STATE OF INDIANA	)	IN THE MARSHALL CIRCUIT COURT
	) SS:	
COUNTY OF MARSHALL	)	CAUSE NO. 50C01-1806-PL-27

RICK C. SASSO, M.D.	)
	)
Plaintiff,	)
v.	)
	)
WARSAW ORTHOPEDIC, INC.	)
MEDTRONIC, INC., MEDTRONIC	)
SOFAMOR DANEK, INC.,	)
	)
Defendants	)

DR. SASSO'S OPPOSITION TO MEDTRONIC'S MOTION TO CORRECT ERROR

Medtronic's motion to correct error, followed by a motion seeking appeal of a jury verdict without bond,[1] should be denied summarily without hearing. The motion to correct error raises nothing new. After five years of litigation, including two rounds of dispositive motion practice followed by a four-week jury trial, the jury found Medtronic in breach of two contracts and issued a $112,452,269 verdict in favor of Dr. Sasso. All the issues in the motion to correct error were: (a) decided previously as a part of dispositive motion practice after extensive briefing; (b) decided by the jury guided by the instructions given by the Court; or (c) waived by electing not to object at trial. This Court's final judgment on all issues and claims in this case, after conducting a month long jury trial, was wisely entered. It is time

[1] Medtronic filed the motion to correct error without even addressing execution on the final judgment entered on November 29, 2018, or contacting counsel to discuss bonding for the appeal. Only after Dr. Sasso moved for proceedings supplemental did Medtronic file "Defendants' Motion to Stay Collection Proceedings" in which it seeks a waiver of the requirement of securing a final judgment on appeal due to its current immense wealth.

to move to the Court of Appeals. There are many issues that the Court of Appeals must decide to resolve this dispute, including subject matter jurisdiction, the propriety of punitive damages against a corporation now found to have breached five consecutive agreements with a single physician, as well as the issues rehashed by Medtronic in the motion to correct error. There is no good reason to delay what has to be done with further motion practice, or by "reducing damages to zero" or by granting "a new trial" in this Court.

I.
This Motion to Correct Error Is Unnecessary and Inconsistent with a Claim of Absence of Subject Matter Jurisdiction.

Over the last thirty years, the motion to correct error has moved from a mandatory part of the appellate process to a much lesser role. Trial Rule 59 emphasizes the diminished role by noting that "a motion to correct error is not a prerequisite for appeal except when a party seeks to address (1) newly discovered material evidence, including jury misconduct . . . or (2) a claim that a jury verdict is excessive or inadequate." T.R. 59(A). "All other issues and grounds for appeal appropriately preserved during trial may be initially addressed in the appellate brief." *Id.*

This motion to correct error raises none of the mandatory grounds. Medtronic does not allege that there is material new evidence. It does not allege jury misconduct. It does not allege that the jury verdict, based to the dollar on expert analyses admitted without objection and countered by Medtronic's own

damages expert, was "excessive" as that term is understood in personal injury litigation.

Interestingly, the motion to correct error almost fails to mention one of the most important issues of this case: does this Court and the Indiana State court system have jurisdiction over this dispute? Medtronic devotes just seven lines of its brief to this claim and refers this Court to the motion to dismiss filed on October 3, 2016, and its trial brief.[2] If this Court did not have jurisdiction to enter the final judgment of $112,452,269, then Dr. Sasso must start all over again in federal court to establish again what the jury found. There could not be a greater delay in our court systems than such a scenario. Dr. Sasso is confident that Judge Miller and this Court determined subject matter jurisdiction correctly. This is and always has been a contract case to be decided by a court of general jurisdiction, as contract cases must be. Now is the appropriate time to put this before the Court of Appeals.

Instead Medtronic continues to push hard with a federal court declaratory judgment action filed on June 8, 2018. In this separate federal lawsuit, Medtronic seeks "[a] judgment and declaration that Medtronic has not breached the Facet Screw Agreement and has no obligation to pay Dr. Sasso any unpaid royalties under the Facet Screw Agreement." *Warsaw Orthopedic, Inc. et al. v. Rick Sasso, M.D.*, Case No. 3:18-cv-00437, Doc. 1, Prayer for Relief. In other words, Medtronic is

[2] In the 11/19/2018 "trial brief" seeking a directed verdict, Medtronic devoted just 4 pages of the 46 page brief to the absence of subject matter jurisdiction. It argued that both the Vertex Agreement and Screw Delivery System Agreement were subject to 28 U.S.C. § 1338(a), even though Judge Miller remanded the Vertex Agreement dispute back to this court and his decision is unreviewable. In the motion to correct error, Medtronic limits its subject matter jurisdiction argument to the Screw Delivery System Agreement.

asking the federal court to decide exactly what has already been decided here. A declaratory judgment that "Medtronic has not breached the Facet Screw Agreement and has no obligation to pay Dr. Sasso unpaid royalties" is a contract question already decided adversely to Medtronic. Medtronic has not asked the federal court to invalidate claims of a patent. It blew up the patents themselves just before trial in conjunction with a motion for continuance. The issue to be determined in the new federal court action is whether Medtronic's recent actions taken *ex parte* at the patent office to invalidate certain claims of the '313 and '046 patents means that it is no longer in breach of the Screw Delivery System Agreement.

This Court, as a court of general jurisdiction with subject matter jurisdiction to decide contract disputes, already decided this issue on September 13, 2018 with its "Order Granting Summary Judgment to Plaintiff on Term of Screw Delivery Agreement and on Validity as a Defense to Payment." This ruling became final as part of the judgment entered on November 29, 2018. It is *res judicata*. Where, as here, two parallel cases are pending at the same time, the first final judgment will raise the issue of preclusion in the other case. *See Jones v. Am. Family Mut. Ins. Co.*, 489 N.E.2d 160, 164 (Ind. Ct. App. 1986). Under Indiana law, the final judgment this Court entered is an immediately appealable final judgment, *see Bahar v. Tadros*, 234 Ind. 302, 123 N.E.2d 189, 189–90 (Ind. 1954), and its finality for purposes of claim preclusion is not undermined by the possibility of an appeal, *see Starzenski v. City of Elkhart*, 87 F.3d 872, 878 (7th Cir. 1996). *See also White v. Davis*, 428 N.E.2d 803, 805 (Ind. Ct. App. 1981) ("The requirement of finality of

judgment as a basis for appellate proceedings is the same as that of finality as a basis for the application of the rules of res judicata.").

Nonetheless, Medtronic continues to press forward with this federal lawsuit. After the jury verdict was entered and the federal court ordered further briefing on the propriety of a stay or dismissal of that case in light of the verdict and judgment, Medtronic submitted hundreds of pages of uncertified trial transcript[3] and a rehashing of the its arguments that the Screw Delivery System Agreement (a/k/a Facet Screw Agreement) requires issues of patent validity to be determined in order for Dr. Sasso to recover.

It is inconsistent for Medtronic to seek a new trial, reweighing of the evidence, or other relief regarding reconsideration of prior rulings in a discretionary motion to correct error when Medtronic contends that this Court has no subject matter jurisdiction in the first instance. This Court already has devoted substantial resources to rule on dispositive motions and conduct a month long jury trial. Further consideration of the nuances of this complex case should be left to the Court of Appeals. Medtronic's goal appears to be to keep this dispute tied up in both state and federal court systems without resolution for as long as possible. Denial of this discretionary motion to correct error without hearing would help to expedite resolution of this complex dispute and would be consistent with Medtronic's subject matter jurisdiction argument being made simultaneously in federal and state court.

[3] These materials included practically all patent related information introduced in this trial, whether or not it pertained to the Screw Delivery System Agreement.

II.
The Screw Delivery System Verdict Is Sound.

Dr. Sasso invented a new way to implant screws and interbody cages in a minimally-invasive technique using a screw delivery system. He sold this invention—which included a patent application, know-how, and technology—to Medtronic in exchange for a 2.5% royalty on the sale of all medical devices that utilized his invention. (Screw Delivery System Agreement ("SDS Agreement"), PX0003.) Medtronic drafted the agreement and presented it to Dr. Sasso. The specific contract language for payments to Dr. Sasso, Paragraph 4(B), provides:

> **B. Payment for Transfer of Assets.** SDH shall pay to Dr. Sasso for the rights to the Invention and the intellectual Property Rights an amount as follows: A contingency payment in the amount of two and one half (2-1/2%) of the worldwide Net Sales of the Medical Device. This contingency payment is to be paid by SDH to Dr. Sasso on a quarterly basis and within forty-five (45) calendar days following the end of the applicable calendar quarter. The contingency payment is payable to Dr. Sasso until expiration of the last to expire of the patents(s) included in the Intellectual Property Rights, or seven (7) years from the Date of First sale of the Medical Device, if not patent(s) issue. However, if SDH is required to pay any third party a royalty payment to allow SDH to sell the Invention, Dr. Sasso agrees to negotiate in good faith a reduction of the above contingent payment to enable SDH to fairly compete in the marketplace.

"Medical Device" in Paragraph 1(C) is defined:

> Medical Device shall mean any device, article, system, apparatus, or product including the Invention. Such Medical Devices shall be listed in accordance with SDH catalog numbers and will be listed in Schedule B attached hereto. Schedule B may be updated from time to time by mutual written agreement of the parties hereto to include

> the appropriate SDH catalog numbers and descriptions of any Medical Devices which utilize the Invention.

(PX0003 § 1(C).) "Invention" likewise is broadly defined in Paragraph 1(A):

> The Invention shall mean any product, method or system relating to a facet screw instrumentation and a headless facet screw fixation system as described in Schedule A, attached hereto.

"Schedule A" adds little to the definition drafted by Medtronic, stating, "Invention – Facet Screw Instrumentation and a Headless Facet Screw Fixation System consisting of bone screws and associated instruments for installation thereof." Importantly, none of these provisions includes a requirement that the "Medical Device" be covered by a claim of a patent or that the "Invention" be patented or that the payments to be made to Dr. Sasso be made only if a patent claim covered a "Medical Device." Such a requirement was in the November 1999 Agreement which this Court found was superseded by the agreement on which the verdict is based. In the December 1999 Screw Delivery System Agreement, the only role of the patent was to allow for continued payments until the patents expired.[4]

It took years to develop this invention and now it is beginning to be used across Medtronic product lines. Medtronic never paid the agreed-upon 2.5% royalty on anything but "facet screws" and already lost a summary judgment motion that their liability was limited to certain translaminar facet screws that it unilaterally, and without any amendment of Schedule B, made payments for.

[4] To this day, neither the '313 nor the '046 patent has expired. The undersigned counsel's statement in closing that patents are in force was true on the day of closing and is still true. The patents expire no earlier than November 23, 2019.

Dr. Sasso presented evidence that Medtronic owed him approximately $52 million in royalties (not including interest). Medtronic vigorously disputed this claim. It called multiple witnesses and introduced hundreds of pages of exhibits to rebut this claim. The jury was asked to follow jury instructions, weigh the evidence according to the instructions, and render a verdict, which it did.

Unsatisfied with the verdict, Medtronic now asserts six errors and invites the Court to usurp the role of the jury and vacate the verdict. The Court should reject this invitation.

A. Dr. Sasso proved by the greater weight of the evidence that Medtronic breached the Screw Delivery System Agreement.

Medtronic recites three reasons why it believes Dr. Sasso did not prove a breach of the Screw Delivery System Agreement. These arguments are unavailing under Tennessee law—the law that governs the agreement. (PX0003 § 9.)

First, Medtronic argues that Dr. Sasso's claim fails because the royalty-bearing items were not listed by catalog number in Schedule B and the parties never mutually agreed to add more products. This is the exact basis for the summary judgment motion filed in October 2016, which was denied for presentation of the issue to the jury. Dr. Sasso contends that products should have been added to Schedule B and that, as with every other contract Medtronic administered, the procedure for adding products was not followed by the parties while the contract was in place. Medtronic does not dispute that the Screw Delivery System Agreement is a contract binding on the parties. Medtronic paid royalties on commercialized parts—the first "Medical Device(s)" under the Screw Delivery

System Agreement—without the list of parts initially contemplated under the agreement. The parties' course of conduct modified the original agreement. *See, e.g.*, *DAS Fortus Techs, LLC v. Precision Prods. Mfg. Co.*, 2011 U.S. Dist. Ct. LEXIS 112834 (M.D. Tenn. Sept. 30, 2011); *Amprite Elec. Co. v. Tenn. Stadium Group, LLP*, 2003 Tenn. App. LEXIS 686 (Tenn. App. 2003); *Harlan v. Hardaway*, 796 S.W.2d 953, 959 (Tenn. App. 1990). Medtronic paid under the contract repeatedly for 16 years without ever updating or seeking to update Schedule B. No such requirement existed because of the repeated payments through course of dealing.

Furthermore, Medtronic cannot fail to add products to Schedule B (in breach of the agreement and its duty of good faith and fair dealing) and then argue that Dr. Sasso must lose because the products are not listed on Schedule B. Complete performance of the agreement required Medtronic's cooperation in adding products to Schedule B. *See Dick Broad. Co. v. Oak Ridge FM, Inc.*, 395 S.W.3d 653, 660 (Tenn. 2013) ("It is well-established that '[i]n Tennessee, the common law imposes a duty of good faith in the performance of contracts.'"); *Wallace v. Nat'l Bank of Commerce*, 938 S.W.2d 684, 686 (Tenn. 1996) ("It is true that there is implied in every contract a duty of good faith and fair dealing in its performance and enforcement . . . ."). Medtronic's refusal to cooperate cannot justify its failure to perform. *See, e.g.*, *German v. Ford*, 300 S.W.3d 692, 706–07 (Tenn. Ct. App. 2009) (noting that "every contract imposes on the parties a duty of good faith and fair dealing in its performance" and that "passive non-cooperation by one party may excuse performance by the other party").

In this case, because it was governed by Tennessee law, the jury was properly instructed that "[i]mplied in every contract is a duty of good faith and fair dealing in its performance and enforcement. A party cannot benefit from the failure to perform a condition of the contract when he himself prevented the condition from occurring." (Final Instructions: "Contract Interpretation".) Adding products to Schedule B was one such condition. Dr. Sasso presented evidence about the intent of the parties, including but not limited to communications from Medtronic Spine president Michael DeMane shortly after the '313 patent issued and in a January 2002 email (PX0213), before any royalties were paid under the Screw Delivery System, that Dr. Sasso was to receive royalties on all products that utilized the invention. Dr. Sasso presented extensive evidence on the work done to help Medtronic benefit from the invention described in the patents he assigned as part of the agreement.[5] He also showed the jury that Medtronic never—not once—updated schedules to its agreements. (11/5/18 Tr. 53:10–54:9 (Coates).) It was the jury's job to weigh this evidence and determine whether Medtronic should have added products to Schedule B. The jury found Medtronic should have and that the expert calculation of the contract damages amount should be adopted. There is no basis to disturb this finding.[6]

[5] The jury specifically asked for guidance, which was given at Medtronic's request, that the '313 patent was assigned as part of the Screw Delivery System Agreement.

[6] Medtronic suggests that the Court of Appeals' reasoning in its 2015 opinion about the SEE Agreement applies here. (Defs.' Br. at 5.) It does not. The 2015 opinion relies heavily on the undisputed fact that the SEE Agreement covered the same products as the later Vertex Agreement and Dr. Sasso could not "double up' royalty payments. Medtronic never paid SEE LLC royalties on products, as was done with the Screw Delivery System Agreement.

Next Medtronic argues that these products should not and would not have been added to Schedule B because they were outside the scope of the "Invention" and definition of "Medical Device." The complete definition of "Medical Device" is:

> Medical Device shall mean any device, article, system, apparatus, or product including the Invention. Such Medical Devices shall be listed in accordance with SDH catalog numbers and will be listed in Schedule B attached hereto. Schedule B may be updated from time to time by mutual written agreement of the parties hereto to include the appropriate SDH catalog numbers and descriptions of any Medical Devices which utilize the Invention.

(PX0003 § 1(C).) And the Invention is broadly defined as "**any product, method or system relating to** a facet screw instrumentation and a headless facet screw fixation system." (*Id.* § 1(A) (emphasis added).) Again, this argument was rejected in the earlier summary judgment ruling, in favor of allowing the jury to resolve the ambiguity. Plainly, the parties were to engage in good faith to determine what devices, articles, systems, apparatus or products were "utilizing the Invention" as such things were commercialized.

There was substantial proof that the Screw Delivery System Agreement was never intended to be limited to translaminar or facet screws. (11/14/18 Tr. 54:10–14 (Sasso).) The project started with the minimally invasive implantation of facet screws, but the intent was to develop the system to work with other screws and cages. (*Id.* 54:14–20 (Sasso); PX0157.) Products were not listed on the original

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The SEE Agreement was governed by Indiana law; the SDS Agreement by Tennessee law. Tennessee law, unlike Indiana law, imposes a duty of good faith and fair dealing in the performance of contracts. *Dick Broad. Co. v. Oak Ridge FM, Inc.*, 395 S.W.3d 653, 665 n.9 (Tenn. 2013) (distinguishing Tennessee law from Indiana by noting that Indiana "does not recognize a general duty of good faith and fair dealing outside the realms of the Uniform Commercial Code or insurance law"). This claim is very different from the SEE claim.

Schedule B because no commercial products had been developed when the agreement was signed. (11/14/18 Tr. 52:16–23 (Sasso).) Both parties intended Schedule B to include interbody cages "because Michael DeMane told [Dr. Sasso] that they would." (*Id.* 53:5–15 (Sasso).) Mr. DeMane's January 24, 2002 email (PX0213) indicated exactly that. He told Dr. Sasso to expect increased royalties for the sales of interbody cages implanted with INFUSE.

The fact that products were not initially added to Schedule B does not make the contract unenforceable. *See B. Lewis Productions v. Angelou*, 2005 U.S. Dist. LEXIS 9032 at *18 (S.D.N.Y. 2005) (holding that a licensing agreement between a promoter and poet was enforceable even where the agreement did not specify what future literary works would be subject to the contract). Dr. Sasso presented evidence that the parties' intent was to add new royalty-bearing products as the system was developed. The plain language of the agreement states that. Dr. Sasso assigned his patent application to Medtronic and Medtronic agreed to work together with Dr. Sasso as Medical Devices were commercialized. The jury, using all appropriate principles of contract law, correctly determined that the parties have a contract and that Dr. Sasso was entitled to damages, as calculated by Mr. Pellegrino under that contract.

Finally Medtronic argues that Dr. Sasso did not develop or invent any of the "Disputed Products" and therefore he is not entitled to royalties. This hollow argument was made over and over in discovery and to the jury and was rightfully rejected. Dr. Sasso's invention was bringing the five elements of claim 26 of the

'313 patent together as a way to perform minimally-invasive implant surgery. He sought royalties on the Medtronic screws and interbody cages that surgeons implanted in a manner that utilized this invention—the express agreement of the parties. It's irrelevant whether Dr. Sasso helped develop or invent the screws and cages themselves. No language in the contract or otherwise ever required that. Practically every 20th and 21st Century invention builds on the inventions of others. The broad language of the Screw Delivery System Agreement contemplated that. It is to apply to "any Medical Devices which utilize the Invention." (PX0003 § 1(C).) That is what Medtronic wrote and presented to Dr. Sasso.

Dr. Sasso presented more than enough evidence to prevail on his breach of contract claim. The jury's verdict is supported by the evidence, and it should stand.

B. Whether Medtronic packaged all five elements of claim 26 of the '313 patent in a single box has no effect on Dr. Sasso's right to royalties.

Next Medtronic argues that the verdict should be set aside because there is no evidence that Medtronic ever made a product that satisfied all elements of claim 26 of the '313 patent. This argument failed before the jury and should fail again here because it rests on a false premise. The royalties owed under the Screw Delivery System Agreement do not depend on the medical devices being covered by a patent claim. Unlike the Vertex Agreement, where Medtronic agreed to pay life-of-patent royalties only when the "Medical Device is covered by a valid claim of an issued patent," under the Screw Delivery System Agreement Medtronic agreed to pay royalties on the sale of every Medical Device—no strings attached. There is no

"covered by a valid claim" requirement in the Screw Delivery System Agreement payment provision. And "Medical Device" is "any device, article, system, apparatus or product including the Invention," which is further defined as "any product, method or system relating to a facet screw instrumentation and a headless facet screw fixation system." (PX0003 §§ 1(A) and 1(C).) Nothing in these definitions requires patent claim coverage. Therefore, Dr. Sasso did not need to prove claim 26 coverage to prevail on his breach of contract claim.

The broad definitions of "Medical Device" and "Invention" are given life with the patent application that became Patent No. 6,287,313. Dr. Sasso assigned that patent application and it plainly and clearly describes the nature of the "Invention" which is called "Screw Delivery System and Method." There are drawings of embodiments, a written description of the invention and how it may be used, and claims. Dr. Sasso demonstrated that Medtronic sold products which utilized his invention as described in claim 26 of the '313 patent. Dr. Parnell testified that if a doctor uses all five elements of claim 26, then that would be covered by the '313 patent. (11/7/18 Tr. 201:24–203:14.) Dr. Parnell then testified that if doctors implanted specific Medtronic products (CD Horizon screws and interbody cages), then those implantations would be covered by the '313 patent. (*Id.* 203:15–204:24.) He also testified that instruments from different product lines are combined and used together in procedures. (11/8/18 Tr. 66:14–21.) Dr. Sasso confirmed this in his testimony. (11/27/18 Tr. 112:18–114:21; 117:20–118:16.) When a doctor selects

those five instruments—even from four different trays—that is covered by claim 26 of the '313 patent. (11/8/18 Tr. 90:1–6 (Parnell).)

Dr. Sasso did not need to prove coverage under claim 26 of the '313 patent. He needed to prove and did prove the nature of "the Invention." Claim 26 of the '313 patent demonstrates what "the Invention" is.

C. Medtronic's efforts to invalidate the '313 and '046 patents had no impact on Dr. Sasso's breach of contract claim.

Medtronic argues that no royalties are due under the Screw Delivery System Agreement because in 2018 it filed an *ex parte* proceeding asking the USPTO to invalidate certain claims of the '313 and '046 patents. This, according to Medtronic, retroactively terminated the Agreement in 2009.

This argument, like most of the others, has already been rejected. In September 2018, the Court granted Dr. Sasso's "Motion for Summary Judgment on the Term of the Screw Delivery Agreement and on Patent Validity as a Defense to Payment." (9/13/2018 Order.) The Court held: "The amount of money to be paid under the Agreement and the term depend on the issuance of patents and their expiration, **not their validity**. (*Id.* p. 1 (emphasis added.) The plain language of the Screw Delivery System Agreement confirms this. Paragraph 4(B) states that Medtronic must pay royalties "until expiration of the last to expire of the patents included in the Intellectual Property Rights, or seven (7) years from the date of first sale of the Medical Device, if no patents issue." Even after the USPTO invalidated

certain claims of the '313 and '046 patents, those patents have not expired.[7] The Agreement remains in force.[8]

The Court also correctly found that invalidity needed to be pleaded as an affirmative defense and that Medtronic "delayed providing information on this never pleaded affirmative defense, to the prejudice of Dr. Sasso." (9/13/2018 Order.) This ruling is as correct today as it was four months ago. Medtronic offers nothing to undermine its soundness. Medtronic produced the majority of its documents, and practically all documents concerning the alleged invalidity of the patent claims at the close of discovery so that Dr. Sasso could conduct no discovery about them. Then it filed the *ex parte* USPTO proceeding, again, after the close of discovery. None of this was fair to Dr. Sasso.

Medtronic's unilateral efforts to invalidate parts of the '313 and '046 patents have no bearing on Dr. Sasso's claims.

D. Medtronic waived any challenge to Mr. Pellegrino's reliable damage analysis by failing to object at trial.

Unhappy with the $79.8 million verdict, Medtronic next attacks the reliability of the damage analysis and asks that damages be reduced to zero. The

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[7] Medtronic cites *Fresenius USA* and *ePlus* for the proposition that any pending litigation based on a patent claim becomes moot when that claim is cancelled. (Defs.' Br. pp. 17–18.) But this patent infringement rule does not apply to royalty disputes such as this one. Under federal patent law, the licensee or assignee of a patent cannot avoid its payment obligations by challenging the validity of a patent. (*See* Pl.'s July 2, 2018 Br. in Support of Mot. for Summ. J. on term and validity as a defense at pp. 21–24; Aug. 17, 2018 Reply Br. at pp. 8–15.)

[8] Medtronic's entire argument is belied by the fact that Medtronic continued to make quarterly payments under the Screw Delivery System Agreement for years after its claimed expiration date of 2009. (*See* DX1016.2.)

Court should deny this request. Medtronic never objected to these opinions at trial. It has waived this challenge. But in any event, Mr. Pellegrino's analysis was sound. Medtronic's attacks are nothing more than cross-examination material that the jury found unpersuasive.

Medtronic never objected—not once—to Mr. Pellegrino's trial testimony. (*See* 11/16/18 Tr. 22:8–97:1; 11/27:18 Tr. 81:21–100:6.) "The failure to timely object waives the right to have the evidence excluded at trial and the right on appeal to assert the admission of evidence as erroneous." *State Farm Fire & Cas. Co. v. Radcliff*, 987 N.E.2d 121, 153 (Ind. Ct. App. 2013). This rule applies equally to expert testimony. *See id.* (holding that the insurer waived the right to challenge admission of opposing expert's opinion by failing to timely object at trial); *Perez v. Bakel*, 862 N.E.2d 289, 295–96 (Ind. Ct. App. 2007) (holding that a physician waived his challenge to the admission of expert testimony by failing to timely object at trial); *Weinberg v. Geary*, 686 N.E.2d 1298, 1300 (Ind. Ct. App. 1997) (holding that physician waived his challenge that opposing expert was not qualified to opine on the standard of care by failing to object at trial).[9] And although Medtronic filed a pre-trial motion in limine to exclude Mr. Pellegrino from testifying, "[i]t is well settled that in order to preserve error in the denial of a pre-trial motion in limine, the appealing party must object to the admission of the evidence when it is offered." *Martin v. State*, 622 N.E.2d 185, 187 (Ind. 1993)*; Radcliff*, 987 N.E.2d at 153; *Perez*,

[9] "The rule of waiver in part protects the integrity of the trial court; it cannot be found to have erred as to an issue or argument that it never had an opportunity to consider." *GKC Ind. Theatres, Inc. v. Elk Retail Investors, LLC.*, 764 N.E.2d 647, 651 (Ind. Ct. App. 2002).

862 N.E.2d at 295–96; *Weinberg*, 686 N.E.2d at 1300 (Ind. Ct. App. 1997).[10] Medtronic waived this challenge.

In any event, Mr. Pellegrino's opinion was based on reliable principles. To calculate damages he used this simple formula: [Damages] = [Royalty Rate] x [Royalty Base]. (11/16/2018 Tr. 47:23–48:6 (Pellegrino).) The Royalty Rate is simply 2.5%—the royalty rate defined in the SDS Agreement. (*Id.*) To calculate the Royalty Base, Mr. Pellegrino multiplied the revenue of the various CD Horizon and interbody cages (which totaled approximately $6.2 billion) by the utilization rate of Dr. Sasso's invention. (*Id.* 48:7–11; 46:16–47:16.) To calculate this utilization rate, Mr. Pellegrino relied on academic sources to determine the adoption rate of MIS across the United State starting in 2000 and then applied that to Medtronic product lines. (*Id.* 42:17–46:15; 59:7–62:13.)

Mr. Pellegrino acknowledged he could have made more accurate calculations if Medtronic had provided the data he requested. (*Id.* 48:12–51:14, 61:19–62:20.) But that doesn't make his opinion unreliable. The law does not demand perfect damages calculations. (Final Instruction: "701 Damages—Guess or Speculation" ("[D]amages need not be proven to a mathematical certainty.").) *See also Cummins v. Brodie*, 667 S.W.2d 759, 765 (Tenn. Ct. App. 1983) ("[C]ourts will allow recovery even if it is impossible to prove the exact amount of damages from the breach of contract."). Even *Western Sizzlin*, a case cited by Medtronic in which the appellate court actually reversed the trial court's dismissal of a complaint based on

[10] "The purpose of this rule is to allow the trial judge to consider the issue in light of any fresh developments and also to correct any errors." *Brown v. State*, 929 N.E.2d 204, 207 (Ind. 2010).

insufficient proof of damages, notes that "uncertain or speculative damages are prohibited only when the existence of damages is uncertain not when the amount of damage is uncertain." *Western Sizzlin, Inc. v. Harris*, 741 S.W.2d 334, 336 (Tenn. Ct. App. 1987).

But again, Medtronic waived its criticisms[11] of Mr. Pellegrino's expert opinion by failing to object at trial. *See Radcliff*, 987 N.E.2d at 153. And in any event, here, as in *Radcliff*, Medtronic had the opportunity to "vigorously cross examine[] [Mr. Pellegrino] and present[] its own expert testimony to contest the assumptions underlying [Mr. Pellegrino's] opinion and the opinion itself." *Id.* n.28. In fact, Medtronic's own expert used the same methodology when calculating his version of the damages. (11/26/18 Tr. 139:2–16 (Vander Veen) ("It's similar to what Mr. Pellegrino did. I don't agree with his factor, but it's the same methodology.").)

Medtronic cannot use baseless criticisms of an expert's opinion to vacate a verdict when it never even raised these criticisms at trial.

[11] First Medtronic attacks the 2016 Spine article where the MIS adoption information was obtained. But Medtronic does not explain how this article is unreliable. Next Medtronic attacks Mr. Pellegrino's use of METRx and Quadrant sales data to increase the MIS utilization rate in his calculations. But Medtronic does not deny that it was a market leader (and therefore bringing the average up), nor does it cogently attack Mr. Pellegrino's analysis here. Medtronic also attacks the use of METRx and Quadrant adoption rates as a proxy for the use of Dr. Sasso's invention because sometimes these systems are used in procedures where no screws are implanted and where non-Medtronic screws are implanted. Medtronic, however, presented no evidence about the prevalence of either scenario, and in fact, Dr. Sasso testified that the latter scenario would be "unusual." (11/13/18 Tr. 23:19–24:7.) Finally, Medtronic attacks Mr. Pellegrino's use of the MIS adoption rate as a proxy for the use of Dr. Sasso's invention. But again Medtronic provides no data about the other ways MIS surgery is done.

E. This Court's exclusion of "invalidity" evidence was proper.

Medtronic requests a new trial based on the Court's exclusion of "invalidity" evidence. This request, like the others, should be denied.

Medtronic seems to argue that the only two reasons the Court excluded this evidence was because it should have been pleaded as an affirmative defense and because Medtronic's expert disclosure was untimely. But that was only half of it. In addition to finding validity irrelevant under the plain language of the Screw Delivery System Agreement,[12] the Court found that introducing this evidence would be "fundamentally unfair":

> The Court: Okay, I am going to deny your request to take judicial notice. I think it's – in the posture of this case it's irrelevant and changing essentially one of the fundamental facts is unfair. I think these decisions came out probably the Monday before we started jury selection on Thursday. So I don't know when the other side became aware of it. I would assume shortly thereafter as well. But I think it's fundamentally unfair to change those facts essentially six months after the close of discovery and introduce invalidity as a defense at this point.

(11/14/18 Tr. 11:23–12:14.)

"The trial court's discretion to admit or exclude evidence is broad, and [appellate courts] will not reverse the trial court absent an abuse of that discretion." *Hardiman v. State*, 726 N.E.2d 1201, 1203 (Ind. 2000). This broad discretion also applies to rulings under Rule 403. *Sears Roebuck & Co. v. Manuilov*, 742 N.E.2d

[12] (*See* 9/13/2018 Order ("The amount of money to be paid . . . depend on the issuance of patent and their expiration, not their validity.") Medtronic consistently ignores the plain language of the agreement. It refuses to acknowledge the plain meaning of Paragraph 4 and continues to insist that the inoperative language of Paragraph 7 controls. The part of Paragraph 7 Medtronic relies on is inoperative because the '313 and '046 patent issued and have not expired. This intransigent position began, as did late claims of the relevance of validity, with the appearance of new patent counsel in the case.

453, 457 (Ind. 2001). The Court did not abuse it discretion by excluding evidence generated in a unilateral and *ex parte* manner (and in breach of the Agreement[13]) after the close of discovery and on the eve of trial. The Court correctly excluded this "invalidity" evidence.

Medtronic also maintains—as it did at trial—that Dr. Sasso "opened the door" to this evidence by testifying about the patent prosecution history and the value of the patents. But Medtronic offers nothing more than it did in its trial brief and in oral argument during trial on this point. Dr. Sasso did not "open the door." He did not misstate any facts. He did not mislead the jury. And his counsel did nothing wrong by stating in closing that the "patent is in force today." That's the truth and an important fact for the jury because the royalty payments are owed only until "expiration of" the '313 and '046 patents. (PX0003 § 4(B).)

Furthermore, Medtronic admitted in its trial brief that this evidence was relevant only to "rebut[] Dr. Sasso's claim for recovery based on unjust enrichment." (*See* Defs.' Nov. 13, 2018 Mot. to Introduce Invalidity Evidence p. 2.) Counsel confirmed this the next day in open court when she argued that this evidence was relevant to "the unjust enrichment and quantum meruit part of [Dr. Sasso's] case":

> And as I said, Your Honor, this is directly relevant to the fact that Dr. Sasso is seeking over $100 million in compensation based purely on the value of these very, very broad patents that aren't actually enforceable. And your honor previously decided on summary judgment that Medtronic couldn't raise invalidity as a response to the Plaintiff's breach of contract case because, in part, we hadn't previously pled it.

[13] Section 12 of the Screw Delivery System Agreement prohibits Medtronic from "dispos[ing]" "any of the rights conferred . . . without the prior written consent of the other party." (PX0003 § 12.) Medtronic breached this provision by invalidating 16 claims of the two patents that Dr. Sasso sold to Medtronic as part of this agreement.

> But this is an entirely different argument, never before considered by the court on summary judgment or anywhere else. And this, in fact, is purely to rebut the fact that Dr. Sasso argues he should get $100 million for the value of this patent.

(11/14/18 Tr. 5:23–25, 7:6–19.) But Dr. Sasso did not recover under his theory of unjust enrichment. The jury awarded damages based on his breach of contract claim. By Medtronic's own admission, this "invalidity" evidence was not relevant to the breach of contract claim. So even if there was an error in excluding this evidence (and there was no error), it was harmless. *Barnhart v. State*, 15 N.E.3d 138, 143 (Ind. Ct. App. 2014) ("[W]e will find an error in the exclusion of evidence harmless if its probable impact on the jury, in light of all of the evidence in the case, is sufficiently minor so as not to affect the defendant's substantial rights."). If this evidence was only relevant to the unjust enrichment claim, then it would have had no impact on the jury's breach of contract verdict.

F. Dr. Sasso's claim is not barred by the statute of limitations or laches.

The statute of limitations and doctrine of laches do not apply. Medtronic raised these defenses in summary judgment briefing and at trial. The Court and the jury already properly rejected them, and this Court should do so again.[14]

Medtronic is wrong about both the facts and the law. First: the law on Tennessee's statute of limitations. Tennessee imposes a six-year statute of

[14] Medtronic moved for summary judgment on both the statute of limitations and laches. (*See* Defs.' July 2, 2018 Mot. for Partial Summ. J. as to Count III of the Third Am. Compl.) The Court denied that motion. (9/13/2018 Order.) Medtronic simply rehashes the same arguments. Rather than re-litigate the summary judgment briefing, and for the sake of brevity, Dr. Sasso incorporates his August 2, 2018 "Brief in Response to Defendants' Motion for Partial Summary Judgment on Count III of the Third Amended Complaint" here.

limitations for contract actions. Tenn. Code Ann. §28-3-109. It is well settled, however, that for installment contracts "the cause of action accrues on each installment when it becomes due." *Credit Union v. Hite*, 801 S.W.2d 822, 824 (Tenn. Ct. App. 1990). The Screw Delivery System Agreement is an installment contract. It requires Medtronic to make quarterly payments until the '313 and '046 patents expire. Each quarterly payment is subject to a separate statute of limitations. *See Aschbacher v. Woods*, 2005 Tenn. App. LEXIS 131, at *5 n.1 (Tenn. Ct. App. 2005) (noting that where one party agreed to make payments on specified future dates in an installment contract, "[t]he failure to make each payment would give rise to a separate cause of action, and the statute of limitations would run from the time of each breach."). Under Tennessee law, therefore, only royalty payments due before June 6, 2008 (i.e., six years before Dr. Sasso filed the First Amended Complaint) would be barred by the statute of limitations.

Medtronic is also wrong about the facts. The statute of limitations did not begin running when Medtronic first sold the various CD Horizon screws and interbody cages. Dr. Sasso did not seek royalties for all CD Horizon screws and interbody cages. He only sought royalties for those screws and cages when they were implanted in a manner utilizing his invention. This did not occur until the late 2000s. (*See, e.g.*, 11/9/18 Tr. 89:12–97:16 (Sasso) and PX0727, PX0430, PX0620 at Sasso SEE_001507.)

Medtronic also makes much ado about when the individual elements recited in claim 26—e.g., the trocar, means for drilling, means for aiming, etc.—were first

available on the market. (*See* Defs.' Br. at 36–37.) None of this matters. The invention was bringing these elements together.

For these same reasons, Medtronic's laches defense also fails. Dr. Sasso did not wait "11 years" to assert his claim for unpaid royalties. The evidence shows that Dr. Sasso raised his concerns with Medtronic leadership in 2008. (11/9/18 Tr. 95:18–104:7 (Sasso).) He went as high up the chain he could—all the way to the chief medical officer—to try to work this out. (*Id.*) These efforts unfortunately led to a Medtronic stonewall. In 2012, Dr. Sasso was instructed to stop communicating with Medtronic employees altogether. (11/14/18 Tr. 77:2–84:10.) A year later Medtronic cut off Vertex royalties. Given these facts, there was no unreasonable delay.

Nor was Medtronic prejudiced by this alleged "delay." Medtronic points to the loss of memory of two individuals: Brad Coates and Michael DeMane. But Brad Coates had no role in the negotiation of the Screw Delivery System Agreement or the development and integration of Dr. Sasso's invention into Medtronic's product line. (11/5/18 Tr. 106:12–107:6 (Coates).) And even though Mr. DeMane claimed to not remember much about the Screw Delivery System Agreement, Medtronic produced reams of documents showing the development of the screw delivery system (*see* PX0157), and that it was intended to be "packaged with [Medtronic's] Interbody Devices . . . ." (DX1156.) Running a videotape for a half hour at the end of trial of all the apparent lapses of memory of Mr. DeMane, which generally were

made concerning emails or letters he had written documenting his thoughts and intentions at the time, was not persuasive to the jury on the issue of laches.

Neither the law nor the facts support Medtronic's statute of limitations and laches defenses. These defenses were properly rejected once already by the Court on summary judgment and then by the jury at trial. The Court should reject them once again.

III.
The Vertex Verdict Is Sound

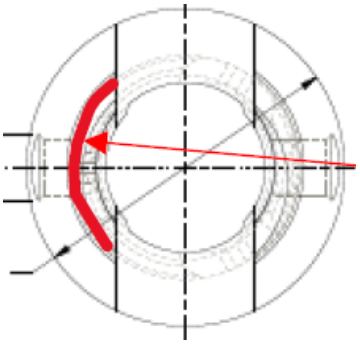
Dr. Sasso had two ways to prove Medtronic owed him life-of-patent royalties under the Vertex Agreement. First, he could prove the '491 patent covered a component of the Vertex system. Or second, he could prove that other patents covered Vertex and that these patents "arose out of" his intellectual property rights. The evidence at trial supported both theories, and the jury correctly awarded Dr. Sasso the Vertex damages he requested.

Medtronic complains of three errors. It argues that (1) no evidence supported a finding that claims 21 and 48 of the '491 patent covered a component of the Vertex system, (2) the allegedly improper admission of testimony about "axes" and the boilerplate "spirit of the invention" language in the '491 patent warrants a new trial, and (3) no evidence supported a finding that other patents besides the '491 patent provided for life-of-patent royalties. None of these arguments has merit.

A. Dr. Sasso proved by the greater weight of the evidence that the Vertex system is covered by claims 21 and 48 of the '491 patent.

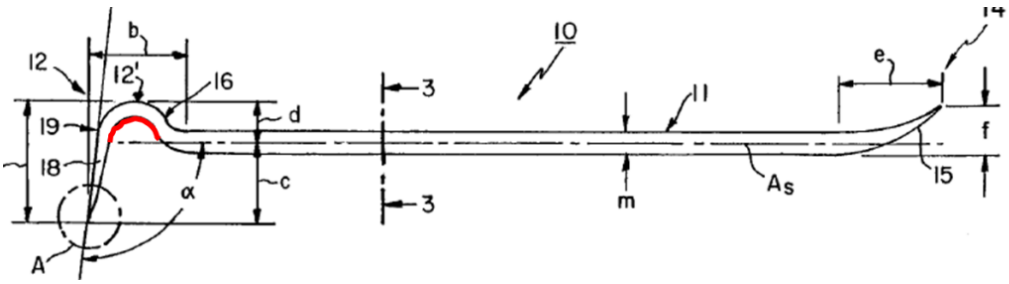
1. The jury reasonably found the Vertex system covered by claim 21 of the '491 patent.

Coverage under claim 21 turns on a simple dispute: whether the following part of the saddle member is "generally U-shaped":



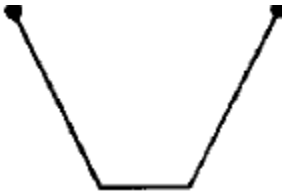
If it is, then it meets the definition of "channel" and sinks Medtronic's argument about the offset connector being too big to fit through the "transverse hole."

The jury's finding that this portion of the saddle member is "a generally U-shaped opening" is reasonable. A "general U-shape" can take multiple forms. Hundreds, if not thousands, of patents include this description. The drafters of one patent, for example, described the curved portion between the shaft and the hook on a crowbar as "generally U-shaped":



(Ex. A, U.S. Patent 6,257,553 Fig. 1, cl. 3:60–4:7); *see Alltrade Tools, LLC v. Olympia Group, Inc.*, 2003 U.S. Dist. LEXIS 26248, at *23 (C.D. Cal. Oct. 10, 2003)

(defining the "generally U-shaped" transition as where "the initial curvature of the transition is in the direction opposite to the subsequent curvature."). Meanwhile the drafters of another patent described a very different looking structure found in a stent as "generally U-shaped":



(Ex. B, U.S. Patent 6,053,940 Fig. 2A, cl. 5:17–18, 51–59.) In a dispute over this particular patent, a federal court held that whether the following structure of a stent was "u-shaped" "constitutes a dispute of material fact . . . and the jury is entitled to resolve the issue." *Medtronic Vascular, Inc. v. Advanced Cardiovascular Sys., Inc.*, 614 F. Supp. 2d 1006, 1016–17 (N.D. Cal. 2009). These are just two examples of the wide variety of "U-shaped" structures in the world.

Whether this part of the Vertex screw is "generally U-shaped" comes down to a question of fact. The jury heard testimony from persons of ordinary skill in the art from both sides (Dr. Parnell, Dr. Sasso, and Dr. Theiss) on this issue. They weighed this evidence and rendered their verdict. There was no error in the jury's finding.

Medtronic suggests that Dr. Parnell's opinion cannot stand because he undermined his analysis when he stated that the "transverse hole" he identified could also satisfy the definition of "channel." (Defs.' Br. at 42.) That does not undermine his opinion. There is no rule in patent law that there is only one way to

read a claim on a product. The test is not "who has the better analysis." All that matters is whether "each of the claim elements or limitations is present in that product." (*See* Final Instruction: "Patents".) If so, then the claim covers the product. *See American Optical Co. v. Weidenhamer*, 457 N.E.2d 181, 184 (Ind. 1983) (noting that just because an "opposite conclusion[] could, with reason, be drawn" doesn't mean "the evidence was insufficient" to meet the burden of proof). If Dr. Parnell's analysis was unreasonable, the jury would have rejected it. In the end, it was the jury's call to make.

The only alleged legal error raised in Medtronic's motion is that Dr. Parnell's opinion violated the Claim Construction Order. There is no support for this allegation and Medtronic never objected on these grounds. (*See* 11/7/18 Tr. 165:18–242:1; 11/8/18 Tr. 4:20–101:25.) In fact, Dr. Parnell specifically supplemented his initial opinion using the Claim Construction Order over the objection of Medtronic. Medtronic was then allowed to "supplement" the opinion of Dr. Theiss and have him testify adversely to Dr. Parnell at trial. Any alleged error is waived for failure to object at trial. *See Durden v. State*, 99 N.E.3d 645, 651 (Ind. 2018) ("A party's failure to object to an alleged error at trial results in waiver . . . .").

2. The jury could reasonably find the Vertex system covered by claim 48 of the '491 patent.

Coverage under claim 48 turns on two simple disputes: whether the "M" plate has four arms and whether the Keel plates have two axes intersecting at right angles with four arms. Medtronic argues that the "arms" in claim 48 must come at the end of each axis because that's how the "preferred embodiment" is depicted in

Figure 19. It also argues that the patent "specification" uses the words "arms" and "ends" interchangeably, and therefore the arms must be at the ends. But none of this matters. What matters is how the Court defined claim 48.

At Medtronic's request, the Court construed "cross-shaped member having a longitudinal axis connecting first and second longitudinal ends and a transverse axis connecting first and second transverse ends" as "a member having two axes intersecting at right angles with four arms." In other words, Medtronic asked the Court to remove the "connecting the ends" reference from claim 48. After realizing that the claim construction that it sought and which was adopted verbatim by the Court does not negate coverage, Medtronic wants this reference back in the Court's definition.[15] But Medtronic can't have its cake and eat it too. If Medtronic considers this claim construction erroneous, then it was an error of its own doing. Under the doctrine of invited error, Medtronic cannot now argue that this error supports reversal. *Booher v. State*, 773 N.E.2d 814, 822 (Ind. 2002) ("A party may not invite error and later argue that the error supports reversal, because error invited by the complaining party is not reversible error.").

Medtronic makes the same argument about the Keel plates. It complains that Dr. Parnell's analysis ignores the claim language requiring the longitudinal and transverse axes to connect the "ends." But again, Medtronic asked the Court to construe this language in claim 48 to mean "a member having two axes intersecting at right angles with four arms." This was the language the Court told the jury to

[15] Medtronic's "expert" Dr. Theiss agreed that "there's nothing in [the Court's] construction that says that the four arms have to form an axis." (11/26/18 Tr. 80:11–80:22.)

apply to its claim coverage analysis—again, specifically at Medtronic's request. If it was error for the jury not to consider the requirement that the axis connect the ends, Medtronic invited this error. It therefore cannot support reversal. *See Booher*, 773 N.E2d at 822.

The jury's finding that either claims 21 or 48 covers components of the Vertex system is supported by the evidence. This finding, in turn, supports the jury's $32.5 million verdict in favor of Dr. Sasso.

B. Cross-examination about "axes" and "spirit of the invention" was not improper and does not warrant a new trial.

Medtronic's request for a new trial based on the cross-examination of Dr. Theiss about the term "axis" and the boilerplate "spirit of the invention" language in the '491 patent should be denied. The decision to admit or exclude evidence is within the sound discretion of the trial court and will be reversed only upon a manifest abuse of discretion. *Gary Community School Corp. v. Boyd*, 890 N.E.2d 794, 798 (Ind. Ct. App. 2008), *trans. denied*. To warrant a new trial, this Court must also find a "prejudicial or harmful error has been committed." There was no such error. The Court was well within its right to permit this cross-examination of Dr. Theiss.

First, the term "axis" was not defined, so Dr. Sasso was allowed to "introduce evidence as to the plain and ordinary meaning" of this term "to one skilled in the art." *Apple, Inc. v. Samsung Electronics Co., Ltd.*, 12-cv-00630-LHK, 2014 U.S. Dist. LEXIS 22938, 2014 WL 660857 at *3 (N.D. Cal. Feb. 20, 2014); *see also Cordis Corp. v. Boston Scientific Corp.*, 561 F.3d 1319, 1337 (Fed. Cir. 2009). Second, these

dictionary definitions and PX788B (the image of the human with axes drawn on it)[16] did not conflict with how the term axis is used throughout the patent. Claim 53, for example, reads "[t]he plate of claim 48, wherein said channel of said saddle member has an axis, and said channel axis is substantially perpendicular to said longitudinal axis of said cross-shaped member." (PX0007 Column 15, lines 61–64.) This "channel axis" doesn't describe an axis connecting two ends. Instead it describes "a central line that bisects a two-dimensional body or figure"—which was one of the dictionary definitions presented to the jury. (PX 788A.) Unlike the undefined claim term in *Nystrom v. TREX Co.*, 424 F.3d 1136, 1145 (Fed. Cir. 2005), the manner in which "axis" is used in the '491 patent is not inconsistent with the dictionary definitions presented to the jury.

Medtronic's request for a new trial based on the reading of a "boilerplate" provision in the '491 patent fares no better. How could reading part of the '491 patent—which was admitted in full without objection and scrutinized for days—be so prejudicial that a new trial is warranted? The jury was free to read the entire patent, including this provision, during deliberations. To grant a new trial under Rule 403, Medtronic must show the probative value of the admitted evidence was "substantially outweighed" by "unfair prejudice." Ind. R. Evid. 403. Given that the "controversial" language at issue was already admitted into evidence, without objection, Medtronic cannot possibly meet this test.

[16] This drawing was submitted by Medtronic to the court in November 2016 in response to Dr. Sasso's motion for summary judgment. (*See* Nov. 11, 2016 Affidavit of Bradley Estes ¶ 25.)

Finally, Medtronic waived a Rule 403 challenge by failing to object on these grounds during the cross-examination. *Durden*, 99 N.E.3d at 651 ("A party's failure to object to an alleged error at trial results in waiver . . . .").

C. Dr. Sasso proved by the greater weight of the evidence that the '621, '359, '714, and '277 patents provide an additional basis for life-of-patent royalties under the Vertex Agreement.

Under the plain language of the Vertex Agreement, any patent that covers a component of the Vertex system provides a basis for life-of-patent royalties so long as those patents "arise out of" Dr. Sasso's "Intellectual Property Rights." Dr. Sasso proved that the '621, '359, '714, and '277 patents cover Vertex and that these patents "arose out of" his intellectual property rights.

Medtronic raises four alleged errors. It argues that no reasonable jury could find that other patents besides the '491 patent provide for life-of-patent royalties because (1) Dr. Sasso is not a named inventor on these patents, (2) these other patents are not listed in Exhibit A of the Vertex Agreement, (3) Dr. Sasso failed to prove patent coverage, and (4) this interpretation of the contract would conflict with the "term" provision in Section 8. Medtronic is wrong.

First, there is no requirement that Dr. Sasso be a named inventor on any of these patents to trigger life-of-patent royalties. If Medtronic intended to include a "named inventor" requirement, it would have included the same type of language (e.g. "naming Physician as an inventor") it inserted into Dr. Sasso's other agreements such as the Vantage agreement:

Vertex (PX0001 § 4(B))	"However, if the Medical Device is covered by a valid claim of an issued U.S. patent **arising out of the Intellectual Property Rights**, then the royalty payment specified above will be payable for the life of the patent."
Vantage (DX1008 § 3(a))	"However, if the Royalty Product is covered by a valid claim of an issued U.S. patent **naming Physician as an inventor**, then the royalty payment specified above will be payable for the life of such patent."

(*See also* Venture Agreement (DX1009 § 3(a)), SiLo Agreement (DX1011 § 3(a) and § 1 (definition of "Valid Claim").)

The jury was also correct to reject Medtronic's deceptive use of DX1241.1. That exhibit was not a communication telling Dr. Sasso he had to be a named inventor on a patent to receive life-of-patent Vertex royalties. Instead it was a heavily redacted email attaching a single exhibit from Dr. Sasso's **draft proposed global agreement** that was never signed. (11/16/18 Tr. 228:15–232:24 (Sasso).) The jury was smart. They rejected this sham argument.

The jury also properly rejected Medtronic's desperate attempt to pluck the "named inventor" language from the 2001 consulting agreement. Medtronic added an integration clause to the Vertex Agreement, admitted and considered by the jury without objection, which stated: "This Agreement contains the entire and exclusive understanding between the parties and supersedes any and all prior agreements, understandings, and arrangements, written or oral, between the parties relating to the subject matter hereof." (11/14/18 Tr. 69:19–71:14 (Sasso) and PX0001 § 14.) Medtronic's first commercial sales of Vertex were in September 2000, showing that Medtronic commercialized Vertex months before Dr. Sasso signed the 2001

consulting agreement (11/14/18 Tr. 92:2–24 (Sasso)), so that consulting agreement would not have controlled even if the consulting agreements were relevant.[17] The consulting agreements do not help Medtronic with its "named inventor" argument. All these agreements do is highlight how Medtronic would have drafted the Vertex Agreement had it intended to include a "named inventor" requirement.

Second, there is no requirement that that these other patents be listed in the definition of Intellectual Property Rights. For life-of-patent royalties, the Vertex Agreement only requires that the patent covering Vertex "aris[e] out of" the Intellectual Property Rights. (PX0001 § 4(B).) And "Intellectual Property Rights" is not limited to the '491 patent. (*Id.* § 1(B).) It includes "any and all know-how, technology and any other intellectual property right with respect to the Invention." (*Id.*) So if Dr. Sasso contributed know-how and a patent covering Vertex arose from that know-how, Section 4(B) requires royalty payments for the life of that patent.

That is exactly how Dr. Sasso and Brad Coates—the executive who negotiated the agreement—intended the Vertex Agreement to work. (11/8/18 Tr. 182:14–183:15 (Dr. Sasso explaining that he was to be paid life-of-patent royalties if patents arose from his know-how); 11/5/18 Tr. 30:6–31:19 (Coates describing agreement as a "life of patent" agreement that did not require Dr. Sasso to be a

[17] The Court's instruction that "the consulting agreements are not at issue in this case" was proper given these facts and black-letter contract law. And in any event, the jury was instructed (as requested by Medtronic) that "[w]here a contract refers to other documents and makes their conditions part of the agreement, the documents must be interpreted together as the agreement of the parties." (Final Instruction: "Contract Interpretation".) So if the Vertex Agreement referred to the 2001 consulting agreement, the jury was told to consider that. But of course the Vertex Agreement does not refer to that consulting agreement, so the jury was right to reject this argument.

named inventor).) When this agreement was signed, Medtronic's intent was to pay life-of-patent royalties so long as a patent covered the product. It did not matter who had their name on the patent. (*Id.*; *see also* 11/13/18 Tr. 113:16–116:24 (Compton).) Given all this evidence, it was reasonable for the jury to find that Dr. Sasso did not need to be a named inventor on any of these other patents for life-of-patent royalties to apply. This is especially true considering the jury was instructed to construe any ambiguities against Medtronic. (Final Instruction: "Contract Interpretation".)

Dr. Sasso presented compelling evidence that Medtronic's intent was to pay life-of-patent royalties under the Vertex Agreement so long as he contributed know-how to the development of the system. And he showed the multitude of contributions of know-how he made to the Vertex system and the specific components covered by the '621, '359, '714, and '277 patents. This included:

- Zach Buhner discussing how he worked with Dr. Sasso to develop Vertex in part by emailing, calling, and meeting with Medtronic engineers and marketing staff to convey issues and ideas (11/2/18 Tr. 139:11–148:23);
- Brad Coates discussing Dr. Sasso's "weekly" contributions of know-how (11/5/18 Tr. 39:17–40:11), stating that Dr. Sasso "absolutely" contributed to the concept of the increased angulation in the '621 patent (*id.* 69:18–70:5), confirming that Dr. Sasso provided feedback about the need for more angulation in the screw following the launch of Vertex (*id.* 108:14–109:24), and explaining that that he never talked to Dr. Sasso about whether the '621 patent provided a basis for life-of-patent royalties because he always understood that it did (*id.* 117:14–24);
- Steve Avery identifying Dr. Sasso as one of the "design surgeons for Vertex" and a key opinion leader for Vertex Select, Vertex Traverse, Vertex Max, and the original Vertex (11/8/18 Tr. 120:1–3; 131:18–22);

- Dr. Sasso testifying that he contributed "know-how" to the '621, '359, '714, and '277 patents (*id.* 183:7–188:10);

- Pat Wilson agreeing that that Dr. Sasso was involved with and contributed to the various versions of Vertex over time (11/16/18 Tr. 131:9–17);

- Dr. Foley explaining that he and Drs. Sasso and Popadopolous perfected the multi-axial screw that became the Vertex screw (*id.* 206:8–15);

- Medtronic Spine president Doug King admitting he had "seen mountains of evidence" at trial that Dr. Sasso "contributed heavily" to the Vertex system (11/19/18 Tr. 85:17–86:3); and

- Bob Farris agreeing that Medtronic's internal document about the "half-moon" occipital plate (which is disclosed in the '277 patent) identifies Dr. Sasso as one of the design surgeons (11/21/18 Tr. 95:15–99:4 and PX 633).

To counter this "mountain of evidence," Medtronic relied solely on the testimony of Bob Farris, one of the four named inventors of the '621 patent. He testified that he didn't receive feedback from Dr. Sasso about the placement of the notches in the screw saddle relating to the '621 patent. But this evidence, even if true, doesn't undercut the testimony of Brad Coates. Mr. Coates—one of the other three named inventors of the '621 patent—testified that Dr. Sasso did contribute know-how that led to the '621 patent. (11/5/18 Tr. 69:18–70:5, 108:14–109:24.) The jury was instructed to weigh this evidence and determine what was more likely true than not. And that's what it did.[18] The "mountain of evidence"—*Doug King's*

[18] Medtronic treats Mr. Farris's testimony as unimpeachable. (*See* Defs.' Br. at 48 n.16.) It's not. During cross-examination, Dr. Sasso confronted Mr. Farris with Medtronic's sworn interrogatory responses in which Medtronic claimed they were "unable to identify specific and separate contributions of each of the named inventors" because it "was a collaborative effort among all the named inventors." (11/21/18 Tr. 127:11–130:8 (Farris) and PX 924.) Mr. Farris did not dispute the interrogatory answer. He also admitted that the '621 patent team consisted of two groups working on two different features. (*Id.* 126:10–127:10; 130:2–

words—about the meaning of the Vertex Agreement and Dr. Sasso's contributions to the Vertex system and patents support the jury's verdict.[19]

Third, Dr. Sasso proved claim coverage under the '621, '359, '714, and '277 patents. Medtronic ignores that it "admit[ted] that Patent No. 7,264,621 contains a claim or claims that cover certain multi-level screw components of certain systems within the family of the Vertex reconstruction system" and that this admission was read to the jury. (11/16/18 Tr. 21:7–23.) The '621 patent, admitted to cover Vertex, does not expire until June 2024. The admission provides undisputed additional patent coverage to support continued royalties. As stated throughout this case, the first admission of coverage of the '621 patent—made while the case was still in federal court after removal—is fatal to Medtronic's subject matter jurisdiction argument. The admission allows Dr. Sasso to recover under the Vertex Agreement without having to prove any disputed issue of patent law.

All Dr. Sasso needed to show for continued Vertex royalties was coverage by a claim of a single patent "arising out of the Intellectual Property Rights." Several claims of the '491 and '621 patents cover to this day. With respect to the '359, '714,

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8.) So while Mr. Farris can speak to his interactions with Dr. Sasso, he cannot speak to what feedback and know-how Dr. Sasso provided to Mr. Coates.

[19] Dr. Sasso did not even need to prove he contributed know-how to the development of any of these other patents. Each of these patents "arose out of" the '491 patent. These other patents are merely improvement patents to the Vertex system. But for the '491 patent, these other patents would not have come to fruition. (11/8/18 Tr. 183:3–188:10 (Sasso); 11/9/18 Tr. 19:14–25 (Sasso).) This is especially true for the '621 patent. The '621 patent cites to the '491 patent and explicitly "incorporate[s] it by reference." (PX0014 Column: 1, Lines: 33–37.) Medtronic's own '621 invention disclosure document identifies the '491 patent as one of the patents which "preceded" it. (PX0009.) Mr. Coates confirmed that the '621 patent addressed "some things that needed to be fixed" and that this was the "early part of the overall progression of Vertex over the years." (11/5/18 Tr. 58:14–59:1.)

and '277 patents—which are simply additional patents that also provide continued Vertex royalties—Medtronic's citation to patent infringement cases to analyze a contract question are improper.[20] Dr. Sasso was not engaged in demonstrating infringement of the patents owned by Medtronic. He was tasked simply with showing that the additional patents "arising out of the Intellectual Property Rights" have claims that cover Vertex. Dr. Parnell's detailed report demonstrated the coverage of the '621, '359, '277 and '714 patents and he testified consistent with the prior report. His qualifications and his testimony as to examination of the Vertex product and of the language of patents and his opinion of coverage of the additional three patents was sufficient for a contract demonstration. If Medtronic wanted to contest his opinion as to the coverage of these additional patents, it should have cross examined him or presented evidence that the patents did not have claims that covered Vertex.

There was additional evidence that Medtronic agreed that the other patents covered and that the coverage supported continued royalties. Mr. Coates, their executive vice president, testified to this. (11/5/18 Tr. 117:20–118:5.) Medtronic's royalty cards, which they chose not to explain, first stated that royalties paid in 2009 and after were based on the '491 patent, which issued on November 26, 2002,

[20] *Ericsson v. D-Link Sys.*, 773 F.3d 1201 (Fed Cir. 2014) and *Alexsam v. IDT Corp.*, 715 F.3d 1336 (Fed. Cir. 2013) are both appeals of infringement cases of patents with specific claim issues relating to computer payment systems that required specific testimony from the expert. Here, these three improvement patents describe and claim structures used in the Vertex system. Dr. Parnell provided lengthy testimony on the coverage of the '491 patent claims on structure of the Vertex system and further testified that the '359, 714, and 277 patents covered Vertex in the same way. With these specific patents and the Vertex system at issue, the testimony was sufficient even for an infringement analysis.

but later stated "life of patent" in a broader sense. (PX1000BB.) This is consistent with the testimony of Mr. Coates. The 17 payments made after September 2008 therefore are evidence of patent coverage on Vertex based on all the different patents that covered. *See Frolow v. Wilson Sporting Goods, Inc.*, 710 F.3d 1303, 1310 (Fed. Cir. 2013). This is stated in Medtronic's own records.

Finally, the term provision in Section 8 is irrelevant. Medtronic never even mentioned this provision at trial. And that is because the '491 patent does not expire until September 15, 2020 and Medtronic admits that the patent is still in force today. (11/19/18 Tr. 89:8–20 (King).) Dr. Sasso only sought Vertex royalties up to the date of trial, November 1, 2018. The jury thus did not need to consider Section 8 to award full damages to Dr. Sasso on his Vertex claim.

Dr. Sasso only had to prove his case by "the greater weight of the evidence." (Final Instruction: 3301, 3309.) That is, "evidence that convinces [the jury] that something is more probably true than not true." (Final Instruction: 509.) "The burden is met by the evidence of greater weight **as the jury views it**." *Monumental Life Ins. Co. v. Franko*, 486 N.E.2d 608, 610 (Ind. Ct. App. 1985) (emphasis added). "It is the function—and province—of the jury to determine the facts" and "it is the jury's prerogative to weigh the evidence and, thus, determine whether the burden of proof was met." *Id.* at 610–11.

The jury did its job. It weighed the evidence and rendered its verdict. The Court should reject Medtronic's request to usurp the role of the jury. The Vertex verdict should stand.

IV.
This Court Has Jurisdiction Over This Contract Case

Medtronic concludes its 52-page with a single sentence about how this Court supposedly lacks subject matter jurisdiction. Medtronic offers nothing new on this front, so no response is required. This Court has subject matter jurisdiction of this case, which has been affirmed multiple times over the last five years. Nothing has changed.

V.
Conclusion

The motion to correct error should be denied summarily without hearing. Nothing has been raised to even consider setting aside the jury's verdict.

Respectfully submitted,
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Certificate of Service

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