

UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION  
OFFICE OF THE ADMINISTRATIVE LAW JUDGES



In the Matter of

1-800 CONTACTS, INC.,  
a corporation,

Respondent.

Docket No. 9372

RESPONDENT 1-800 CONTACTS, INC.'S TRIAL BRIEF  
REGARDING ANTICIPATED OBJECTIONS TO THE  
TESTIMONY OF PROFESSOR REBECCA TUSHNET

I. INTRODUCTION

As illustrated by Complaint Counsel's demonstratives, certain of the testimony that Complaint Counsel seek to elicit from one of their experts, Professor Rebecca Tushnet, is inadmissible legal opinion. Specifically, it appears that Complaint Counsel will seek to elicit legal opinions from Professor Rebecca Tushnet regarding how this Court should apply trademark law and how it should interpret various court decisions involving trademark issues. This is not the proper subject of expert testimony, and the FTC recognizes as much. In fact, just weeks ago the FTC successfully moved to exclude a defendant's legal expert on the very grounds on which Respondent here seeks to exclude certain aspects of Professor Tushnet's testimony.<sup>1</sup> As the

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<sup>1</sup> Memorandum in Support of Plaintiff Federal Trade Commission's Motion to Strike the Report And Exclude The Testimony of Defendant's Legal Expert Roderick R. McKelvie in *FTC v. Abbvie, Inc.*, Case No. 2:14-CV-5151-HB (E.D. Pa. Mar. 7, 2017) ("FTC Memorandum"), attached to this trial brief as Exhibit B. The Court's order granting the FTC's motion, striking

FTC argued in that brief, “it is the role of the trial judge to determine the law of the case and it is inappropriate to delegate that function to an expert by allowing testimony on the controlling legal principles.”<sup>2</sup>

## **II. BACKGROUND**

Professor Tushnet, a trademark law professor at Georgetown University, was retained by Complaint Counsel as a rebuttal witness and is expected to be called to testify on Monday, April 24, 2017. On April 21, 2017, Complaint Counsel served Respondent with twenty demonstrative slides to be used in connection with Professor Tushnet’s testimony on April 24-25.<sup>3</sup> These slides reveal that Complaint Counsel will seek to elicit improper legal opinion from Professor Tushnet when she testifies. On the first substantive slide, Professor Tushnet proposes to answer four questions. *See* CCX0007-003. The first and last of these answers and explanations – “Does sale and use of trademarked terms in keyword advertising alone constitute infringement?” and “Does sale and use of trademarked terms in keyword advertising alone constitute dilution?” – are pure legal opinion in the form of case law interpretation and legal argument.<sup>4</sup> As the slides that follow make even more clear, Professor Tushnet intends to instruct this Court on what keyword

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the report, and excluding the testimony of the defendants’ legal expert, is attached as Exhibit C (“*FTC v. Abbvie Order*”).

<sup>2</sup> *See* FTC Memorandum, Exhibit B at 8.

<sup>3</sup> These slides are attached as Exhibit A.

<sup>4</sup> Respondent does not at this time challenge the propriety of Professor Tushnet’s testifying regarding the topics summarized in the other two bullets on this overview slide: “Does empirical evidence suggest that consumers experience trademark confusion” and “Are the terms of the 1-800’s settlement agreements “commonplace.” Unlike her discussion of pure trademark doctrine, Professor Tushnet’s testimony on these subjects is appropriate rebuttal, assuming that she has the expertise necessary to address these issues.

advertising case law says and how she believes this Court should interpret the major cases. CCXD0007-005-6 (discussing in general and specific terms what the cases hold); -009 (interpreting a statute); -011-20 (providing “Quotes from Cases).

To be clear, Respondent does not contend that these legal issues may not be relevant to the case. They have been and certainly shall be the subject of extensive briefing by the parties. *See, e.g.*, Complaint Counsel’s Corrected Pre-Trial Brief at 49-65 (discussing trademark law). But as the FTC pressed last month, experts “should be prohibited from testifying about these ultimate issues of law because they are for the Court to decide, not an expert witness.”<sup>5</sup>

### **III. ARGUMENT**

“The rule prohibiting experts from providing their legal opinions or conclusions is so well-established that it is often deemed a basic premise or assumption of evidence law—a kind of axiomatic principle.” *In re Initial Public Offering Securities*, 174 F. Supp. 2d 61, 63 (S.D.N.Y. 2001) (citations omitted); *United States v. Mikutowicz*, 365 F.3d 65, 73 (1st Cir. 2004) (“expert testimony proffered solely to establish the meaning of a law is presumptively improper”).

Courts have consistently rejected intellectual property law expert testimony on these grounds. *See, e.g.*, *Pfizer Inc. v. Teva Pharm. USA, Inc.*, No. 04-754(JCL), 2006 WL 3041097, at \*2 (D.N.J. Oct. 26, 2006) (excluding testimony from a proposed patent law expert as to the general principles of patent law and the expert’s legal opinions on patent doctrine); *Contour Design, Inc. v. Chance Mold Steel Co.*, 794 F. Supp. 2d 315, 321 (D. N.H. 2011) (excluding the expert’s proffered opinions “as to the reach of the Uniform Trade Secrets Act, and how courts

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<sup>5</sup> *See* FTC Memorandum, Exhibit B at 7.

otherwise define trade secrets”). In an antitrust case with mirror issues to this case, the Court excluded the testimony of plaintiff’s law professor who sought to explain by reference to various patent law doctrines that the defendant could not have had a reasonable expectation of success in the underlying patent litigation. *In re Wellbutrin SR Antitrust Litig.*, Nos. 04-5525, 04-5898, 05-396, 2010 WL 8425189, at \*4-5 (E.D. Pa. Mar. 31, 2010). As noted, the FTC likewise successfully moved to exclude a retired Federal Judge’s testimony on the meaning of patent law in an antitrust case that was based in part on patent issues.<sup>6</sup> Indeed, the arguments in this brief correspond closely to those presented by the FTC in that case.<sup>7</sup>

The above cases are directly on point. Here, Professor Tushnet’s anticipated testimony consists largely of inadmissible explanations of the applicable trademark legal standards and doctrines. For example, Complaint Counsel seek to “educate” this Court by presenting the opinions of their expert regarding what can and cannot constitute trademark infringement or trademark dilution. *See* CCXD0007-003, -005-6, -009; CX8014 ¶¶ 20, 87. As in *Wellbutrin SR*, they offer these doctrinal lessons to show that 1-800 Contacts could not, under current law, have won the litigations underlying its settlement agreements. But as this Court has repeatedly emphasized, whether 1-800 Contacts’ settlements go beyond the protections of trademark law involves a legal question and legal questions are within the province of the Court to decide. *See Holman Enters. v. Fidelity & Guaranty Ins. Co.*, 563 F. Supp. 2d 467, 472 (D.N.J. 2008) (“every circuit has explicitly held that experts may not invade the court’s province by testifying on issues of law”).

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<sup>6</sup> *FTC v. Abbvie* Order, Exhibit C.

<sup>7</sup> *See* FTC Memorandum, Exhibit B.

The meaning of U.S. law is not decided by the trial court nor reviewed by the appellate court based upon the credentials or credibility of an expert. *See Weston v. Washington Metro. Area Transit Auth.*, 78 F.3d 682, 684 n. 4 (D.C. Cir. 1996) (“An expert witness may not deliver legal conclusions on domestic law, for legal principles are outside the witness’ area of expertise”). In interpreting the law in this case, the Court should be guided by its own interpretation of the relevant authorities. *Cantor v. Perelman*, No. CIVA 97-586 KAJ, 2006 WL 3462596, \*3 (D. Del. Nov. 30, 2006) (“The point of Rule 702 is to allow evidence that will assist the fact finder,” and the Court “will not be assisted in [its] role as fact finder in this bench trial by hearing the law explained from the witness stand.”) Complaint Counsel’s expert should not drown the record with unnecessary and improper legal opinion testimony that usurps both the role of counsel in briefing the legal issues and the role of the Court in deciding them. *Cf.* 16 C.F.R. § 3.43(b) (prejudicial and cumulative evidence should be excluded).

**IV. CONCLUSION**

To the extent Professor Tushnet seeks to testify to her opinion as to what the law is or how certain legal opinions should be interpreted, Respondent 1-800 Contacts respectfully requests that the Court sustain its objections to this portion of Professor Tushnet’s testimony.

DATED: April 23, 2017

Respectfully submitted,

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# EXHIBIT A

*In the Matter of 1-800 Contacts, Inc.,*  
Docket No. 9372

Testimony of  
Professor Rebecca Tushnet

Testimony of Professor Rebecca Tushnet

# **REBUTTAL OPINIONS**

# Trademark and Advertising Issues Posed by 1-800's Experts

- Does sale and use of trademarked terms in keyword advertising alone constitute infringement? **No.**
- Does empirical evidence suggest that consumers experience trademark confusion when they see rival ads generated by keyword advertising? **No.**
- Are the terms of the 1-800's settlement agreements "commonplace" or remedies that courts would order? **No.**
- Does sale and use of trademarked terms in keyword advertising alone constitute dilution? **No.**

# Trademark Framework

- Shorthand facilitates comparison and differentiation among similar products
- Trademark doctrine balances the public and consumer interest in competition with the need to avoid consumer confusion about who is supplying a product
- Trademark law is concerned about a very specific kind of consumer confusion – confusion as to:
  - Source
  - Sponsorship
  - Affiliation

# Keyword Advertising Cases

- Case law consistently favors competitive advertising – “free riding” is really competition
- Cases Mr. Hogan cites do not stand for the proposition that keyword advertising alone is infringement

# Keyword-Only Cases

- *Blue Nile* – motion to dismiss denied because parties were not direct competitors – wholesaler vs. retailer
- *FragranceNet* – motion to dismiss related to validity of Plaintiff's marks, not to confusion
- *LBF Travel* – District Judge did not rule on dismissal of keyword infringement claims
- *Rhino Sports* – no liability for broad-matching; defendant free to bid on generic terms

# Empirical Studies

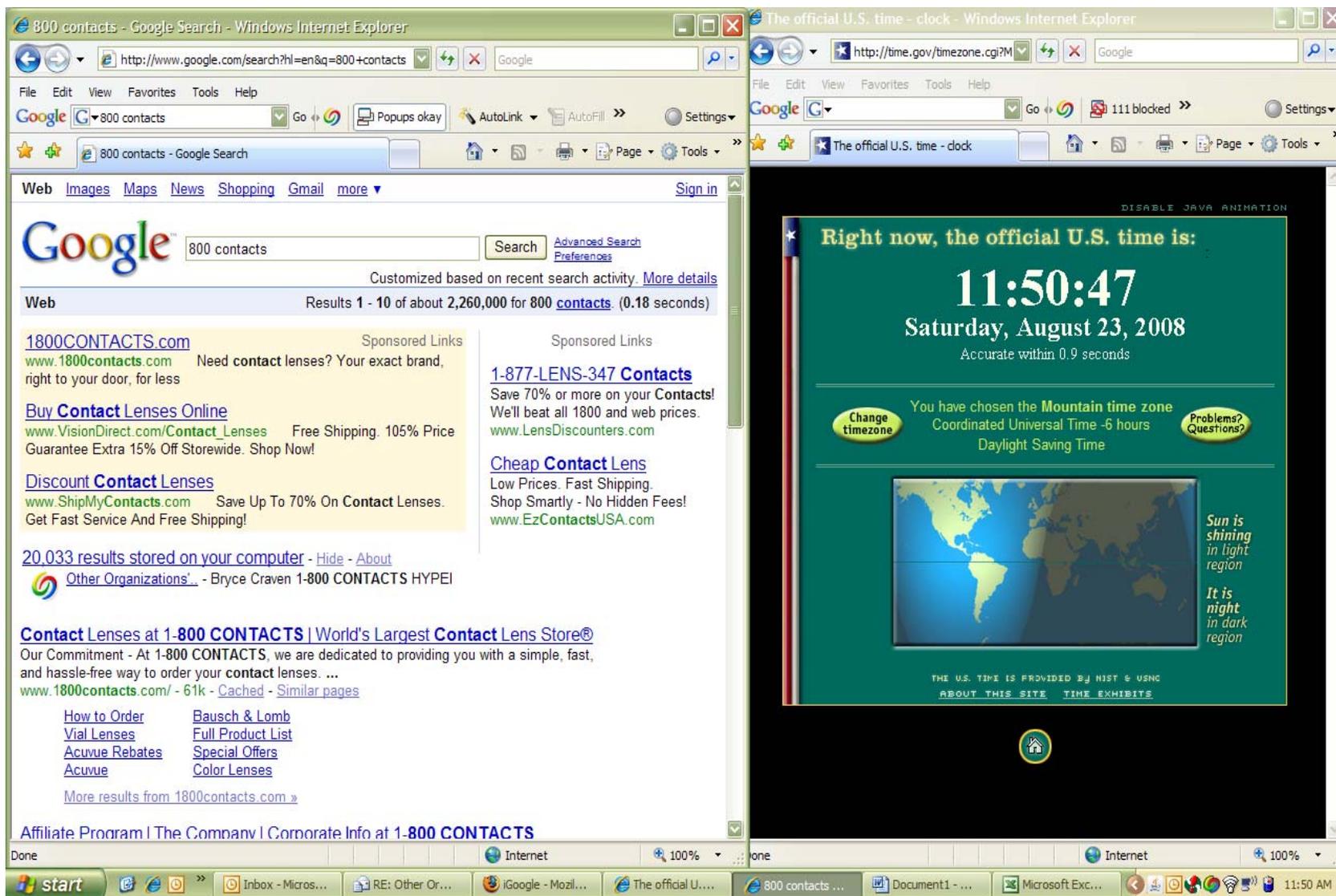
- Studies show:
  - Varied search goals
  - Expectation of and appreciation for comparative advertising
- The American Airlines studies ask the wrong questions
- Confusion about whether a search result is organic or sponsored is not trademark confusion

# Remedies

- No court has found liability based solely on keyword bidding
- No cases support use of broad matching prohibition or negative keyword requirement as a trademark remedy
- No court has implemented reciprocal restraints on bidding
- Hogan's cited cases do not support finding of "commonality"
- There is no way to say what settlement terms are "common"

# Dilution

- Professor Goodstein's conception of dilution is not the legal definition
- Anti-dilution statute includes an explicit exclusion for comparative advertising like that at issue here



Source: 1-800F\_00045485.xls, cited in CX8014 (Tushnet Rebuttal Report).

## **Binder And Binder**

**SocialSecurityDisability411.com**

**unless we win your case**

**Disability Benefits Explained No fee** <sup>Sponsored Link</sup>

See First Amended Complaint at 25, *Binder v. Disability Group, Inc.*, 772 F. Supp. 2d 1172 (C.D. Cal. 2011), *cited in* CX8014 (Tushnet Rebuttal Report).

“[Defendant] Disability Group, Inc. has purchased keywords comprised, in whole or in part, of the BINDER & BINDER MARKS. Disability Group, Inc. has used the BINDER & BINDER MARKS as a heading to link to Defendant’s website.”

*Id.* ¶¶ 49-50 (internal numbering omitted), *cited in* CX8014 (Tushnet Rebuttal Report).

**Vega Motorcycle Helmets**

**www.TheHelmetZone.com  
Direct & Save - Free Shipping**

Sponsored Links

**Snow, Motorcycle, Half & Flip-Up Buy**

**50% Off Vega Helmets**

**www.LeatherUp.com Half face, full face helmets from \$29.95,  
Top Brands HJC, Shoei, Bell**

See *Soaring Helmet Corp. v. Nanal, Inc.*, 2011 U.S. Dist. LEXIS 262 (W.D. Wash. 2011), *cited in* CX8014 (Tushnet Rebuttal Report).

- “The majority of the remaining *Sleekcraft* factors also support a finding that a consumer would be confused by Nanal’s use of the term ‘vega helmets’ in its advertisements.”

*Id.* at \*15, *cited in* CX8014 (Tushnet Rebuttal Report).

# Quotes from Cases

“Needless to say, a defendant must do more than use another’s mark in commerce to violate the Lanham Act.... We have no idea whether Rescuecom can prove that Google’s use of Rescuecom’s trademark in its AdWords program causes likelihood of confusion or mistake.... Whether Google’s actual practice is in fact benign or confusing is not for us to judge at this time. We consider at the 12(b)(6) stage only what is alleged in the Complaint.”

Rescuecom Corp. v. Google, Inc., 562 F.3d 123, 130–31 (2d Cir. 2009)

“[I]n the age of FIOS, cable modems, DSL and T1 lines, reasonable, prudent and experienced internet consumers are accustomed to such exploration by trial and error. They skip from site to site, ready to hit the back button whenever they’re not satisfied with a site’s contents. They fully expect to find some sites that aren’t what they imagine based on a glance at the domain name or search engine summary. Outside the special case of ... domains that actively claim affiliation with the trademark holder, consumers don’t form any firm expectations about the sponsorship of a website until they’ve seen the landing page — if then.”

Toyota Motor Sales, U.S.A., Inc. v. Tabari, 610 F.3d 1171, 1179 (9th Cir. 2010).

“Perhaps in the abstract, one who searches for a particular business with a strong mark and sees an entry on the results page will naturally infer that the entry is for that business. But that inference is an unnatural one when the entry is clearly labeled as an advertisement and clearly identifies the source, which has a name quite different from the business being searched for.”

1-800 Contacts, Inc. v. Lens.Com, Inc., 722 F.3d 1229, 1245 (10th Cir. 2013).

“Because Amazon clearly labels each of the products for sale by brand name and model number accompanied by a photograph of the item, it is unreasonable to suppose that the reasonably prudent consumer accustomed to shopping online would be confused about the source of the goods.”

Multi Time Mach., Inc. v. Amazon.com, Inc., 804 F.3d 930, 938 (9th Cir. 2015), *cert. denied*, 136 S. Ct. 1231 (2016).

“BPI points to no case indicating that the simple purchase of advertising keywords, without more, may constitute initial interest confusion. As noted, ‘[i]nitial interest confusion ... occurs when a customer is lured to a product by the similarity of the mark...’ Thus, the ‘luring’ becomes the critical element. In situations such as the one presented here, the use of a keyword encompassing a competitor’s terms does not necessarily produce an infringing advertisement; it is the content of the advertisement and/or the manner in which the mark is used that creates initial interest confusion.

BPI’s premise logically culminates in the destruction of common Internet advertising methods and unreasonably encumbers generally accepted competitive practices.”

USA Nutraceuticals Grp., Inc. v. BPI Sports, LLC, 2016 WL 695596 (S.D. Fla. Feb. 22, 2016).

“The Hatfields used up to seven Web sites to sell Products to the general public. The Web sites displayed pictures and descriptions of Products and used Plaintiffs’ trademarks. The Hatfields also used Plaintiffs’ trademarks in the metatags of their Web sites. Further, Defendants paid a company called Overture.com for an ‘Overture Premium Listing’ for ‘Australian Gold’ and ‘Swedish Beauty,’ guaranteeing that one of Defendants’ Web sites would be among the first three listed if either of Plaintiffs’ trademarks was used in an internet search query.”

Australian Gold, Inc. v. Hatfield, 436 F.3d 1228, 1233 (10th Cir. 2006).

“We conclude that the factors other than evidence of actual confusion (even if we assume that 1-800’s mark is a strong one) firmly support the unlikelihood of confusion. This case is readily distinguishable from *Australian Gold*, in which the alleged infringer used its competitor’s trademarks on its websites.”

1-800 Contacts, Inc. v. Lens.Com, Inc., 722 F.3d 1229, 1245 (10th Cir. 2013).

# EXHIBIT B

**UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

**FEDERAL TRADE COMMISSION,**

Plaintiff,

vs.

**ABBVIE, INC., et al.,**

Defendants.

**Case Number: 2:14-CV-5151-HB**

**MEMORANDUM IN SUPPORT OF PLAINTIFF FEDERAL TRADE COMMISSION'S  
MOTION TO STRIKE THE REPORT AND EXCLUDE THE TESTIMONY  
OF DEFENDANTS' LEGAL EXPERT RODERICK R. MCKELVIE**

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This case challenges sham patent infringement lawsuits filed by defendants against potential generic rivals, Teva Pharmaceuticals USA, Inc. and Perrigo Company, to extend defendants' AndroGel monopoly. (Dkt. No. 12, ¶¶ 5, 81, 88, 91-100.) A central question this Court will decide is whether defendants had an objectively reasonable basis to assert infringement of the AndroGel patent in light of the well-established doctrine of prosecution history estoppel and the undisputed facts in the prosecution history record.

Defendants have retained patent attorney Roderick R. McKelvie, a retired partner from Covington & Burling and former judge in the U.S. District Court for the District of Delaware, to opine on the answer to this ultimate legal question. In his report, Mr. McKelvie sets forth his understanding of the applicable antitrust and patent law principles, applies those doctrines to his interpretation of the AndroGel patent prosecution history record, and proffers his own legal opinion on the reasonableness of defendants' positions in the patent infringement actions. Mr. McKelvie's report consists entirely of inadmissible legal arguments and legal conclusions and is tantamount to an unauthorized fifty-one page summary judgment brief. His proposed testimony makes plain that Mr. McKelvie is nothing more than additional defense counsel, hired to do what trial counsel is prohibited from doing—advocate a client's position from the witness stand.

Courts in the Third Circuit (and across the country) routinely exclude this type of legal opinion testimony. Indeed, in Mr. McKelvie's own words from his time as a District Judge:

As people know, the other judges in this district and I have adopted a general practice of stating that we don't allow opinions on issues of law, [but] that we do allow parties to call expert witnesses to testify on patent office practice and procedure. And while I know certain lawyers think that's an exception you can drive a truck through and you offer all kinds of opinion on law, in any event I try to stop that truck from passing through this courtroom.<sup>1</sup>

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<sup>1</sup> Transcript of Pretrial Conference at 32-33, *Thorn EMI N. Am., Inc. v. Micron Technology, Inc.*, No. 92-673 (D. Del. Nov. 23, 1993) (McKelvie, J.).

This Court likewise should prohibit Mr. McKelvie's truckload of clearly improper and prejudicial opinions on issues of law from entering the courtroom here. Accordingly, the FTC moves to strike his report and to preclude defendants from offering his testimony in this case.

## **I. BACKGROUND**

On January 31, 2017, defendants served the "Expert Report of Roderick R. McKelvie" on the FTC (the "McKelvie Report," attached hereto as Exhibit A). Mr. McKelvie is a retired partner with the law firm Covington & Burling who has focused his practice on patent litigation since stepping down from the bench. (Ex. A ¶¶ 1-4.) As his resume reflects, Mr. McKelvie has no experience or training in the technical fields of pharmacy, chemistry, pharmaceutical compositions, or the topical or transdermal delivery of drugs and thus is not qualified to render any testimony as a person skilled in the art of the field of invention in this case. (*See* Ex. A at Ex. A.) Neither does his resume demonstrate any expertise in U.S. Patent and Trademark Office practices, policies, or procedures. (*See id.*)

The McKelvie Report has two main substantive sections tellingly entitled "Legal Standards" and "Legal Analysis." These sections purport to evaluate the legal arguments concerning infringement made by defendants in the Teva and Perrigo patent litigations and offer opinions on their reasonableness. In particular, these sections reflect Mr. McKelvie's interpretation of case law concerning sham litigation, prosecution history estoppel, and the disclosure dedication rule as well as his analysis of these doctrines as applied to his view of the facts in this case. (Ex. A ¶¶ 48-114.)

By letter dated February 3, 2017, the FTC requested that defendants withdraw the McKelvie Report because it constitutes impermissible legal testimony. On February 8, 2017, defendants informed the FTC that they would not do so. As a result, on March 1, 2017, the FTC

conditionally served an expert report by former Chief Judge of the U.S. District Court for the District of Delaware, Joseph J. Farnan, Jr., that rebuts Mr. McKelvie's erroneous legal analyses and contradictions of the AndroGel patent prosecution history record (the "Farnan Report," attached hereto as Exhibit B).<sup>2</sup> Mr. Farnan concludes in his report—and is prepared to testify—that defendants' patent infringement claims were objectively baseless because defendants had no reasonable expectation of prevailing on the merits and that Mr. McKelvie's conclusions to the contrary ignore, mischaracterize, or misapply well-settled law and key aspects of the prosecution history record. (Ex. B.) If the Court grants the instant motion and strikes the McKelvie Report, the FTC will withdraw the Farnan Report.

The depositions of Messrs. McKelvie and Farnan tentatively are scheduled for April 5 and 21, respectively. The FTC files this motion at present in hopes of avoiding the unnecessary expenditure of further time and money on these issues. As observed by the Seventh Circuit: "Legal arguments are costly enough without being the subjects of 'experts' depositions and extensive debates in discovery, in addition to presentations made directly to the judge."<sup>3</sup>

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<sup>2</sup> Defendants maintain that it is improper for the FTC to serve a rebuttal expert report on the objective baselessness issue Mr. McKelvie addresses because "[t]his is an issue on which the FTC has the burden of proof and had the opportunity to submit a report along with its other initial reports." (Email from S. Senator to P. McDermott dated Feb. 8, 2017.) The Fourth Scheduling Order, however, explicitly provides for the FTC's service of rebuttal reports in response "to new issues raised in the expert reports of defendants." (Dkt. No. 224 ¶ 7.) Mr. McKelvie's legal opinions constitute new subject matter not addressed in any previous expert report and the Farnan Report rebuts those opinions. Thus, the FTC's service of the Farnan Report is fully consistent with the expert disclosure framework this Court established. Unless and until the Court strikes the McKelvie Report, basic principles of fairness also dictate that the FTC should have the opportunity to respond to and rebut Mr. McKelvie's testimony.

<sup>3</sup> *RLJCS Enters., Inc. v. Prof'l Benefit Trust Multiple Emp'r Welfare Benefit Plan & Trust*, 487 F.3d 494, 498 (7th Cir. 2007).

## II. ARGUMENT

The McKelvie Report bears all the hallmarks of improper legal opinion. As set forth below, Mr. McKelvie's report consists entirely of: (1) inadmissible conclusions of law and (2) inadmissible and unnecessary explanations of the applicable patent and antitrust legal standards. Accordingly, the Court should strike the McKelvie Report and preclude Mr. McKelvie from offering his improper legal opinion testimony in this case.<sup>4</sup>

### A. Mr. McKelvie Should Be Precluded from Offering Opinions on Conclusions of Law

Mr. McKelvie should not be allowed to invade the province of the Court by offering testimony on his own legal analyses and conclusions of law in this case. It is axiomatic that "an expert witness is prohibited from rendering a legal opinion."<sup>5</sup> Specifically, "[e]xperts 'may not . . . apply the resulting law to the facts of [a] case to draw a legal conclusion.'"<sup>6</sup> This "prohibition on experts testifying as to their own legal conclusions is so well established that it is often deemed a basic premise or assumption of evidence law . . . ."<sup>7</sup> In fact, "every circuit has explicitly held that experts may not invade the court's province by testifying on issues of law,"

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<sup>4</sup> As a threshold issue, the FTC believes that the Court should not consider any type of expert testimony on the prosecution history estoppel issues contested in this case because it is not necessary to interpret the patent prosecution history record of the AndroGel patent. *See, e.g., Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co, Ltd.*, 344 F.3d 1359, 1369-70 (Fed. Cir. 2003) (explaining that "whether the patentee has established a merely tangential reason for a narrowing amendment is for the court to determine from the prosecution history record without the introduction of additional evidence, except, *when necessary*, testimony from those skilled in the art as to the interpretation of that record") (emphasis added).

<sup>5</sup> *Berkeley Inv. Grp., Ltd. v. Colkitt*, 455 F.3d 195, 217 (3d Cir. 2006) (excluding expert testimony "opining that in light of the apparent routine industry practice it was reasonable for [plaintiff] to have believed that" it was entitled to an exemption from federal securities laws).

<sup>6</sup> *QVC, Inc. v. MJC Am., Ltd.*, No. 08-3830, 2012 WL 13565, at \*2 (E.D. Pa. Jan. 4, 2012).

<sup>7</sup> *Holman Enters. v. Fidelity & Guaranty Ins. Co.*, 563 F. Supp. 2d 467, 472 (D.N.J. 2008) (internal quotations and citations omitted).

and, as quoted above, so too has Mr. McKelvie himself.<sup>8</sup> This universal judicial antipathy to legal opinion testimony is based on the principle that an expert should not attempt to substitute his judgment for the factfinder's. Expert testimony "that merely tells the [factfinder] what result to reach is improper."<sup>9</sup>

In the section of his report candidly titled "Legal Analysis," Mr. McKelvie offers numerous inappropriate legal opinions on whether defendants had "a reasonable, non-frivolous argument" that their patent infringement actions against Teva and Perrigo were not barred by prosecution history estoppel and the disclosure dedication rule. (Ex. A at ¶¶ 13-16; 83; 95, 105-114.) Each such opinion rests on Mr. McKelvie's application of various patent law principles (as Mr. McKelvie interprets them) to the facts of the patent prosecution history record (as Mr. McKelvie understands them to be). The McKelvie Report is, in form and substance, an improper and erroneous advisory legal opinion telling the Court what conclusion to reach on the ultimate legal issue at the heart of this case: whether defendants had an objectively reasonable basis for filing the patent infringement lawsuits at issue.

Courts in this District have consistently rejected similar patent law expert testimony in sham litigation cases on this same issue. For example, in *In re Wellbutrin SR Antitrust Litigation*, this Court excluded the testimony of two experts, a law professor and a patent attorney, who tried to explain various patent law doctrines to determine the key question of whether a patent

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<sup>8</sup> *Id.*; Transcript of Pretrial Conference at 32-34, *Thorn EMI*, No. 92-673 (McKelvie, J.) (instructing parties that the court does not "allow opinions on issues of law").

<sup>9</sup> *QVC, Inc.*, 2012 WL 13565, at \*2; see also *FedEx Ground Package Sys., Inc. v. Applications Int'l Corp.*, No. 03-1512, 2010 WL 528467, at \*5 (W.D. Pa. Feb. 11, 2010) (excluding expert that did "nothing more than recite general legal principles and apply them to [the defendant's] version of the facts in the case").

infringement action was objectively baseless.<sup>10</sup> The two attorneys opined that the defendant could not have had a reasonable expectation of success in the underlying patent litigation. The Court found that these opinions constituted improper legal conclusions and held:

[B]ecause large portions of each report contain explanations of specific areas of patent law—including prosecution history estoppel, the doctrine of equivalents, and the meaning of *Warner-Jenkinson*—and conclusions of law—including whether GSK had an objectively reasonable basis to file its 798 patent infringement suits—the motion must be granted [excluding] these opinions.<sup>11</sup>

The Court further explained that “[a]n expert [is] not free to reach conclusions about the reasonableness of [a party’s] beliefs when such an opinion necessarily would have required an interpretation of the relevant . . . law.”<sup>12</sup>

Similarly, in *King Drug Co. of Florence, Inc. v. Cephalon, Inc.*, this Court excluded the opinions of two patent attorneys proffered as experts in another antitrust case involving a sham litigation claim. The proffered attorney experts opined that legal arguments made during the underlying Paragraph IV patent litigation were reasonable and that defendant had a realistic expectation of success on the merits.<sup>13</sup> The Court again concluded that the proposed testimony comprised improper legal opinions, as they were “derived by applying the legal standards of invalidity and infringement to the relevant facts and assessing their legal merit.”<sup>14</sup> The Court

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<sup>10</sup> *In re Wellbutrin SR Antitrust Litig.*, Nos. 04-5525, 04-5898, 05-396, 2010 WL 8425189, at \*4-5 (E.D. Pa. Mar. 31, 2010).

<sup>11</sup> *Id.* at \*6.

<sup>12</sup> *Id.* at \*3-6; *see also Berkeley Inv. Grp.*, 455 F.3d at 216-17, 218 (excluding a lawyer-expert’s conclusion as to whether, under the securities laws, it was “reasonable” for a party to believe it was entitled to a certain exemption); *QVC, Inc.*, 2012 WL 13656, at \*2 (excluding as an improper legal conclusion an expert’s opinion concerning whether a party’s decision to recall its product was reasonable).

<sup>13</sup> *King Drug Co. of Florence, Inc. v. Cephalon, Inc.*, No. 2:06-cv-1797, 2015 WL 6750899, at \*17 (E.D. Pa. Nov. 5, 2015).

<sup>14</sup> *Id.*; *cf. Berkeley Inv. Grp.*, 455 F.3d at 217 (rejecting district court’s reliance on an expert’s opinion that a party’s belief about its legal position was reasonable); *Patrick v. Moorman*, 536 F.

reasoned that “[s]uch opinions would clearly usurp the role of the [factfinder] and merely tell them which conclusion to reach as to an essential element.”<sup>15</sup>

These cases are directly on point. Mr. McKelvie expressly states that his opinions about the reasonableness of defendants’ infringement arguments are based on his interpretation of “the law regarding prosecution history estoppel and the facts in this case.” (Ex. A. ¶¶ 83, 95.) Like the patent law experts in both *Wellbutrin* and *Cephalon*, Mr. McKelvie should be prohibited from testifying about these ultimate issues of law because they are for the Court to decide, not an expert witness.

Undaunted by this well-established prohibition on experts testifying as to legal conclusions, defendants nonetheless designated Mr. McKelvie as an expert on what are clearly issues of law properly within the province of the court. Defendants apparently hope to place a former judge’s thumb on the scale in this case to cloak their legal arguments with authority. But, the mere fact that a paid expert is willing to testify in support of a litigant’s position does not automatically render that position credible or reasonable.<sup>16</sup> Indeed, the legal opinions Mr. McKelvie offers here are inconsistent with prevailing case law and are contradicted by the factual record as demonstrated in Mr. Farnan’s report. (Ex. B.) An expert’s opinion that is baseless or untenable cannot defeat a finding of sham litigation or create a genuine disputed issue of material fact.<sup>17</sup> The McKelvie Report should be stricken before summary judgment so as not

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App’x 255, 258 (3d Cir. 2013) (affirming exclusion of testimony that officer’s behavior was “reasonable”).

<sup>15</sup> *King Drug Co.*, 2015 WL 6750899, at \*17.

<sup>16</sup> *See Teva Pharm. USA, Inc. v. Abbott Labs.*, 580 F. Supp. 2d 345, 364 (D. Del. 2008) (denying Abbott Laboratories’ motion for summary judgment of “no sham litigation” and finding that “Defendants assertions exceeded all reasonable interpretations of the major tenets of claim construction. The testimony of defendants’ paid expert does not alter this conclusion.”).

<sup>17</sup> *Id.*

to bloat the record with unnecessary and improper legal opinion testimony that invades the province of the Court and “merely tells the factfinder what result to reach.”<sup>18</sup>

**B. Mr. McKelvie Should Be Precluded from Offering Opinions about the Applicable Legal Standards**

It is well settled in the Third Circuit that district courts “must ensure that an expert does not testify as to the governing law of the case.”<sup>19</sup> This is because it is the role of the trial judge to determine the law of the case and it is inappropriate to delegate that function to an expert by allowing testimony on the controlling legal principles.<sup>20</sup> Whether the judge or a jury serves as the factfinder, expert opinion that merely describes the law from the witness stand is improper and should be excluded.<sup>21</sup> As explained by the court in *Cantor v. Perelman*:

The point of Rule 702 is to allow evidence that will assist the fact finder. Despite the outstanding qualifications of both Justice Walsh and Professor Hamermesh, I will not be assisted in my role as fact finder in this bench trial by hearing the law explained from the witness stand. The able attorneys on both sides of this case can articulate the law in their arguments and post-trial briefing.<sup>22</sup>

It is clear from the McKelvie Report that, through Mr. McKelvie’s testimony, defendants intend to offer a talking brief on the law pertinent to this case. The sixteen-page “Legal Standards” section of the report contains Mr. McKelvie’s explanation of specific areas of antitrust and patent law—including sham litigation, prosecution history estoppel, the doctrine of

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<sup>18</sup> *QVC, Inc.*, 2012 WL 13565, at \*2 (brackets omitted).

<sup>19</sup> *Berkeley Inv. Grp.*, 455 F.3d at 217.

<sup>20</sup> See, e.g., *U.S. v. Leo*, 941 F.2d 181, 196 (3d Cir. 1991) (excluding expert opinion testimony about legal duties arising under the law); *Pfizer Inc. v. Teva Pharm. USA, Inc.*, No. 04-754(JCL), 2006 WL 3041097, at \*2 (D.N.J. Oct. 26, 2006) (excluding testimony from proposed patent law expert as to general principles of patent law and legal opinions).

<sup>21</sup> See, e.g., *Patrick*, 536 F. App’x at 258 (explaining that Rule 704 “prohibits experts from opining about . . . the law or legal standards”); *Flickinger v. Toys “R” Us-Delaware, Inc.*, 492 F. App’x 217, 224 & n.7 (3d Cir. 2012) (affirming district court decision to exclude an expert’s “legal opinions” as to the meaning of “legal terms of art”).

<sup>22</sup> *Cantor v. Perelman*, No. 97-586 KAJ, 2006 WL 3462596, at \*3 (D. Del. Nov. 30, 2006).

equivalents, and the disclosure dedication rule. (Ex. A at ¶¶ 48-80.) For example, Mr. McKelvie purports to explain and interpret the two part test for sham litigation set forth in *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries, Inc.*, 508 U.S. 49, 60–61 (1993), including the meaning of “objectively baseless.” (Ex. A at ¶¶ 49-55.) It is improper for an expert witness to offer his explanation of the central legal doctrines in the case.<sup>23</sup>

The McKelvie Report also includes his interpretation of select case law on the “tangentiality” exception and the “for purposes of patentability” component of the prosecution history estoppel doctrine. (Ex. A ¶¶ 57-61.) Mr. McKelvie’s assessment of the pertinent case law not only is improper subject matter for expert testimony but also is demonstrably incorrect and ignores existing authority. Inexplicably, Mr. McKelvie appears to base his opinions about the parameters of the prosecution history estoppel legal standard on the fact that “in [his] review of the record, [he has] not seen a single citation by the FTC to a case” in which a court has found that a supplemental amendment following “another intervening amendment” rather than a second rejection, was made “for reasons of patentability.” (Ex. A ¶ 57.) However, the parties’ summary judgment briefing is not due until later this year and, as of yet, the FTC has had no reason or opportunity to cite to the legal authorities that exist and refute Mr. McKelvie’s analysis of these legal issues.<sup>24</sup> Moreover, Mr. McKelvie’s apparent reliance on only those cases cited by the parties to date suggests that he did not conduct any independent research on these issues, despite being proffered as “a patent law expert.”

Arguments on the applicable legal standards, like those in the McKelvie Report, belong in the parties’ upcoming summary judgment briefs, not in expert reports. As a patent lawyer, Mr.

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<sup>23</sup> See *Flickinger*, 492 F. App’x at 224 & n.7 (affirming district court decision to exclude an expert’s “legal opinions” as to the meaning of “legal terms of art”).

<sup>24</sup> See Farnan Report, Ex. B ¶¶ 87-94.

McKelvie “can help counsel write the briefs and present oral argument” on these issues.<sup>25</sup> Mr. McKelvie should not, however, be allowed to offer expert testimony about his incorrect and incomplete view of the governing case law from the witness stand rather than the counsel table.<sup>26</sup>

### III. CONCLUSION

The McKelvie Report consists entirely of improper legal opinions. If Mr. McKelvie wishes to present legal arguments to the Court, he should do so as defendants’ counsel, not as an “expert.” For all of the reasons set forth above, Mr. McKelvie’s report should be stricken in its entirety, his opinions should be disregarded in determining any summary judgment motion, and he should be barred from testifying at trial under Fed. R. Evid. 702.

March 7, 2017

Respectfully submitted,

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<sup>25</sup> *RLJCS Enters.*, 487 F.3d at 498.

<sup>26</sup> *See, e.g., Patrick*, 536 F. App’x at 258; *Cantor*, 2006 WL 3462596, at \*3.

# EXHIBIT C

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

FEDERAL TRADE COMMISSION	:	CIVIL ACTION
	:	
v.	:	
	:	
ABBVIE INC., et al.	:	NO. 14-5151

ORDER

AND NOW, this 27th day of March, 2017, it is hereby ORDERED that the motion of plaintiff Federal Trade Commission to strike the report and exclude the testimony of defendants' legal expert Roderick R. McKelvie (Doc. # 229) is GRANTED. See Berckelely Inv. Grp., Ltd. v. Colkitt, 455 F.3d 195, 217 (3d Cir. 2006).

BY THE COURT:

/s/ Harvey Bartle III \_\_\_\_\_  
J.

**CERTIFICATE OF SERVICE**

I hereby certify that on April 23, 2017, I filed **RESPONDENT 1-800 CONTACTS, INC.'S TRIAL BRIEF REGARDING ANTICIPATED OBJECTIONS TO THE TESTIMONY OF PROFESSOR REBECCA TUSHNET** using the FTC's E-Filing System, which will send notification of such filing to all counsel of record as well as the following:

Donald S. Clark  
Secretary  
Federal Trade Commission  
600 Pennsylvania Ave., NW, Rm. H-113  
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The Honorable D. Michael Chappell  
Administrative Law Judge  
Federal Trade Commission  
600 Pennsylvania Ave., NW, Rm. H-110  
Washington, DC 20580

DATED: April 23, 2017

By: /s/ Eunice Ikemoto  
Eunice Ikemoto

**CERTIFICATE FOR ELECTRONIC FILING**

I hereby certify that the electronic copy sent to the Secretary of the Commission is a true and correct copy of the paper original and that I possess a paper original of the signed document that is available for review by the parties and the adjudicator.

DATED: April 23, 2017

By: /s/ Steven M. Perry  
Steven M. Perry  
Attorney

Notice of Electronic Service

**I hereby certify that on April 23, 2017, I filed an electronic copy of the foregoing Respondent 1-800 Contacts, Inc.'s Trial Brief Regarding Anticipated Objections to the Testimony of Professor Rebecca Tushnet, with:**

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