claims as soon as they are manufactured and software is loaded to them at TASER’s manufacturing facility in Scottsdale, AZ:

Q. And do you believe that when an Axon vehicle signal unit is manufactured that it is infringing?

A. I think that depends on exactly what you mean by “manufacturing,” but I certainly think at some point before it’s sold, it’s infringing.

Q. Okay. And in your report, you state that you are basing your theories of direct infringement by TASER on manufacture of these various devices we’ve just discussed; is that correct?

A. That's my general understanding, but if you would point me to my – where in my report I discuss that, I'm glad to verify that, or I can look for myself.

Q. Well, here's my next question: You said it depends on what I mean by "manufacturing." I'm wondering what you meant by "manufacturing" when you stated it in your report.

A. Well, in this case, I don't think that they infringe until the software has been installed, and sometimes people call manufacturing of hardware before software engine – engineering before that manufacturing, so – but once the software has been installed, it's – it – it's part of that system.

Q. Okay. So you believe that once an Axon vehicle signal unit has software loaded to it, that is – it is an infringing device; correct?

A. Assuming it's a software that I've analyzed, yes, ma'am.

Q. Okay. And when an Axon Body 2 camera is manufactured, and software is loaded to it at the manufacturing facility, do you believe that that camera infringes?

A. Again, yes, ma'am.

(See Ex. C, Nettles Depo. Tr. at 22:12-23:23 (internal objections omitted); Ex. B, at ¶ 78 (Nettles' Infringement Report) (citing Ex. L, TASER's Response to Interrogatory No. 5, at p. 11).)

SOF ¶ 18. Dr. Nettles opined that "combining" an Accused Camera to form the alleged Accused System is the same as manufacturing the components of the alleged Accused System:

Q. If an Axon Body 2 camera is never combined or in the presence of an ASU, do you believe that that Axon Body 2 camera infringes the claims of the '452 patent?

A. Well, my understanding is that TASER is manufacturing and loading software into these things, and that – so TASER has all these components, so I think they're all infringing.

Q. So regardless of whether an Axon Body 2 is ever combined in any manner with an ASU, you believe that the Axon Body 2 infringes?

A. Well, I mean, the apparatus exists at TASER because they have all of these – they have these cameras and ASUs, and those are – are the relevant apparatus. I – I – they're combined at TASER. I don't understand what you mean by "combined" except for that.

Q. What do you mean, “they’re combined at TASER”?

A. I mean TASER manufactures all of these devices and ships them, so it’s manufacturing and shipping all the components of the – of the system. So to the extent that there’s any – I mean, I don’t really understand that they all have to be physically present all at the same place combined or at a police station or something combined. I think the fact that TASER creates all of these components and sells all of them is evidence of infringement.

(*See* Ex. C, Nettles Depo. Tr. at 24:10-26:1 (internal objections omitted).)

SOF ¶ 19. Dr. Nettles admits that he did not quantitate how many Axon Body 2 cameras he believes infringe the Asserted Claims:

Q. Have you accused all Axon Body 2 cameras that TASER sells or has manufactured?

A. I don’t – I – I don’t remember – I don’t specifically remember – I don’t specifically remember trying to establish actually the – the overall individual devices. That’s something that would normally be done by the damages analysis rather than by my analysis, and I don’t – looking here briefly, I don’t – I don’t see anything else that’s quantitated in the way that you’re asking.

Q. Okay. So which Axon Body 2 cameras do you accuse of infringement?

A. I mean, I accuse it in general, and again, I – my understanding would be depending on the damages model, the damages person would establish exactly what the specific instances were – were. I don’t remember establishing any specific instances. I established a general understanding of how the various devices work, so I accused them all in a general, so I guess in that sense, perhaps, I’m accusing all of them.

(*See* Ex. C, Nettles Depo. Tr. at 23:24-24:21 (internal objections omitted).)

SOF ¶ 20. Digital Ally originally alleged that TASER indirectly infringed the Asserted Claims of the ‘452 patent under 35 U.S.C. § 271(c). (*See* Ex. M, at 4-5 (Digital Ally’s Infringement Contentions).)

SOF ¶ 21. Digital Ally has since dropped its indirect infringement claims against TASER. (*See id.* at 3-5; Ex. C, Nettles Depo. Tr. at 21:11-14; Ex. B, at 8 (Nettles’ Infringement

Report) (“I understand that Digital Ally is not pursuing a theory of indirect infringement in this case.”); Dkt. 297, at 3 (asserting only claims of direct infringement under 35 U.S.C. § 271(a)).

E. Uncontroverted Facts Relating to “locat[ing]” the Accused Cameras “so as to record the event”.

SOF ¶ 22. Dr. Nettles testified that the “event” described in Asserted Claim 10 is something that is happening “in the real world.” (*See* Ex. C, Nettles Depo. Tr. at 202:16-203:8, 207:7-207:23.)

SOF ¶ 23. Digital Ally has not alleged that TASER “locate[d]” any Accused Cameras so as to record “the event” recited in Asserted Claim 10. (*See generally* Ex. D, at 14-22 of Exhibit B (Digital Ally’s Infringement Contentions).)

SOF ¶ 24. During deposition, Dr. Nettles opined that TASER manufactures Accused Cameras that have the “capability” to be located to record an event:

I believe that the system we’re talking about **is capable of being located** so as to record a second set of record data for the event, **so it’s the capability of being located that way that’s important**. So the reason that these cameras are capable of recording independent events is because they’re separate cameras. They’re capably [sic] of putting – put in separate places. If they were joined together, they wouldn’t have that capability, but since they’re separate cameras, they have the capability of capturing two points of view.

(*See* Ex. C, Nettles Depo. Tr. at 60:6-20 (emphasis added).)

SOF ¶ 25. Dr. Nettles has never opined that TASER, itself, locates the Accused Cameras to record an event. For example, Dr. Nettles was asked, “And do you believe that TASER has located any of what you accused as the second recording device to capture the event as claimed here in Claim 10?” (*See* Ex. C, Nettles Depo. Tr. at 60:21-24.) Dr. Nettles replied:

Well, again, **I believe it’s -- that the cameras are inherently capable of being located in such a manner**. And furthermore, because of our previous discussion, I’m sure that TASER has tested these systems, and so therefore, they have actually used multiple cameras to capture multiple events. But that’s not part of my infringement contentions because **my infringement contentions all have to do**

with the capability, and once you have two cameras, then you have two things that are capable of capturing different views of an event.

(See Ex. C, Nettles Depo. Tr. at 61:1-11 (emphasis added).)

SOF ¶ 26. Similarly, when asked, “Do you disagree that this claim requires that the second recording device actually be located so as to record a second set of record data for the event,” Dr. Nettles replied:

It’s an apparatus claim, and all the apparatus claim requires is the capability of it. **It doesn’t require the actual doing of it. So no, it doesn’t have to be actually located because it’s an apparatus claim.** It has to be capable of being located, and again, the reason that the second camera is capable of having a different viewpoint from the first camera is it’s a separate camera; right? It’s --

(See Ex. C, Nettles Depo. Tr. at 61:12-25.)

F. Uncontroverted Facts Relating to Non-Infringing Uses of the Accused Products.

SOF ¶ 27. The Accused Cameras are capable of recording in response to a manual button press. (See Ex. N, at 4-7 (Exhibit A to TASER’s Supplemental Response to Interrogatory No. 3); Ex. V, at 13-14 (TASER’s Second Supplemental Objections and Answers to Digital Ally’s Fourth Set of Interrogatories).)

SOF ¶ 28. The Accused Cameras are capable of recording after receiving a signal from a TASER SPPM, the battery pack that powers TASER’s Conducted Electrical Weapons (“CEWs”). (See Ex. N, at 4-7 (Exhibit A to TASER’s Supplemental Response to Interrogatory No. 3); Ex. V, at 14 (TASER’s Second Supplemental Objections and Answers to Digital Ally’s Fourth Set of Interrogatories).)

SOF ¶ 29. The Accused Cameras are capable of recording after receiving a trigger from a TASER holster device, the Axon Signal Sidearm. (See Ex. N, at 4-7 (Exhibit A to TASER’s

Supplemental Response to Interrogatory No. 3); Ex. V, at 13-14 (TASER’s Second Supplemental Objections and Answers to Digital Ally’s Fourth Set of Interrogatories).)

SOF ¶ 30. The ASU can be configured to work with (1) only in-car cameras, or (2) less than two cameras. (*See* Ex. N, at 4-7 (Exhibit A to TASER’s Supplemental Response to Interrogatory No. 3); Ex. V, at 13-15 (TASER’s Second Supplemental Objections and Answers to Digital Ally’s Fourth Set of Interrogatories).)

G. Uncontroverted Facts Relating to the Operation of the Accused Products.

SOF ¶ 31. The ASU is a free-standing component that can be mounted in a vehicle. (*See* Ex. N, at 3-4 (Exhibit A to TASER’s Supplemental Response to Interrogatory No. 3 (describing the operation of the ASU v2).)

SOF ¶ 32. The ASU includes a microprocessor with eight General Purpose Input/Outputs (“GPIO”), each of which can detect an output signal of an in-car sensor that is connected to the GPIO port on the microprocessor. (*Id.*)

SOF ¶ 33. The ASU includes a Bluetooth Low Energy (“BLE”) module that can wirelessly communicate with other devices, including the Accused Cameras, in accordance with the BLE communications protocol. (*Id.*)

SOF ¶ 34. Each time [REDACTED]
[REDACTED] which
includes the following information: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

SOF ¶ 35.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SOF ¶ 36. Digital Ally accuses the

[REDACTED]

[REDACTED] as being “correlation data,” as recited in claim 10 of the ‘452 patent. (*See* Ex. B, at Appendix A, 70 n.4 (Nettles’ Infringement Report) (“As discussed in detail throughout this report, it is my opinion that [REDACTED]

[REDACTED]

SOF ¶ 37. In support of his infringement opinions, Dr. Nettles opines that “**record data**” is “**audio and video for an event.**” (*See* Ex. B, at Appendix A, ¶ 104 (Nettles’ Infringement Report); *see also* Ex. C, Nettles Depo. Tr. at 98:19-99:14 (emphasis added).)

SOF ¶ 38. Dr. Nettles agrees that [REDACTED] cannot be used to link together recordings from two accused camera devices for a particular event. (*See* Ex. C, Nettles Depo. Tr. at 125:2-8.)

SOF ¶ 39. Dr. Nettles agrees that [REDACTED] cannot be used to link together recordings from two accused camera devices for a particular event. (*See* Ex. C, Nettles Depo. Tr. at 125:9-16.)

SOF ¶ 40. Dr. Nettles agrees that [REDACTED] cannot be used to link together recordings from two accused camera devices for a particular event. (*See* Ex. C, Nettles Depo. Tr. at 125:17-22.)

SOF ¶ 41. Dr. Nettles agrees that [REDACTED] cannot be used to link together recordings from two accused camera devices for a particular event. (*See* Ex. C, Nettles Depo. Tr. at 125:23-126:3.)

SOF ¶ 42. Dr. Nettles agrees that [REDACTED] cannot be used to associate recordings from two accused camera devices for a particular event. (*See* Ex. C, Nettles Depo. Tr. at 126:21-127:3.)

SOF ¶ 43. Dr. Nettles agrees that [REDACTED] cannot be used to associate recordings from two accused camera devices for a particular event. (*See* Ex. C, Nettles Depo. Tr. at 127:4-8.)

SOF ¶ 44. Dr. Nettles agrees that [REDACTED] cannot be used to associate recordings from two accused camera devices for a particular event. (*See* Ex. C, Nettles Depo. Tr. at 127:9-128:22, 341:23-342:15, 342:19-21 (agreeing [REDACTED] cannot be used to locate recordings for a particular event).)

SOF ¶ 45. Dr. Nettles agrees that [REDACTED] cannot be used to associate recordings from two accused camera devices for a particular event. (*See* Ex. C, Nettles Depo. Tr. at 127:9-129:10, 341:23-342:18 (agreeing [REDACTED] cannot be used to locate recordings for a particular event).)

SOF ¶ 46. In sum, Dr. Nettles agrees that the alleged “correlation data” cannot be used to correlate recordings from different devices:

Q. And just to clarify, you agree that the four pieces of data that you claim are correlation data in the accused system cannot be used to correlate recordings from different devices; is that correct?

A. Do you mean in general or in the accused system?

Q. In the accused system.

A. To correlate between different cameras, that's correct.

(Ex. C, Nettles Depo. Tr. at 277:8-17.)

SOF ¶ 47. Dr. Nettles agrees that two recordings from the same event can only be linked together using a TASER technology called "Slate," which is not accused in this case and which Dr. Nettles has not evaluated. (*See* Ex. C, Nettles Depo. Tr. at 339:23-340:11.)

SOF ¶ 48. TASER separately developed its Slate technology to identify recordings from the same event. (*See* Ex. C, Nettles Depo. Tr. at 339:23-340:16.)

SOF ¶ 49. The Slate system is a system of non-connectable, non-scannable BLE advertisement beacons referred to as Slate Beacons to align video and audio tracks from multiple Body 2, Flex 2, and Fleet cameras. Slate Beacons are transmitted and received when a Body 2, Flex 2, or Fleet camera is buffering. Slate Beacons are transmitted, received, and stored when an Body 2, Flex 2, or Fleet camera is recording. Slate Beacons are only transmitted and received between cameras (and no other Axon Signal devices). (*See* Ex. N, at 8 (Exhibit A to TASER's Supplemental Response to Interrogatory No. 3).)

SOF ¶ 50. Slate works independently from the ASU and is entirely functional whether or not any ASU is present. (*See* Ex. N, at 9 (Exhibit A to TASER's Supplemental Response to Interrogatory No. 3).)

SOF ¶ 51. The claim construction for "correlation data" is "data, including but not limited to serial number and timestamp, **used to link together or otherwise associate record data.**" (Dkt. 162, at 2 (emphasis added).)

SOF ¶ 52. Dr. Nettles does not describe in his infringement report how [REDACTED] [REDACTED] satisfy the claim construction for "correlation data." (*See* Ex. B, at Appendix A, ¶¶ 117-119 (Nettles' Infringement Report).)

SOF ¶ 53. During his deposition, Dr. Nettles offered two different and conflicting interpretations for how the accused products satisfy the “correlation data” limitation of the claims.

In one instance, he stated that correlation data is data that is associated “with” video:

Q. What do you believe it means to link together record data?

A. **Well, we’re linking the meta-information that we have and the -- to the video that we’re creating.**

Q. I didn't hear what you said. You said you're linking –

A. Well, so -- so it says -- it says used to link together or otherwise associate record data, so in this case, **what it is is it’s associating this information as well as the [REDACTED] -- as well as the [REDACTED] with the video that you’re currently recording.** That meets this definition.

(See Ex. C, Nettles Depo. Tr. at 95:1-13 (emphasis added) (internal objections omitted).)

Q. **So if you link together record data, what does that mean to you?**

A. **Well, what I’m saying here is what you’re actually is you’re associating things with the record data.** It’s the other part of the construction.

Q. Okay. **And what does it mean to associate record data?**

A. Well, it means that we know that the [REDACTED] We know that – let’s just stick with the [REDACTED] **We know that those – [REDACTED] are associated with the video that you’re currently recording.**

(See Ex. C, Nettles Depo. Tr. at 99:15-100:1 (emphasis added) (internal objections omitted).)

Q. **There is no [“associate with record data[”] as part of this construction; correct? It’s just [“associate record data[”]; isn’t that right?**

A. Well – but – I – I – I don’t – I don’t understand what you’re associating – I mean, what you think you’re associating. What I’m saying is being associated is these other pieces of meta-information; right? **That’s one of the things you want to do; you want to take correlation data, and you want to use it to connect video to other pieces of information that you’re – that you’re interested in. This doesn’t say you have to connect video to video.**

...

Q. What does it mean to associate record data?

A. I think it means to associate things with record data. So in this case, what we're doing is we're going to associate various pieces of meta-information with the video.

(See Ex. C, Nettles Depo. Tr. at 100:16-101:21 (emphasis added) (internal objections omitted).)

SOF ¶ 54. In other instances, Dr. Nettles opined that correlation data is data used to correlate the correlation data itself or a video recording back to an event:

A . . . You keep asking about – about association, **but eventually, the association and the correlation that we need is back to the event, not just some sort of isolation.** So if we look at -- **so we have a description of what's broadcast in what I've labeled 10C3; right?** And that's where we first have this correlation data defined, **but we don't actually understand how the correlation data is used until the next limitation, and that's where we say it's used to correlate back to the event.** So [REDACTED] are one way of characterizing the event, and [REDACTED] is used to do that. That's where the association back to that event happens.

Q. Okay. So do you disagree then that having correlation data, which is data used to link together or otherwise associate record data, is a limitation that you needed to apply in your infringement analysis?

A. So what I needed to do in my infringement analysis is to apply that phrase plugged into these terms. So it's not correct to say that I had to apply just this, so we need to look at this in context.

Q. But you had to apply at least that; correct?

A. Absolutely.

Q. And I'm asking you: **Does [REDACTED] associate what you claim is record data which is video?**

A. It does an association of video back to the event, so yes, it associates all of these various things back to the event. It's a representation of the event, and when you first do it, it creates that association and a representation of that. [REDACTED]

[REDACTED] But here, looking at the claim language, it's clear that eventually, the correlation has to be back to the event. Record data back to the event.

(See Ex. C, Nettles Depo. Tr. at 121:3-122:15 (emphasis added) (internal objections omitted).)

Q. Is that the only requirement for correlation data, that it be used to correlate back to the event?

A. Well, I mean, to meet the claim limitations, the correlation data has to be transmitted by the ASU, so that's another requirement.

Q. Okay. Are those the only two requirements, that the correlation data be transmitted by the ASU and used to correlate back to the event?

A. Okay. So 10C3 says, "Broadcast in response to receiving the trigger signal, at least one communication signal including correlation data to the first device and second recording device instructing the -- the first device to begin recording said first set of record data and instructing the second recording device to begin recording said second set of data." So at that point, that's where the -- that's where the requirement that it be sent from the ASU comes up. And then C4 is wherein the first recording device stores the correlation data as metadata for the first set of record data, so that's another requirement. It has to store the correlation data as metadata for the first set of recorded data, and the second recording device stores the metadata as correlation data for the second set such that the first set of record data and the second set of record data can be correlated back to the event. **So when we talk about associate -- core -- correlation data being used to associate record data, what we're talking about is the first set of record data and the second set of record data being correlated back to the event.** That's why event is important --

Q. Okay.

A. -- in understanding the meaning of correlation data, because that's how it's used, is to correlate back to the event.

Q. Okay. So --

A. So I think those are the three requirements. They have -- it has to be transmitted, stored, and used to associate back to the event.

(See Ex. C, Nettles Depo. Tr. at 123:3-124:16 (emphasis added) (internal objections omitted).)

Q. Okay. And how does [REDACTED] meet the agreed upon construction as a factual matter based on the technical operation of the accused devices?

A. Well --

Q. And specifically, the agreed upon construction for correlation data.

A. **Well, a -- again, my -- my general understanding is that I'm not required to meet agreed upon constructions**; I'm required to meet limitations. So I think part of our sort of confusion comes because we keep trying to isolate down to that rather than paying attention to what the whole thing says. So -- sorry. So basically, the discussion of how the -- how the dev -- how [REDACTED] work and meet the limitations is in the discussion of 10C. Starts at 73. And then the discussion of those specific types starts on paragraph 126. And this talks about how they're stored [REDACTED] and talks about how it's -- you don't actually have to show that it's correlated back to an event; it just can be correlated back to an event. And so therefore, the infringement happens when that storing happens. And then the rest of it argues that it's the right kind of metadata, and it associates -- I mean, these things, [REDACTED] -- I mean, the goal is to associate these attributes of the -- of the event with the video, and [REDACTED] [REDACTED] and we can look at the -- we can see that that video is associated with [REDACTED].

Q. Okay. So is your -- is it your opinion that [REDACTED] are not used to link together or otherwise associate record data though?

A. **Well, again, we're not -- I don't understand the claims to require that you connect two pieces of record data. My understanding is that the requirement is that you correlate the record data to the event.** And so those [REDACTED] [REDACTED] those are an aspect of the event, and so what we're doing is we're correlating the video to those aspects of the event.

(See Ex. C, Nettles Depo. Tr. at 182:3-183:25 (emphasis added) (internal objections omitted).)

Q. **So you're saying that [REDACTED] is correlation data [REDACTED] correct?**

A. Back to an event.

Q. Back to an event?

A. Yes.

Q. Is that right?

A. **Because what it needs to do is it needs to correlate back to the event. That's the kind of correlation data we're looking for.**

(See Ex. C, Nettles Depo. Tr. at 94:3-12 (emphasis added) (internal objections omitted).)

H. Uncontroverted Facts Relating to TASER’s Lack of Pre-Suit Knowledge of the ‘452 Patent.

SOF ¶ 55. On February 2, 2016, the same day the ‘452 patent issued, Digital Ally filed its Amended Complaint adding a claim of infringement against TASER based on the ‘452 patent. (Dkt. 9, at 31, ¶ 76.)

SOF ¶ 56. TASER became aware of the issuance of the ‘452 patent on February 2, 2016, when it was served with Digital’s First Amended Complaint in this litigation. (Ex. L, at 4-5 (TASER’s Supplemental Response to Digital Ally’s First Set of Interrogatories); Ex. O, Fields Depo. Tr. at 11:1-13, 15:2-5 (“TASER became aware of the ‘452 patent on February 2nd, 2016.”)

SOF ¶ 57. TASER was not aware of the allowed claims of the ‘452 patent prior to February 2, 2016, when the ‘452 patent issued and when TASER was sued on the ‘452 patent. (See Ex. O, Fields Depo Tr. at 10:18-11:4, 12:18-25, 13:18-14:1.)

SOF ¶ 58. TASER’s General Counsel and 30(b)(6) witness, Isaiah Fields, testified that TASER did not monitor the ‘151 Application. (Ex. O, Fields Depo Tr. at 11:1-13, 12:18-25, 13:21-14:1, 14:2-5, 14:22-15:5.) Mr. Fields further testified that, based on TASER’s review of its records, “certainly there’s no evidence that anybody [at TASER] actually pulled or looked at the [‘151] application itself.” (Ex. O, Fields Depo Tr. at 13:21-14:1.)

SOF ¶ 59. Digital Ally’s CEO, Stan Ross, confirmed he did not reach out to TASER to provide notice of the ‘452 patent before Digital Ally filed its Amended Complaint. (Ex. P, Ross 9/12/2018 Depo Tr. at 35:19- 36:2.)

SOF ¶ 60. Digital Ally’s discovery responses have never identified evidence that TASER had pre-suit knowledge of the allowed claims of the ‘452 patent. (See Ex. Q, at 1-2 (Digital Ally’s Objections and Responses to TASER’s Interrogatory Nos. 17-18).)

SOF ¶ 61. On April 20, 2018, TASER served Interrogatory No. 17 on Digital Ally requesting that Digital Ally “Identify and describe all facts and documents that [Digital Ally] intend[s] to rely on to support [its] contention that TASER willfully infringed any claim of the ’452 Patent.” (Ex. R (TASER’s Fourth Set of Interrogatories to Digital Ally Nos. 17-18).)

SOF ¶ 62. Digital Ally served its sole response to Interrogatory No. 17 on May 29, 2018 stating:

While discovery is ongoing, Digital believes that the evidence will show that TASER was aware of and was tracking the progress of U.S. Patent Application No. 13/967,151, which eventually issued as the ’452 Patent. For example, TASER’s reexamination request filed against the ’292 Patent makes it clear that TASER knew about the ’151 application and knew that it was the parent application to the ’292 Patent. Additionally, in response to Digital’s Interrogatory No. 1, TASER admitted that it was aware of the ’151 application as early as July 15, 2014. On information and belief, at that point TASER would have monitored the progress of the ’151 application and would have known that the application received a Notice of Allowance on December 17, 2015 and received the corresponding issue notification on January 13, 2016. Thus, Digital believes that the evidence will show that TASER was aware of the claims that would be issuing in the ’452 Patent, knew that the Accused Products likely infringed those claims, but continued to manufacture and sell the Accused Products.

Additionally, TASER has continued to infringe the ’452 Patent after the filing of the above-captioned lawsuit, and that infringement has continued despite TASER’s *Inter Partes* Review against the ’452 Patent failing. In other words, TASER has continued to infringe the ’452 Patent knowing that it is valid.

(Ex. Q, at 1-2 (Digital Ally’s Objections and Responses to TASER’s Interrogatory Nos. 17-18).)

I. Uncontroverted Facts Showing No Egregiousness.

SOF ¶ 63. TASER has maintained reasonable invalidity and non-infringement defenses throughout this litigation. (Dkt. 26, at 15-16 ¶¶ 71-82, 24, 27-28, 115-116; Ex. S, (TASER’s Preliminary Invalidity Contentions); Ex. T, (TASER’s Supplemental Invalidity Contentions); Dkt. 161, (Memorandum and Order Granting TASER’s Motion to Amend Invalidity Contentions); D.I. 297, at 5-9; Ex. U (TASER’s First Supplemental Objections and Answers to Digital Ally’s Second Set of Interrogatories); Ex. V (TASER’s Second Supplemental Objections

and Answers to Digital Ally’s Fourth Set of Interrogatories); Ex. W, at pp. 12, 77-125 (Expert Report of Dr. Dan Schonfeld Regarding Invalidity); Ex. X, at pp. 6, 59-90 (Expert Report of Dr. Dan Schonfeld Regarding Noninfringement).)

SOF ¶ 64. TASER stated in its Response to Digital Ally’s Interrogatory No. 19 that TASER was “generally aware of the noninfringement positions it has articulated to date by the time it filed its Answer to Digital’s First Amended Complaint on April 1, 2016”—less than two months after it first became aware of the ’452 patent. (Ex. Y, at 4-5 (TASER’s Supplemental Objections and Responses to Digital Ally’s Sixth Set of Interrogatories).)

SOF ¶ 65. TASER stated in its Response to Digital Ally’s Interrogatory No. 19 that TASER was “generally aware of grounds of invalidity relating to the Asserted Patent by the time it filed its Answer to Digital’s First Amended Complaint” on April 1, 2016. (*Id.*)

SOF ¶ 66. TASER’s General Counsel and 30(b)(6) witness, Isaiah Fields, certified that TASER’s Response to Interrogatory No. 19 was “correct and accurate.” (Ex. O, Fields Depo. Tr. 17:20-19:17.)

SOF ¶ 67. In Digital Ally’s First and Second Amended Complaints, it accused TASER of indirect infringement of the ’452 patent under 35 U.S.C. §§ 271(b)-(c). (Dkt. 9, at 31-32 ¶¶ 75-76; Dkt. 19, at 34-37 ¶¶ 77-81.) Digital Ally has dropped all of its indirect theories of liability under 35 U.S.C. §§ 271(b)-(c). (*See* Dkt. 297, at 8.)

SOF ¶ 68. In Digital Ally’s First and Second Amended Complaints, it accused TASER’s SPPM of infringing claims of the ’452 patent. (Dkt. 9, at 31-32 ¶¶ 75-76; Dkt. 19, at 34-37 ¶¶ 77, 79, and 81.) Digital Ally no longer accuses TASER’s SPPM product of infringing the ’452 patent. (*See* Dkt. 297, at 3.)

SOF ¶ 69. In Digital Ally’s First and Second Amended Complaints, it accused TASER of infringing the ’452 patent by “making, using, offering to sell, and selling within the United States.” (*E.g.*, Dkt. 9, at 31 ¶ 75; Dkt. 19, at 34 ¶ 77.) Digital Ally no longer contends that TASER infringes by using, offering for sale, selling, or importing the accused products. (*See* Dkt. 297, at 8.)

SOF ¶ 70. On December 20, 2016, TASER filed Petition No. IPR2017-00515 for *inter partes* review (“IPR”) of claims 10-17 and 20 of the ’452 patent. The PTAB found that TASER failed to provide sufficient information to explain “what specific modification . . . would have been necessary . . . and why one would make such a modification.” (Ex. Z, at 16-21 (IPR2017-00515, Paper 10, Denial of Institution Decision).)

SOF ¶ 71. On January 25, 2017, TASER filed Petition No. IPR2017-00775 for IPR of claims 1, 3, 4, 7, and 8 of the ’452 patent. Digital Ally does not contend that TASER infringes claims 1, 3, 4, 7, and 8 of the ’452 patent. (*See* Dkt. 297, at 3.)

SOF ¶ 72. Indeed, Digital Ally withdrew its infringement allegations against TASER concerning claim 1 of the ’452 patent, and claims depending therefrom, during claim construction briefing after acknowledging TASER identified a potentially invalidating “internal inconsistency” between claim 1 and claim 10 based on statements made during the prosecution history. (Dkt. 88, at 13 (Digital Ally’s Reply to TASER’s Claim Construction Brief).)

SOF ¶ 73. Digital Ally is not filing a motion for summary judgment of no invalidity with respect to TASER’s anticipation theories based on International Application No. WO 2014/000161 to Xu et al. (Dkt. 297, at Section 8(b) (omitting the Xu reference); *see also* Dkt. 298 (Digital Ally’s motion for only partial summary judgment with respect to TASER’s Third Defense (invalidity)).)

SOF ¶ 74. The Xu reference was not the subject of any TASER-filed IPR. (*See generally* Ex. Z, at 2, 8 (IPR2017-00515 Paper 10, Denial of Institution Decision) (no mention of Xu reference); Ex. AA, at 2, 8 (IPR2017-00775, Paper 12, Denial of Institution Decision) (no mention of Xu reference).)

SOF ¶ 75. The PTAB has never ruled that any claim of the ‘452 patent is valid. (Ex. Z, at 2, 38 (IPR2017-00515, Paper 10, Denial of Institution Decision); Ex. AA, at 2, 25 (IPR2017-00775, Paper 12, Denial of Institution Decision).)

J. Uncontroverted Facts Regarding Digital Ally’s Legally-Flawed Convoyed Sales Theory.

SOF ¶ 76. Digital asserts a \$342 million royalty base. (*See* Ex. AB, at Exhibit 3 and Appendix D (Expert Report of Julie Davis).)

SOF ¶ 77. 96% of Digital’s asserted damages base represents alleged “convoyed sales.” (*See* Ex. AB, at Exhibit 3 and Appendix D (Expert Report of Julie Davis) ($\$12.1 + \$1.5 = \$13.6$, divided by \$342 million).)

SOF ¶ 78. Digital’s damages expert relied on sales *quote* data from Axon’s salesforce database (Ex. AH, (TI_000592739)) and booking *estimates*, instead of an accounting data extract from Axon’s Microsoft Dynamics database (Ex. AF, (TI_000712516)) produced during discovery showing actual revenues received. (*See* Ex. AB, at Exhibit 3 and Appendix D (Expert Report of Julie Davis).)

SOF ¶ 79. Only two out of the nine product categories identified by Digital’s damages expert in her Exhibit 3 are directed specifically to the accused products, representing \$13.6 million of the total calculated by Digital. (*See* Ex. AB, at Exhibit 3 and Appendix D (Expert Report of Julie Davis) ($\$12.1 + 1.5 = \13.6 million).)

SOF ¶ 80. Evidence.com existed as a commercial product long before Digital filed for its '452 patent, and has a wide variety of features. (*See* Ex. K, 2009 Innovation Award (TI_000592250); Ex. AE, Davis Depo. Tr. at 44:4-7 (agreeing that Evidence.com was developed and sold before the '452 patent was filed); Ex. AC, Isner Depo. Tr. at 18:9-11; Ex. AD, (TI_000592540).) Digital's damages expert agrees that Evidence.com is not an accused product and that Evidence.com is not covered by the '452 patent. (Ex. AE, Davis Depo. Tr. at 28:25-29:2.)

SOF ¶ 81. Customers have purchased and used Evidence.com independently of whether they also have an ASU. (*See* Ex. AF, (TI_000712516) (showing Evidence.com purchases by customers who did not purchase ASUs); Ex. AE, Davis Depo. Tr. at 71:12-23 (agreeing Evidence.com is used to process and store video from unaccused TASER products and police agencies without ASUs.); Ex. C, Nettles Depo. Tr. at 326:18-327:6 (agreeing that Evidence.com has independent uses apart from the accused cameras and that Evidence.com can load information from "lots of" non-accused sources).)

SOF ¶ 82. Customers purchase Evidence.com subscriptions without purchasing either an ASU or an accused camera, as Digital's expert admitted. (*See* Ex. AB, at 25 (Expert Report of Julie Davis) (acknowledging there are "sales of Evidence.com that were not associated with a sale of an accused camera system"); Ex. AF, (TI_000712516) (showing Evidence.com purchases); Ex. AG, at 46-47, Figure 13, and Exhibit 13 (Expert Report of Christine Hammer) (showing percentages of customers owning Evidence.com licenses only and camera products only (without Evidence.com)); Ex. AC, Isner Depo. Tr. at 137:15-25 ("I can factually say it [Evidence.com] is not a closed system, and that is because it ingests other type of digital evidence that is not generated by our devices."))

SOF ¶ 83. Customers who purchase TASER’s cameras and/or ASUs are not required to use Evidence.com, and some choose not to. (*See* Ex. AF (TI 000712516); Ex. AG, at 46-47, Figure 13, and Exhibit 13 (Expert Report of Christine Hammer) (showing 48% of purchasers of camera products do not also purchase Evidence.com licenses).)

SOF ¶ 84. Camera docks are sold to customers who do not purchase ASUs. (*See* Ex. AH (TI 000592739).)

SOF ¶ 85. Beyond Evidence.com and the camera docks, Digital makes no specific factual allegations in support of its attempts to include other products and services in its “convoyed sales” damages base. (*See* Ex. AB, at 24-26, Exhibit 3 and Appendix D (Expert Report of Julie Davis); Ex. AI (Digital Ally’s Second Supplemental Objections and Response to TASER’s Interrogatory No. 14).).

SOF ¶ 86. Digital’s response to TASER’s Interrogatory No. 14 regarding “convoyed sales” damages deferred to Digital’s then-prospective damages report. (*See* Ex. AI (Digital Ally’s Second Supplemental Objections and Response to TASER’s Interrogatory No. 14).)

SOF ¶ 87. Digital’s damages report only specifically addresses two products, Evidence.com and camera docks, in attempting to justify application of an overall “convoyed sales” analysis. (*See* Ex. AB, at 24-26, Exhibit 3, and Appendix D (Expert Report of Julie Davis).)

SOF ¶ 88. Digital’s damages report asserts the “convoyed sales” damages base includes service plans and or encompasses unrelated weapon products such as CEWs. (*See* Ex. AB, at Exhibit 3 and Appendix D (Expert Report of Julie Davis).)

SOF ¶ 89. For example, TASER’s Officer Safety Plan has nothing to do with the ASU product accused of infringement – instead, it involves bundling TASER Smart Weapons and body-worn cameras. (*See id.*; *see also* Ex. AJ (TI_000592623).)

III. LEGAL STANDARD.

A. Summary Judgment.

Summary judgment is appropriate if the moving party demonstrates that there is “no genuine dispute as to any material fact” and that it is “entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). In applying this standard, the Court views the evidence and all reasonable inferences therefrom in a light most favorable to the non-moving party. *Burke v. Utah Transit Auth. & Local 382*, 462 F.3d 1253, 1258 (10th Cir. 2006). An issue of fact is “genuine” if “the evidence allows a reasonable jury to resolve the issue either way.” *Haynes v. Level 3 Communications, LLC*, 456 F.3d 1215, 1219 (10th Cir. 2006). A fact is “material” when “it is essential to the proper disposition of the claim.” *Id.*

The moving party bears the initial burden of demonstrating an absence of a genuine issue of material fact and entitlement to judgment as a matter of law. *Thom v. Bristol-Myers Squibb Co.*, 353 F.3d 848, 851 (10th Cir. 2003) (citing *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23 (1986)). In attempting to meet that standard, a movant that does not bear the ultimate burden of persuasion at trial need not negate the other party’s claim; rather, the movant need simply point out to the court a lack of evidence for the other party on an essential element of that party’s claim. *Id.* (citing *Celotex*, 477 U.S. at 325).

If the movant carries this initial burden, the nonmovant may not simply rest upon the pleadings but must “bring forward specific facts showing a genuine issue for trial as to those dispositive matters for which he or she carries the burden of proof.” *Garrison v. Gambro, Inc.*, 428 F.3d 933, 935 (10th Cir. 2005). To accomplish this, the non-moving party must offer sufficient evidence pertinent to the material issue “by reference to an affidavit, a deposition transcript, or a specific exhibit incorporated therein.” *Diaz v. Paul J. Kennedy Law Firm*, 289 F.3d 671, 675 (10th

Cir. 2002). Finally, summary judgment is not a “disfavored procedural shortcut;” rather, it is an important procedure “designed to secure the just, speedy and inexpensive determination of every action.” *Celotex*, 477 U.S. at 327 (quoting Fed. R. Civ. P. 1).

B. Infringement.

A patent is infringed when a person “without authority makes, uses, offers to sell, or sells any patented invention, within the United States . . . during the term of the patent . . .” 35 U.S.C. § 271(a). In deciding infringement, the Court must first construe the asserted claims to determine their meaning and scope. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976 (Fed. Cir. 1995) (en banc), *aff’d*, 517 U.S. 370 (1996). Next, the trier of fact must compare the construed claims with the accused infringing product. *See id.* The second step is a question of fact. *See Bai v. L & L Wings, Inc.*, 160 F.3d 1350, 1353 (Fed. Cir. 1998).

Literal infringement exists when every limitation recited in a claim is found in the accused device. *Kahn v. Gen. Motors Corp.*, 135 F.3d 1472, 1476-77 (Fed. Cir. 1998). “If any claim limitation is absent from the accused device, there is no literal infringement as a matter of law.” *Bayer AG v. Elan Pharm. Research Corp.*, 212 F.3d 1241, 1247 (Fed. Cir. 2000). If an accused product does not infringe an independent claim, it cannot infringe any claim that depends thereon. *See Wahpeton Canvas Co. v. Frontier, Inc.*, 870 F.2d 1546, 1553 (Fed. Cir. 1989). The patent owner bears the burden of proving infringement and must meet its burden by a preponderance of the evidence. *Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665, 678-79 (Fed. Cir. 2008) (en banc).

An accused infringer is entitled to summary judgment of non-infringement when at least one limitation of the claim in question does not read on an element of the accused product. *See Chimie v. PPG Indus., Inc.*, 402 F.3d 1371, 1376 (Fed. Cir. 2005). Summary judgment of non-

infringement should be granted if, after viewing the facts in the light most favorable to the non-movant, there is no genuine issue as to whether the accused product is covered by the claims as construed by the court. *See Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1304 (Fed. Cir. 1999).

C. Willfulness.

A willful infringer is one who engages in “egregious misconduct” that is “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or . . . *characteristic of a pirate.*” *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1932-33 (2016) (emphasis added). To prevail on its claim, Digital Ally must prove by a preponderance of the evidence that TASER “acted despite a risk of infringement that was ‘either known or so obvious that it should have been known to the accused infringer.’” *WesternGeco L.L.C. v. ION Geophysical Corp.*, 837 F.3d 1358, 1362 (Fed. Cir. 2016) (quoting *Halo*, 136 S. Ct. at 1930; internal citation omitted), *rev’d on other grounds* by 138 S. Ct. 2129, 2132 (2018); *Vehicle IP, LLC v. AT&T Mobility LLC*, 227 F. Supp. 3d 319, 330 (D. Del. 2017) (“Prevailing on a claim of . . . willful infringement requires a patentee to prove, among other things, that an accused infringer acted with a specific intent to infringe.”).

“Knowledge of the patent alleged to be willfully infringed continues to be a prerequisite” after *Halo*. *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1341 (Fed. Cir. 2016). However, “pre-suit knowledge alone is not sufficient to support a finding of willful infringement.” *Intellectual Ventures I LLC v. Symantec Corp. (Intellectual Ventures I)*, 234 F. Supp. 3d 601, 611-12 (D. Del. 2017), *aff’d*, 725 F. App’x 976 (Fed. Cir. 2018). A plaintiff must “identify other evidence, beyond pre-suit knowledge of the patent, that could show that [defendant’s] infringement was ‘egregious,’ ‘deliberate,’ ‘wanton,’ or otherwise characteristic of the type of infringement that warrants the Court exercising its discretion to impose the ‘punitive’ sanction of enhanced damages.” *Vehicle*

IP, 227 F. Supp. 3d at 330-31. Willful infringement likewise cannot be based on post-complaint conduct unless a plaintiff identifies “‘egregious’ post-complaint ‘infringement behavior.’” *Ansell Healthcare Prod. LLC v. Reckitt Benckiser LLC*, No. 15-CV-915-RGA, 2018 WL 620968, at *7 (D. Del. Jan. 30, 2018) (quoting *Halo*, 136 S. Ct. at 1932).

D. Convoyed Sales.

“A ‘convoyed sale’ refers to the relationship between the sale of a patented product and a functionally-associated, non-patented product.” *American Seating Co. v. USSC Group, Inc.*, 514 F.3d 1262, 1268 (Fed. Cir. 2008). A patentee may recover damages on unpatented products sold with a patented item *if* both the patented and unpatented products “together were considered to be components of a single assembly or parts of a complete machine, or they together constituted a functional unit.” *Id.* (quoting *Rite-Hite v. Kelley Co., Inc.* 56 F.3d 1538, 1550 (Fed. Cir. 1998)). There is no functional relationship when “independently operating patented and unpatented products are purchased as a package solely because of customer demand.” *Id.* The patentee bears the burden of proving damages, including convoyed sales, by a preponderance of the evidence. *Finjan, Inc. v. Blue Coat Sys., Inc.*, 879 F.3d 1299, 1310 (Fed. Cir. 2018).

Without evidence that the unpatented items are part of a “functional unit,” it is impermissible to characterize them as convoyed sales. *American Seating*, 514 F.3d at 1268-69. A patentee is also barred from including such unpatented items in its royalty base absent “evidence or analysis” that the sales of such items are driven by the demand for the patented product, rather than the other way around. *See Finjan, Inc. v. Blue Coat Systems, Inc.*, 2015 WL 4272870 at *9-

10 (N.D. Cal. 2015); *see also Finjan*, 879 F.3d at 1309-12 (requiring apportionment between patented and unpatented features in calculating royalty base).²

IV. ARGUMENT.

A. TASER Does Not Infringe Any Asserted Claim of the ‘452 Patent.

Digital has abandoned all infringement arguments except a direct manufacturing claim. It no longer asserts TASER infringement based on use, sale or offer for sale. It no longer asserts induced or contributory infringement, having failed to take any third-party discovery of TASER’s customers. But Digital can find no refuge in retreating solely to manufacturing because, as a matter of clearly-established law, TASER does not “make” an infringing “system” based on the mere manufacture of component parts.

Independently, Digital cannot prove TASER ever “locate[s]” any Accused Camera, at manufacture or at any other time, so as to record an event—a strictly-construed structural limitation that is fatal to the asserted claims under controlling Federal Circuit law. Actual placement, not capability, is required. But perhaps most egregiously, Digital fails to apply the stipulated claim construction the parties provided to the Court for “correlation data.” Why? Because TASER’s ASU does not broadcast data “used to link together or otherwise associate” video data, as Digital’s expert was forced to admit. Thus, in a misguided effort to attempt to salvage its infringement claim, Digital’s expert has either ignored or otherwise rewritten the construction in a manner

² As noted above, TASER is also filing a *Daubert* motion to exclude the testimony of Digital’s damages expert. As described in that motion, Digital’s expert could not explain in her report or during her deposition which portions of her analysis are limited to “convoyed sales,” as opposed to the “entire market value rule.” Either way, Digital’s damages claim is legally untenable and far in excess of that “adequate to compensate” for the infringement actually alleged. *See* 35 U.S.C. § 284.

inconsistent with the claim construction previously acknowledged by the Court, as well as the patent specification. Applying that construction requires dismissal.

TASER therefore presents three independent non-infringement arguments, any one of which is case-dispositive. Although presented here in order of simplicity, each is equally compelling and supported by well-established Federal Circuit law. Applying this law to basic undisputed facts, no reasonable jury could ever find in favor of Digital and, for this reason, the case should never reach a jury. TASER is entitled to judgment as a matter of law of no infringement.

1. TASER Does Not Make an Infringing System Based On the Mere Manufacture of Component Parts of the Accused System.

TASER does not infringe claim 10 of the ‘452 patent under 35 U.S.C. § 271(a) because it never “makes” the accused system. In particular, TASER manufactures—but never combines—the constituent parts of the alleged system, which is essential to what Digital Ally accuses of infringement in this case:

Axon Vehicle Signal Unit (also referred to as the Axon Signal Unit or “ASU”) **in combination with** at least one Axon body camera (the Axon Body 2, Axon Flex 1, or Axon Flex 2) and at least one other Axon body camera or Axon Fleet 1 or Axon Fleet 2 vehicle-based camera (collectively, the “Accused Products”) of infringing the asserted claims of the ‘452 Patent.

(SOF ¶ 3 (emphasis added).) Because Digital Ally cannot prove that TASER ever makes or manufactures the accused system, TASER does not directly infringe the asserted claims of the ‘452 Patent.

In response, Digital Ally is likely to argue that it does not matter whether TASER physically combines the alleged components of the “accused system” so long as those components are “capable of” being combined. Binding Supreme Court precedent has rejected that argument. In *Deep South Packing Co. v. Latiram Corp.*, the Supreme Court stated that “if anything is settled

in the patent law, it is that the combination patent covers only the totality of the elements in the claim and that no element, separately viewed, is within the grant.” *See* 406 U.S. 518, 528 (1972), *superseded by statute*, 35 U.S.C. § 271(f), *as recognized in Life Techs. Corp. v. Promega Corp.*, 137 S. Ct. 734, 737 (2017) (quoting *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 344 (1961)); *see also Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1252 n.2 (Fed. Cir. 2000) (“As to claims brought under § 271(a), *Deepsouth* remains good law: one may not be held liable under § 271(a) for ‘making’ or ‘selling’ less than a complete invention.”). In *Deep South*, the Court held that defendant’s manufacture of all the components of a shrimp deveining apparatus was not infringement until all of the claimed components were combined to form the apparatus. 406 U.S. at 527-29. Because the manufacturer did not create an “operable assembly” in the United States, as is required under 271(a) for system and apparatus claims, the manufacturer was not liable for infringement. *Id.* at 528. In reaching its decision, the Court noted that “[a patentee’s] monopoly does not cover the manufacture or sale of separate elements capable of being, but never actually, associated to form the invention.” *See id.* at 529 (quoting *Radio Corp. of America v. Andrea*, 79 F.2d 626 (2d Cir. 1935)). The same is true here. TASER does not combine the components of the alleged, accused system based merely on manufacturing those components. Thus, TASER cannot directly infringe under § 271(a).

But even ignoring this controlling Supreme Court precedent, Digital Ally’s “manufacturing” theory of infringement fails at a more fundamental level. Digital’s infringement theory suggests that every individual, accused component—standing on its own—is an infringing product. For example, Digital Ally’s infringement expert, Dr. Nettles, testified that once software has been loaded to any accused device, such as, for example, the Axon Body 2 camera or ASU, that device becomes an infringing device. (SOF ¶ 17-SOF ¶ 18.) He also acknowledged that, at

least for Axon's Body 2 cameras, he's "accusing all of them," regardless of whether they were ever combined to form part of the alleged system or even sold to a customer who owns an ASU. (SOF ¶ 17-SOF ¶ 19.) This is nonsensical. Under such a theory, even if TASER stopped manufacturing the ASU, Digital Ally could still argue that TASER's Accused Cameras are infringing throughout the life of the patent. Indeed, so long as TASER has manufactured even one ASU and at least two body worn cameras or a body worn and Fleet vehicle camera, Digital's theory is such that it could, throughout the life of the patent, claim infringement of any individual accused component even if it was never combined with any other required components of the system. No case recognizes this as a plausible theory of infringement under § 271(a).

The error in Digital Ally's infringement theory is perhaps made most clear by the fact that Digital cannot (and has not) attempted to enumerate how many accused systems actually exist, let alone how many accused products exist. The reason Digital cannot clarify its position is because, if it were to do so, it would become transparent that Digital's infringement theory is not supported under any section of 35 U.S.C. § 271. Digital likewise has not proven that any accused devices were even manufactured during the period of infringement. (SOF ¶ 17-SOF ¶ 20.)

In reality, "component" theories of infringement (where a mere component of the system is accused of infringing the system as a whole), such as what Digital Ally alleges here,³ are raised not as a theory of direct infringement under § 271(a), but as an indirect theory of infringement under § 271(c). Digital has dropped, and therefore waived, any such claim under § 271(c). But Digital would not have prevailed even under that section. In particular, Digital Ally would have

³ In particular, Digital Ally and its expert have essentially argued that as soon as software is loaded to any *component* of the accused "system," that component becomes an infringing device standing on its own. SOF ¶ 17-SOF ¶ 18.

needed to identify a direct infringer, which it cannot do. *See Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 483 (1964) (“It is plain that § 271(c) . . . made no change in the fundamental percept that there can be no contributory infringement in the absence of a direct infringement.”). Digital likewise would have needed to abandon its “manufacturing” theory and assert a “sale” or “offer to sell” theory of infringement, since “manufacturing” or “making” theories of infringement do not exist under § 271(c). *See* 35 U.S.C. § 271(c) (“Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition . . . , knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer”). Finally, Digital would have needed to prove that an alleged infringing component of the system (1) did not have substantial non-infringing uses and (2) was not a staple article of commerce, which are the two remaining statutory requirements under § 271(c). *Id.* Digital did not (and could not) prove any of this, which is why Digital dropped its § 271(c) contributory infringement allegations during expert discovery. (SOF ¶ 20.)

Specifically, with respect to non-infringing uses, there is no dispute that the accused products have non-infringing uses. (SOF ¶ 27-SOF ¶ 30.) For example, the cameras can record video and audio in response to manual button pushes or after receiving triggers from TASER’s SPPM device or a trigger from TASER’s holster device. (SOF ¶ 27-SOF ¶ 29.) None of these forms of activation are accused of infringement in this case. Even the ASU has substantial non-infringing uses because it can be configured to work with (1) only in-car cameras, or (2) less than two cameras. (SOF ¶ 30.) Digital Ally cannot prove infringement under § 271(c) and, as a result, has since dropped it from the case. Digital should not now be able to devise its own statutory

framework for proving infringement that borrows from, but does not require proof of all, the portions of §§ 271(a) and/or (c) in their entirety.

For these reasons, TASER does not infringe claim 10 of the ‘452 patent.

2. TASER Does Not “locate” Any Accused Camera “so as to record a second set of record data for the event”.

Asserted claim 10 of the ‘452 patent requires as its second limitation “a second recording device . . . located so as to record a second set of record data for the event.” TASER does not locate any Accused Cameras “so as to record a second set of record data for the event.” Thus, TASER does not infringe claim 10 of the ‘452 patent.

As noted above, Digital Ally asserts only that TASER “makes” the accused system. To satisfy the second limitation of claim 10, Digital Ally therefore alleges that TASER makes cameras which are “capable of” being “located so as to record a second set of record data for the event.” However, the claim language does not recite “capability”:

a second recording device, distinct from the first recording device, located so as to record a second set of record data for the event, said first set of record data being distinct from the second set of record [data]

Digital Ally’s attempt therefore to read in mere “capability” of the second recording device to be “located” violates the plain language of the claim and is an argument that has been roundly rejected by the Federal Circuit.

For example, in *Cross Medical Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293 (Fed. Cir. 2005), the Federal Circuit held that “no reasonable juror could find that the accused infringer itself makes . . . the entire claimed apparatus.” *Id.* at 1312. The claims at issue recited an implant with an anchor seat be “operatively joined” to the bone. *Id.* at 1305. The Federal Circuit held that because the manufacturer did not manufacture an implant with an anchor seat that was “operatively joined” to bone, the manufacturer was not a direct infringer. *Id.* at 1309-12.

Indeed, only after a surgeon, rather than the manufacture, implants the device could it be joined to bone and meet the claim limitation. *Id.* at 1312. The court expressly rejected plaintiff’s argument that “to directly infringe, [the defendant] need only make devices that are *capable of* being converted into infringing devices.” *Id.* at 1310-12.

Similarly, in *Ball Aerosol and Specialty Container, Inc. v. Limited Brands, Inc.*, 555 F.3d 984 (Fed. Cir. 2009), the Federal Circuit again rejected Digital Ally’s argument that mere capability is sufficient to satisfy a structural limitation of a claim. In *Ball Aerosol*, the Federal Circuit reversed the district court’s grant of summary judgment of infringement, finding that an accused product did not meet the positional limitations of an apparatus claim. *Id.* at 994-995. The claim was directed to a candle tin and required “*protrusions formed on the closed end of the holder and extending therefrom, the protrusions resting upon the closed end of the cover to seat the holder on the cover.*” *Id.* at 988 (emphasis added). The Federal Circuit held:

Here, the language of claims 1 and 5 of the . . . patent specifies that infringement occurs only if the accused product is configured with the cover being used as a base underneath a candle holder with feet. That the Travel Candle was reasonably capable of being put into the claimed configuration is insufficient for a finding of infringement.

Id. at 995.

Similarly, in *Piersons v. Quality Archery Designs, Inc.*, Civil Action No. 3:06-CV-0408, 2009 WL 10680314 (N.D.N.Y. 2009), the court granted summary judgment of no direct infringement where the accused product, as marketed and sold, lacked a “sub-assembly *mounted on said bow frame,*” because the “plain claim language specifies an arrow rest which is actually mounted on a compound bow, as distinct from one which merely possesses that capability.” *Id.* at *28-29. In ruling in favor of defendant, the court noted that “[w]hile the plaintiff may now wish that this provision was not so limiting, and undoubtedly would rather instead have said, in effect,

that *when installed* the bracket sub-assembly is mounted on the bow frame or on the optionally equipped overdraw assembly, this was not the language chosen” and “[i]t is not the court’s function to rewrite the patent to conform to plaintiff’s theory of infringement.” *Id.*

The same is true here. Digital Ally wrote its claim to require “a second recording device . . . *located* so as to record a second set of record data.” (SOF ¶ 8.) This language is unambiguous. It does not claim a second recording device “*configured to be located*,” “*adapted to be located*,” that “*can be located*,” or that is “located . . . *when installed*,” as might otherwise support Digital’s argument that mere capability is sufficient to infringe the claim limitation. Digital likewise did not select functional claim language that permits the second recording device to only be “operable to” or “capable of” recording data of the event. Indeed, had Digital wanted to describe the second recording device with respect to an optional structural limitation, it could have used the “configured to” language that it used with respect to the “first recording device” of the first limitation of claim 10. (SOF ¶ 8.) Or, if Digital wanted to describe a functional attribute of the second recording device, it could have used “operable to” language which appears in the third limitation of claim 10. (SOF ¶ 8.) Digital did not do this, however, and it is not the function of the Court to rewrite the claim in a manner that preserves Digital’s infringement allegations. *Piersons*, 2009 WL 10680314 at *28.

As stated above, it is undisputed that Digital has *never* accused TASER of “locating” any Accused Cameras so as to record data for the event. (SOF ¶ 23; SOF ¶ 25.) And Digital, which took no third-party discovery in this case, has no such evidence. Without question, by the mere manufacture of cameras at its Scottsdale, AZ facility, TASER never locates any cameras so as to record “the event,” as is required for direct infringement under § 271(a). (SOF ¶ 23.) Thus, TASER does not infringe claim 10 of the ‘452 patent.

3. **TASER’s Accused ASU Is Not “operable to . . . broadcast . . . correlation data to the first recording device and the second recording device”.**

TASER does not infringe any of the asserted claims because the accused ASU does not broadcast “correlation data.” During claim construction, Digital Ally agreed that the correct construction for “correlation data” is “data, including but not limited to unique serial number and time stamp, used to link together or otherwise associate *record data*.” (SOF ¶ 51 (emphasis added).) Accordingly, Digital is judicially bound by and agrees it must apply this construction. Its attempt to now ignore or rewrite that construction must be rejected. TASER is entitled to summary judgment of no infringement for this additional reason.

In relevant part, asserted claim 10 recites, “a recording device manager operable to”: . . .

Broadcast, in response to receiving the trigger signal, at least one communication signal including *correlation data* to the first recording device and the second recording device instructing the first recording device to begin recording said first set of record data and instructing the second recording device to begin recording said second set of record data.

Substituting the Court’s construction for “correlation data” claim 10 recites “a recording device manager operable to”:

Broadcast, in response to receiving the trigger signal, at least one communication signal including [*data, including but not limited to a unique serial number and time stamp, used to link together or otherwise associate record data*] to the first recording device and the second recording device instructing the first recording device to begin recording said first set of record data and instructing the second recording device to begin recording said second set of record data.

TASER’s ASU does not send any such data.

By way of background, the accused ASU works by [REDACTED]

[REDACTED] Digital Ally only accuses four pieces of information in the BLE advertisement as satisfying the “correlation data” limitation of claim 10. (SOF ¶ 36.) Specifically,

Digital Ally accuses the [REDACTED]

The question for the Court is whether [REDACTED]

[REDACTED] satisfy the parties' agreed claim construction for "correlation data." The answer is no. Simply put, the four pieces of information cannot be used to "link together or otherwise associate *record data*" because they cannot be used to "link together or otherwise associate [video and/or audio recordings]." (SOF ¶ 38-SOF ¶ 45.) Critically, Dr. Nettles, Digital Ally's infringement expert, admits that video and audio data are the *only* types of "record data" relevant to his infringement opinions. (SOF ¶ 37.) Dr. Nettles also agrees that [REDACTED] [REDACTED] *cannot* be "used to link together or otherwise associate [*video or audio data*]" from the first recording device and the second recording device. (SOF ¶ 38-SOF ¶ 45.) In fact, he admits that TASER uses a completely different technology for that purpose—a technology Digital Ally does not accuse of infringement. (SOF ¶ 47.) Thus, TASER's accused products do not infringe claim 10.

In response, Digital Ally is likely to argue that TASER has incorrectly interpreted the Court's claim construction. Digital will argue that a proper infringement analysis requires the Court to ignore the agreed-upon construction and rewrite it to say (1) "data . . . [] associate[*d*] [*with*] record data" or (2) "data . . . used to link together or otherwise associate [*correlation data itself or*] record data [*back to the event*]." Digital only devised these constructions after it realized that TASER does not infringe under the actual construction for "correlation data." But its alternative interpretations are incorrect, and the inconsistencies between the two only highlight the

shortcomings and impermissible fluidity of Digital Ally’s infringement arguments. The Court should reject these arguments at the summary judgment phase.

First, Digital Ally cannot survive summary judgment by arguing that correlation data is, in effect, “data . . . [] associate[d] [with] record data.” This is not the agreed-upon construction. This construction is also not supported by the specification of the patent, which describes correlation data and the process of correlating in terms of correlation of multiple data recordings from multiple devices. (SOF ¶ 13; SOF ¶ 14.) In addition, Digital Ally’s expert never mentioned this opinion in his expert report and raised it only for the first time in deposition, severely prejudicing TASER whose opportunity to identify prior art based on such an interpretation has now passed. (SOF ¶ 52.) It should therefore be stricken. *See Ciomber v. Coop. Plus, Inc.*, 527 F.3d 635, 641 (7th Cir. 2008) (affirming the exclusion of an untimely expert opinion because it was not justified or harmless); *Olivero v. Trek Bicycle Corp.*, 291 F. Supp. 3d 1209, 1225 (D. Colo. 2017) (granting defendant the choice to exclude plaintiff’s expert’s new, previously undisclosed opinions because the untimeliness prevented defendant from offering rebuttal opinion).

Finally, even if this were a correct interpretation of the construction (it’s not), it would render superfluous a *separate* and *additional* limitation of claim 10, requiring that correlation data be stored as metadata for the record data:

wherein the first recording device **stores the correlation data as metadata for the first set of record data** and the second recording device **stores the correlation data as metadata for the second set of record data**, such that the first set of record data and the second set of record data can be correlated back to the event,

(SOF ¶ 8.) Interpretations of a claim that render other claim terms superfluous are disfavored. *See, e.g., Bicon, Inc. v. Straumann Co.*, 441 F.3d 945, 950-51 (Fed. Cir. 2006) (refusing to construe claim terms in a way that made other limitations meaningless). To make matters worse, Digital

has never identified how [REDACTED] would ever satisfy this interpretation.

Second, Digital cannot survive summary judgment by arguing that correlation data is, in effect, “data . . . used to link together or otherwise associate record data [*back to the event*].” (SOF ¶ 54.) Again, this is not the agreed-upon construction. Similar to Digital’s other alternative construction, this one, too, would render other limitations of claim 10 superfluous. Specifically, Digital essentially replaced “correlation data” with a *separate, additional* limitation of claim 10, as highlighted below:

wherein the first recording device stores the correlation data as metadata for the first set of record data and the second recording device stores the correlation data as metadata for the second set of record data, ***such that the first set of record data and the second set of record data can be correlated back to the event.***

(SOF ¶ 8 (emphasis added).) Digital must satisfy both the “correlation data” and “such that the first set of record data and the second set of record data can be correlated back to the event” limitations. It is not sufficient to satisfy both by attempting to satisfy only one of them.⁴

Because none of the information in the ASU BLE advertisement can be (or is ever) used to link together or otherwise associate record data, *i.e.*, video and audio recordings, TASER is entitled to summary judgment of no infringement of claim 10.

4. TASER Does Not Infringe Dependent Claims 14, 15, 16, and 20.

If the Court finds in favor of TASER on any one non-infringement argument relating to asserted claim 10 above, the Court should also enter summary judgment that TASER does not

⁴ TASER disagrees that the “such that the first set of record data and the second set of record data can be correlated back to the event” limitation is met by the accused products. But due to various factual disputes about the products’ operation, TASER agrees this separate issue is not as amenable to disposition on summary judgment.

infringe claims 14, 15, 16, and 20, which depend from claim 10. (SOF ¶ 9-SOF ¶ 12). *See Wahpeton Canvas Co. v. Frontier, Inc.*, 870 F.2d 1546, 1553 (Fed. Cir. 1989) (noting that if an independent claim is not infringed, the claims that depend therefrom also cannot be infringed).

B. TASER Has Not Willfully Infringed Any Asserted Claim of the ‘452 Patent.

TASER is entitled to summary judgment of no willful infringement because (1) TASER did not have pre-suit knowledge of the asserted claims, (2) TASER has maintained reasonable non-infringement defenses since it was sued, and (3) Digital Ally has not alleged any facts beyond “typical” or continuing infringement that would ever rise to the level of “egregious” misconduct required under *Halo*. Under these facts, no reasonable jury could find TASER willfully infringed the ‘452 patent. TASER is entitled to summary judgment of no willfulness.

1. TASER Lacked Pre-Suit Knowledge and Egregious Conduct, and Is Entitled to Summary Judgment of No Pre-Suit Willfulness.

TASER is entitled to summary judgment of no pre-suit willful infringement because TASER did not have notice of any allowed claim of the ‘452 patent prior to being sued. *WBIP*, 829 F.3d at 1341; *Halo*, 136 S. Ct. at 1933 (“[C]ulpability is generally measured against the knowledge of the actor at the time of the challenged conduct.”).

a. TASER Never Had Pre-Suit Knowledge of the Allowed Claims of the ‘452 Patent.

In support of its pre-suit willfulness claim, Digital Ally alleges nothing more than (1) TASER was aware of the related ‘292 patent, (2) TASER “was aware of the ’151 application as early as July 15, 2014” simply because it was listed on the face of the ‘292 patent, and (3) “[o]n information and belief, . . . TASER would have monitored the progress of the ’151 application and would have known that the application received a Notice of Allowance on December 17, 2015 and received the corresponding issue notification on January 13, 2016.” (SOF ¶ 62.) These allegations are factually insufficient and “do[] not support a finding of willfulness” as a matter of law. *See*,

e.g., Radware, Ltd. v. F5 Networks, Inc., No. 5:13-CV-02024-RMW, 2016 WL 4427490, at *5 (N.D. Cal. Aug. 22, 2016) (granting summary judgment of no willful infringement because notice of non-asserted patent and the patent application, without evidence of active monitoring “does not support a finding of willfulness”).

First, TASER’s knowledge of the ’292 patent cannot be used to infer knowledge of the ’452 patent. *Continental Circuits LLC v. Intel Corp.*, 2017 WL 679116, at *9 (D. Ariz. Feb. 21, 2017) (“[K]nowledge of the patent allegedly infringed simply cannot be inferred from mere knowledge of *other* patents, even if somewhat similar.” (quoting *Vasudevan Software, Inc. v. TIBCO Software, Inc.*, 2012 WL 1831543, at *3 (N.D. Cal. May 18, 2012))).

Second, TASER’s constructive knowledge of the existence of the ’151 application, which led to the ’452 patent, is irrelevant here. *See Sealant Sys. Int’l, Inc. v. TEK Glob.*, No. C 11-00774 PSG, 2012 WL 13662, at *3 (N.D. Cal. Jan. 4, 2012) (“Merely [having] notice that applications are pending is not sufficient because ‘[f]iling an application is no guarantee any patent will issue and a very substantial percentage of applications never result in patents.’” (quoting *State Indus., Inc. v. A.O. Smith Corp.*, 751 F.2d 1226, 1236 (Fed. Cir. 1985))); *see also Med. Univ. of S.C. Found. for Research Dev. v. AstraZeneca Pharm. LP*, No. CV 2:13-2078-SB, 2013 WL 11258965, at *1 (D.S.C. Dec. 9, 2013) (“Again, it should go without saying that to have pre-suit knowledge of the patent in issue, the patent must actually exist pre-suit.”). It is well-established that awareness of a patent application is only relevant to willfulness if the defendant also has pre-suit notice of the allowed claims. *See Vasudevan Software, Inc. v. TIBCO Software Inc.*, No. C 11-06638 RS, 2012 WL 1831543, at *3 (N.D. Cal. May 18, 2012) (holding that knowledge of the patent-in-suit “cannot be inferred from mere knowledge of *other* patents” because “it is the allowed claims, not the specification, that put potential infringers on notice of the scope of protection”); *see, e.g., State*

Indus., Inc. v. A.O. Smith Corp., 751 F.2d 1226, 1236 (Fed. Cir. 1985) (“To willfully infringe a patent, the patent must exist and one must have knowledge of it.”); *Windy City Innovations, LLC v. Microsoft Corp.*, 193 F. Supp. 3d 1109, 1117 (N.D. Cal. 2016) (dismissing willful infringement claims where knowledge was based on “the patent application of the [asserted patent] and [also a related patent] on which plaintiff [did] not su[e]”). Here, there is no dispute that TASER never received or obtained notice of the allowed claims of the ‘452 patent prior to being sued. (SOF ¶ 56; SOF ¶ 57.) Digital has no such evidence. (SOF ¶ 60.)

Third, Digital Ally’s “on information and belief” statements that TASER monitored the progress of the ’151 application are both not true and wholly insufficient to survive summary judgment. TASER’s General Counsel and 30(b)(6) witness, Isaiah Fields, testified that TASER did not monitor the application. (SOF ¶ 58.) He also testified that there is “no evidence that anybody actually pulled or looked at the application.” (*Id.*) Indeed, “TASER became aware of the ’452 patent on February 2nd, 2016” when Digital Ally filed its First Amended Complaint. (SOF ¶ 56-SOF ¶ 57.) Digital has no evidence to the contrary.

Simply put, no genuine dispute of fact exists that TASER never had pre-suit knowledge of the allowed claims of the ’452 patent. Thus, no reasonable jury could find TASER willfully infringed the ’452 patent prior to being sued. *See WBIP*, 829 F.3d at 1341 (“Knowledge of the patent alleged to be willfully infringed continues to be a prerequisite”); *Radware*, 2016 WL 4427490, at *5 (granting summary judgment of no willful infringement).

b. Digital Ally Does Not Allege that TASER Engaged in Pre-Suit Egregious Conduct.

Even if TASER had pre-suit knowledge of the ’452 patent (it didn’t), the Court should still grant summary judgment of no pre-suit willful infringement because “a party’s pre-suit knowledge of a patent is not sufficient, by itself, to find ‘willful misconduct.’” *Vehicle IP*, 227 F.

Supp. 3d at 330–31 (granting summary judgment of no willful infringement). Here, Digital Ally does not allege any pre-suit egregious conduct. For all these reasons, TASER is entitled to summary judgment of no pre-suit willful infringement.

2. TASER Is Entitled to Summary Judgment of No Post-Suit Willfulness Because TASER Has Always Maintained Reasonable Non-Infringement Defenses, and Digital Ally Does Not Allege that TASER Engaged in Anything More Than “Typical” Infringement.

Digital Ally has not identified any egregious conduct from which a reasonable jury could find willfulness based on TASER’s post-filing conduct.⁵ Further, TASER has maintained reasonable non-infringement defenses, which precludes a finding of egregiousness.

Digital Ally’s post-suit willfulness allegations were summarized in a contention interrogatory:

Additionally, TASER has continued to infringe the ’452 Patent after the filing of the above-captioned lawsuit, and that infringement has continued despite TASER’s *Inter Partes* Review against the ’452 Patent failing. In other words, TASER has continued to infringe the ’452 Patent knowing that it is valid.

(SOF ¶ 62.) Even assuming these statements are true (they aren’t), they do not allege conduct that is “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or – indeed – characteristic of a pirate.” *See Halo*, 136 S. Ct. at 1932. Indeed, continuing to sell the accused products after being sued is insufficient to support a finding of egregious conduct. *See Plastic Omnium Advanced Innovation & Research v. Donghee Am., Inc.*, No. CV 16-187-LPS, 2018 WL 2316637, at *11 (D. Del. May 22, 2018) (granting summary judgment of no willful infringement

⁵ Because Digital Ally can only show knowledge of the ’452 as of the filing of the First Amended Complaint on February 2, 2016, only TASER’s conduct after February 2, 2016 should be considered. *Ansell Healthcare*, 2018 WL 620968, at *8 (granting defendant’s motion for summary judgment of no willful infringement because the “would-be ‘egregious’ behavior pre-dates [defendant’s] alleged knowledge of . . . the patents-in-suit by roughly 11 months”).

because continued sales and preparations for future sales are “insufficient” to find egregious conduct supporting willful infringement); *Intellectual Ventures I*, 234 F. Supp. 3d at 612 (granting summary judgment of no willful infringement where “[defendant] has continued to update, produce and sell [the infringing product] even after th[e] suit was filed”). More is required to establish egregiousness, including “evidence of behavior beyond typical infringement.” *Intellectual Ventures I*, 234 F. Supp. 3d at 611-12; *see also Plastic*, 2018 WL 2316637, at *11; *Ansell Healthcare*, 2018 WL 620968, at *8 (granting summary judgment of no willful infringement where the plaintiff never alleged that the defendant “engaged in any sort of “egregious” behavior while knowing [of] . . . the patents-in-suit.”); *Finjan, Inc. v. Cisco Sys. Inc.*, 2017 WL 2462423, at *5 (N.D. Cal. June 7, 2017) (dismissing claim for willful infringement where the accused behavior was not “egregious . . . beyond typical infringement”); *Dorman Prod., Inc. v. Paccar, Inc.*, 201 F. Supp. 3d 663, 680 (E.D. Pa. 2016), *as amended* (Oct. 17, 2016) (granting summary judgment of no willful infringement where “[Defendant was aware of [the asserted patents] for less than one month, . . . investigat[ed] [plaintiff’s] claims,” and then “maintained both invalidity and non-infringement defenses” during the litigation because “[t]here [was] no evidence to support [plaintiff’s] bad faith contentions”); *Solannex, Inc. v. MiaSole*, No. C 11-00171 PSG, 2011 WL 4021558, at *3 (N.D. Cal. Sept. 9, 2011) (“Nor is there a universal rule that to avoid willfulness one must cease manufacture of a product immediately upon learning of a patent, or upon receipt of a patentee’s charge of infringement, or upon the filing of a suit.” (quoting *Gustafson, Inc. v. Intersystems Indus. Prod., Inc.*, 897 F.2d 508, 510 (Fed. Cir. 1990))).

Furthermore, TASER has always maintained reasonable defenses to Digital Ally’s claims of infringement, including based on the defenses noted *supra*, which entitle TASER to judgment as a matter of law of no infringement. (SOF ¶ 63-SOF ¶ 66.) TASER’s defenses have been so

reasonable throughout this litigation that Digital Ally has dropped the majority of its assertions over the past few years. (SOF ¶ 20; SOF ¶ 67-SOF ¶ 69; SOF ¶ 72.) For example, Digital dropped all of its indirect theories of liability under 35 U.S.C. §§ 271(b)-(c). (SOF ¶ 20; SOF ¶ 67.) Digital Ally likewise dropped certain accused products, including TASER’s SPPM. (SOF ¶ 68.) Now, the only—and legally flawed—infringement allegations that remain relate to TASER’s “manufacture” of the accused products, rather than their “sale,” “offer for sale,” “import,” or “use” in or into the United States. (SOF ¶ 69.) No reasonable jury could find willfulness based on these facts. *See Move, Inc. v. Real Estate All. Ltd.*, 221 F. Supp. 3d 1149, 1173 (C.D. Cal. 2016), *aff’d in part*, 721 F. App’x 950 (Fed. Cir. 2018) (granting Move summary judgment of no willfulness because “REAL produce[d] no evidence that Move engaged in any ‘misconduct beyond typical infringement;’ at most, REAL’s evidence indicates that Move continued to use the allegedly infringing method after it learned of REAL’s patents”); *Dorman*, 201 F. Supp. 3d at 680 (granting summary judgment of no willfulness because “[t]hroughout this litigation, Dorman has maintained both invalidity and non-infringement defenses to PACCAR’s claims”).⁶

Never having attempted to rebut the reasonableness of these non-infringement defenses, Digital Ally instead erroneously claims that TASER’s two IPR attempts demonstrate that the ‘452 patent is valid, and that TASER’s “continued” infringement is therefore egregious. (SOF ¶ 62.) But Digital is just plain wrong that the PTAB’s decision to not institute an IPR establishes the validity of the asserted patent. *See Andover Healthcare, Inc. v. 3M Co.*, No. CV 13-843-LPS, 2016 WL 6404111, at *2 (D. Del. Oct. 27, 2016) (stating PTAB’s decision not to institute “is not

⁶ Digital Ally’s failure to seek a preliminary injunction, while not dispositive, also favors a finding that this case is not the type of “egregious” case willfulness is intended to address. *See Plastic*, 2018 WL 2316637, at *11.

a final decision on validity”); *Interdigital Commc’ns Inc. v. Nokia Corp.*, No. CV 13-10-RGA, 2014 WL 8104167, at *1-*2 (D. Del. Sept. 19, 2014) (excluding decision not to institute IPR from trial because it “is akin to a ruling on a preliminary injunction, where the merits are assessed with less than a full record and with less than a full adversarial proceeding”). Moreover, only one of the two IPRs addressed claims at issue in this case,⁷ and neither addressed the Xu reference which forms the primary basis of TASER’s invalidity defense at trial. Importantly, Digital Ally is not challenging TASER’s anticipation arguments with respect to the Xu reference on summary judgment, demonstrating that a reasonable jury could find in TASER’s favor on that defense. (SOF ¶ 73.)

In any event, TASER need not establish a reasonable invalidity defense in order to prevail on summary judgment. TASER’s reasonable non-infringement arguments alone are sufficient, and Digital has never claimed those arguments are *unreasonable*. (See SOF ¶ 63.) See *Move*, 221 F. Supp. 3d at 1173, n.14 (noting non-infringement defense was reasonable even though court found it erroneous); *Koninklijke Philips N.V. v. Zoll Med. Corp.*, 257 F. Supp. 3d 159, 163 (D. Mass. 2017) (noting that “Post-*Halo*, courts have dismissed willfulness infringement claims where, as here, the defendant has had ‘reasonable arguments as to why its conduct was non-infringing’”); *Trustees of Bos. Univ. v. Everlight Elecs. Co.*, 212 F. Supp. 3d 254, 258 (D. Mass. 2016) (finding defendants’ non-infringement defenses developed after learning of the patents were reasonable when maintained to trial); *Dorman*, 201 F. Supp. 3d at 680 (granting summary

⁷ SOF ¶ 70-SOF ¶ 71. Digital Ally dropped claim 1 (and others) of the ‘452 patent during claim construction after acknowledging an “internal inconsistency” between claim 1 and claim 10 based on disclaimers made during the prosecution history. SOF ¶ 72.

judgment because “[t]hroughout this litigation, Dorman has maintained both invalidity and non-infringement defenses to PACCAR’s claims” that were not frivolous).

For these reasons, the Court should grant summary judgment of no willful infringement. There is simply no evidence to support it.

C. Digital Ally Is Not Entitled to Convoyed Sales.

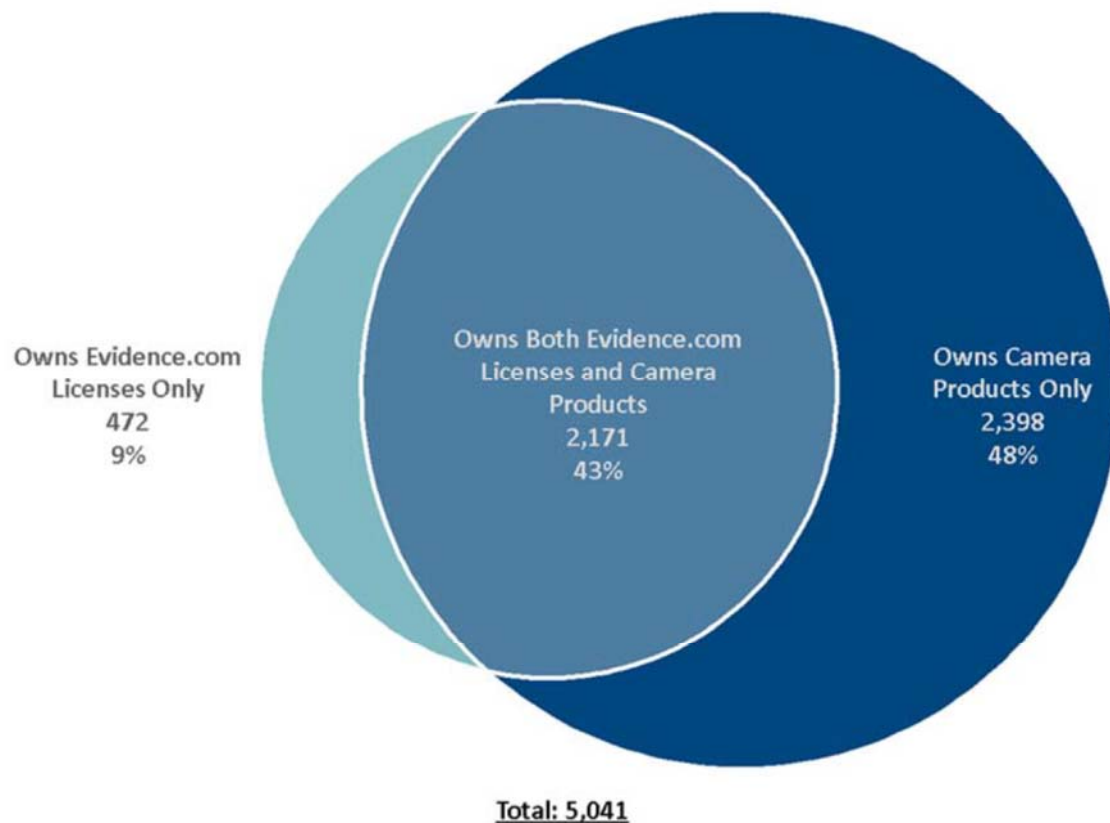
Digital asserts a \$342 million royalty base for its damages claims. (SOF ¶ 76.) 96% of this amount is alleged “convoyed sales.” Such sales represent *estimated* revenue from *non-accused* products. (SOF ¶ 77-SOF ¶ 78.) By Digital’s calculation, TASER sold only \$13.6 million of ASU and camera products accused of infringement. (SOF ¶ 79.)⁸ Digital’s claims grossly exceed any reasonable compensation for the alleged infringement.

Evidence.com and camera docks are two of the many non-accused items included in Digital’s damages base. Both are independent products with their own functionalities. For example, Evidence.com existed long before Digital filed for its ‘452 patent, and has a wide variety of features. (SOF ¶ 80.) Customers purchase and use Evidence.com independently of whether they also have an ASU. (SOF ¶ 80.) Customers also purchase Evidence.com subscriptions without purchasing either an ASU or an Accused Camera. (SOF ¶ 82.) Similarly, customers who purchase TASER’s cameras and/or ASUs are not required to use Evidence.com, and some choose not to. (SOF ¶ 83.) Camera docks are also indisputably sold to customers who do not have ASUs. (SOF ¶ 84.)

⁸ Even this number is overstated. As explained in TASER’s co-pending *Daubert* motion, Digital’s damages expert used prospective sales quotes for her calculations instead of the financial data produced showing the actual numbers of units sold and revenues received.

The independent nature of these products is graphically shown below. (SOF ¶ 82.) Indeed, 48% of TASER’s customers who bought camera products *did not* also purchase Evidence.com. (SOF ¶ 80-SOF ¶ 83.) Clearly, Evidence.com is not necessary to be able to use purchased cameras, or *vice versa*.

Figure 13
Axon Customers that Own Evidence.com Licenses and/or Camera Products



Source: Exhibit 13.

As a matter of law, one cannot seek conveyed sales damages based solely on the packaging or bundling of products together for convenience purposes. *American Seating*, 514 F.3d at 1268. Customer demand for such bundles is also unavailing. *Id.* The products must be part of a single assembly or machine, or form a “functional unit.” *Id.* Here, as in *American Seating*, the

unpatented, non-accused products “command a market value and serve a useful purpose independent of the patented product.” *Id.* at 1269. Although Digital asserts these products are part of an “ecosystem,” and can be used together if customers so choose, that is legally insufficient for a “functional unit” finding. *Id.*; *see also Rite Hite*, 56 F.3d at 1550.

Beyond Evidence.com and the camera docks, Digital makes no specific factual allegations in support of its attempts to include other products and services in its “convoyed sales” damages base. (SOF ¶ 85.) During discovery, TASER asked Digital via interrogatory to provide such information. Digital’s response essentially deferred to its damages expert report. (SOF ¶ 86.) That report, however, only addressed two individual products— Evidence.com and camera docks—in attempting to justify application of an overall “convoyed sales” analysis. (SOF ¶ 87.) For the other items identified in the report’s Exhibit 3 and Appendix D, there is no analysis whatsoever to support a finding that they form a “functional unit” with the accused ASU and cameras. (*Id.*) Many of these products are service plans, or encompass unrelated weapon products such as CEWs. (SOF ¶ 88.) For example, uncontroverted evidence shows that TASER’s “Officer Safety Plan” has nothing to do with the ASU—which is *required* for infringement. Instead, the Plan involves bundling of TASER Smart Weapons and body-worn cameras. (SOF ¶ 89.)

Digital bears the burden of proof on damages. *Finjan*, 879 F.3d at 1310. Digital had ample opportunity during fact and expert discovery to identify specific, particularized evidence in support of its extreme convoyed sales arguments. It did not do so. As a matter of law, there is insufficient evidence for a factfinder to conclude that the accused products form a “functional unit” with the many different products and services now identified in conclusory fashion by Digital. At a minimum, Digital has identified *no* evidence for anything beyond Evidence.com and camera docks

(which allegations are also insufficient) to support its “convoyed sales” damage claims. The Court should grant summary judgment accordingly.

V. CONCLUSION.

For all the foregoing reasons, TASER respectfully requests summary judgment of non-infringement, no willful infringement, and no entitlement by Digital to “convoyed sales” damages.

Dated: January 31, 2019

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CERTIFICATE OF SERVICE

I hereby certify that on the 31 day of January 2019, a true and accurate copy of the foregoing document was electronically filed with the Clerk of the Court by using the CM/ECF System, which will send a notice of filing to all attorneys of record.

/s/ John D. Garretson

John D. Garretson (D. Kan. #78465)