



IN THE SUPREME COURT OF THE STATE OF DELAWARE

INTERMEC IP CORP., a Delaware Corporation, and INTERMEC TECHNOLOGIES CORP., a Washington Corporation,

Plaintiffs Below,
Appellants/Cross-Appellees,

v.

TRANSCORE, LP, a Delaware Limited Partnership, and TRANSCORE HOLDINGS, INC., a Delaware Corporation,

Defendants Below,
Appellees/Cross-Appellants,

C.A. No. 347,2023

Court Below:
The Superior Court of the State of Delaware,

C.A. No.: N20C-03-254 PRW CCLD

CROSS-APPELLANT'S REPLY BRIEF ON CROSS-APPEAL

**MANNING GROSS +
MASSENBURG LLP**
William B. Larson Jr. (No. 5627)
1007 N. Orange Street, Suite 711
Wilmington, Delaware 19801
(302) 657-2100
wlarson@mgmlaw.com

Attorneys for Appellee/Cross-Appellants

**BRADLEY ARANT BOULT
CUMMINGS LLP**
Lela M. Hollabaugh
Kimberly M. Ingram-Hogan
1600 Division Street, Suite 700
Nashville, Tennessee 37203
(615) 252-2348
lhollabaugh@bradley.com
kingram@bradley.com

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TABLE OF CONTENTS

	Page
TABLE OF CITATIONS	ii
SUMMARY OF ARGUMENT	1
ARGUMENT	4
I. The Superior Court erred as a matter of law in denying relief on TransCore’s counterclaim for overpayments of royalties for readers where all relevant Intermec patents had expired.	4
A. The implied covenant required Intermec to return overpayments, as the Superior Court held.	4
B. The voluntary payment doctrine did not bar TransCore’s recovery of overpayments for readers.	8
C. No prior material breach bars TransCore’s claim.....	12
II. The Superior Court erred as a matter of law in denying relief on TransCore’s counterclaim for overpayments of royalties for tags that did not use Intermec technology.....	14
A. As the Superior Court held, the voluntary payment doctrine does not bar TransCore’s counterclaim for overpayments on the 4285 tag.	14
B. The Superior Court erred in holding that a qualified witness’s testimony was <i>per se</i> insufficient to meet TransCore’s burden of proof.....	16
CONCLUSION.....	24
CERTIFICATE OF COMPLIANCE.....	25

TABLE OF CITATIONS

Page(s)

Cases

Andrews Miller & Assocs., Inc. v. Forest Grove, Inc.,
1994 WL 380996 (Del. Super. July 1, 1994), *aff'd in part, rev'd in part on other grounds sub nom. Forest Grove, Inc. v. Andrews, Miller & Assoc.*, 655 A.2d 307 (Del. 1995)17

Cal. State Tchers.' Ret. Sys. v. Alvarez,
179 A.3d 824, 855 (Del. 2018)12

Concord Towers, Inc. v. Long,
348 A.2d 325 (Del. 1975)22

Dieckman v. Regency GP LP,
155 A.3d 358 (Del. 2017)6, 7

Envolve Pharmacy Sols., Inc. v. Rite Aid Hdqtrs. Corp.,
2021 WL 140919 (Del. Super. Jan. 15, 2021)10

Glaxo Grp. Ltd. v. DRIT LP,
248 A.3d 911 (Del. 2021)7

In re Hagan v. Rostien,
1997 WL 366893 (Del. Super. Apr. 23, 1997)22

Home Insurance Co. v. Honaker,
480 A.2d 652 (Del. 1984)10, 11

Oxbow Carbon & Mins. Holdings, Inc. v. Crestview-Oxbow Acquisition, LLC,
202 A.3d 482 (Del. 2019)5, 6

Ploof v. State,
75 A.3d 840 (Del. 2013)12

Preferred Inv. Servs., Inc. v. T & H Bail Bonds, Inc.,
2013 WL 3934992 (Del. Ch. July 24, 2013), *aff'd* 108 A.3d 1225 (Del. 2015)12

<i>Reynolds v. Reynolds</i> , 237 A.2d 708 (Del. 1967)	17
<i>Shively v. Klein</i> , 551 A.2d 41 (Del. 1988)	22
<i>Taylor v. State</i> , 748 A.2d 914 (Table), 2000 WL 313501 (Del. 2000)	17
<i>W. Am. Ins. Co. v. Bogush</i> , 2006 WL 1064069 (Del. Super. Apr. 12, 2006)	22
<i>Weinberg v. Waystar, Inc.</i> , 294 A.3d 1039 (Del. 2023)	5
Other Authorities	
RESTATEMENT (THIRD) OF RESTITUTION AND UNJUST ENRICHMENT § 6 cmt. e	9

SUMMARY OF ARGUMENT

Under governing Delaware law, TransCore successfully proved its counterclaim for breach of the implied covenant of good faith and fair dealing on both readers and tags made with EM4285 (“4285 tags”). Intermec’s response fails to address most of TransCore’s arguments, and this Court should reverse the Superior Court’s entry of judgment against TransCore on its counterclaim.

First, the Superior Court correctly held that an implied covenant to return overpayments exists. Intermec argues that the implied covenant does not apply because the Cross-License (“Agreement”) expressly addresses this obligation by requiring TransCore to calculate royalties. This argument conflates obligations. While the Agreement requires TransCore to calculate royalties in the first instance, it does not address whether Intermec must return overpayments when a mistake is made in that process. Thus, there is a gap to be filled. Moreover, the record supports the Superior Court’s holding that the gap *should* be filled by implying an obligation to return overpayments. Returning overpayments fulfills both parties’ reasonable expectations in entering the contract, as it conforms to commercial norms and the parties’ actions in the decades preceding this lawsuit. The obligation was simply so obvious that the parties did not think to express it directly.

Second, the Superior Court erred in applying the voluntary payment doctrine to bar claims for overpayments of royalties paid for readers for which all relevant

Intermec patents had expired. As TransCore explained in its opening brief, the Superior Court applied the wrong legal standard, asking whether TransCore took a “calculated risk” in deploying resources to monitor patent expiration dates. Intermec does not argue that the Superior Court applied the correct standard. Instead, Intermec attempts to show that if the Superior Court had applied the correct standard, it nevertheless would have found TransCore’s payment voluntary on the basis that TransCore had all material facts. However, even viewed favorably to Intermec, this evidence could suggest only constructive knowledge, not actual knowledge of material facts, which is required to render a payment voluntary under Delaware law. As a result, the voluntary payment doctrine did not apply, and the Superior Court’s judgment on the claim for overpayments on readers should be reversed.

Third, the Superior Court erred in treating Mr. Gravelle’s testimony as *per se* insufficient to show that TransCore never owed royalties on the 4285 tags and therefore holding that TransCore had not met the burden of proof on that claim. Due to his expertise in RFID products and his experience designing the 4285 tags, Mr. Gravelle was competent to testify regarding whether those tags used any Intermec-patented technology, and the Superior Court found that testimony credible. Therefore, treating that testimony as *per se* insufficient to satisfy TransCore’s burden to prove overpayments was error: when a claimant’s credible, competent testimony is weighed against no contrary evidence, the claimant has proven its claim by a

preponderance of the evidence. Indeed, Intermec offers no legal support for its contention that unopposed competent evidence somehow does not create a preponderance of the evidence.

Intermec attempts to undermine Mr. Gravelle's testimony by pointing to his alleged inability to testify regarding other Intermec patents and TransCore products that were not at issue. However, Intermec fails to identify a single inaccuracy or any contrary evidence related to his conclusions about the *relevant* issue: whether the 4285 tags used Intermec-patented technology. As a result, TransCore should have received judgment in its favor on its counterclaim for overpayment of royalties related to the 4285 tags.

For these reasons, the Court should remand with an order that the Superior Court enter judgment for TransCore on its Counterclaim in the amount of \$1,940,838 and determine the amount of interest and attorneys' fees due.

ARGUMENT

I. The Superior Court erred as a matter of law in denying relief on TransCore’s counterclaim for overpayments of royalties for readers where all relevant Intermec patents had expired.

In this appeal, there is no factual dispute that TransCore overpaid Intermec royalties on readers in the amount of \$1,017,426.¹ There are only two questions with respect to this counterclaim: (1) whether the Superior Court correctly held that the implied covenant of good faith and fair dealing requires Intermec to return mistaken overpayments of royalties and (2) whether the Superior Court erred in holding that the voluntary payment doctrine barred TransCore’s claim. As explained in TransCore’s opening brief and below, the answer to both questions is yes.

A. The implied covenant required Intermec to return overpayments, as the Superior Court held.

In its opening brief on cross-appeal, TransCore explained why an implied covenant to return overpayments exists, as the Superior Court held.² In response, Intermec insists that the implied covenant does not apply because the Agreement “address[es] the conduct at issue,”³ yet it points to no contractual language discussing whether Intermec has an obligation to return mistaken overpayments.

¹ See TransCore Ans. Br. & Cross-Appeal Op. Br. at 65 (citing evidence of this fact).

² A2255, A2622; *see also* A289.

³ Intermec Reply & Ans. Br. at 38.

There is no such language: the Agreement *is* “truly silent” as to this issue.⁴ In fact, the Agreement only mentions overpayments when enumerating specific scenarios in which Intermec does *not* have to return payments⁵—a fact Intermec ignores. Thus, while it does not expressly address the issue, the Agreement’s plain language *implies* that Intermec is required to return overpayments unless an enumerated exception applies (and none is alleged to apply here). If Intermec *never* had such an obligation, the Agreement would not define specific situations in which it need not return overpayments.⁶

Unable to identify language expressly allowing it to retain overpayments, Intermec conflates contractual obligations. Specifically, Intermec argues “[t]he Agreement clearly states that it is TransCore’s sole responsibility to ensure that royalty payments were properly made.”⁷ This position is contrary to the record evidence. Although the Agreement requires TransCore to calculate royalties in the first instance, it also provides for the submission of quarterly royalty reports so that Intermec can review the calculations.⁸ But regardless, the question at issue in this

⁴ *Oxbow Carbon & Mins. Holdings, Inc. v. Crestview-Oxbow Acquisition, LLC*, 202 A.3d 482, 507 (Del. 2019).

⁵ See TransCore Ans. Br. & Cross-Appeal Op. Br. at 64–65 (citing A142).

⁶ See, e.g., *Weinberg v. Waystar, Inc.*, 294 A.3d 1039, 1044 (Del. 2023) (Delaware courts determine a contract’s meaning by “read[ing] the contract as a whole.”).

⁷ Intermec Reply & Ans. Br. at 35.

⁸ See A1862–A1863.

Counterclaim is not *who* has responsibility for the initial calculation; it is whether *Intermec* has an obligation when a mistake in the process is later discovered. The Agreement does not expressly address that question.

Also, requiring Intermec to return overpayments is not “contrary to the Agreement’s terms.”⁹ As explained above, the Agreement implies there generally is an obligation to return overpayments. And, regardless of whether adjustments may be made for mistakes in calculations of royalties, TransCore still has the responsibility to calculate royalties in the first instance, and it has an incentive to do so correctly. Obviously, no reasonable business would want to overpay royalties. Moreover, the Agreement has at least two mechanisms to incentivize TransCore to avoid underpayments: quarterly reports and audits, both of which were utilized here.

Further, even where the contract could have been drafted to expressly address an obligation but was not, a claim for breach of the implied covenant may succeed. Although this Court has warned that courts should be cautious in applying the covenant,¹⁰ *never* applying the covenant where the obligation could have been included in the contract would destroy its purpose of upholding the parties’ “reasonable expectations.”¹¹ While most obligations theoretically could be written

⁹ Intermec Reply & Ans. Br. at 39.

¹⁰ *Oxbow*, 202 A.3d at 507.

¹¹ *Dieckman v. Regency GP LP*, 155 A.3d 358, 361, 367 (Del. 2017).

in the contract, “some aspects of the deal are so obvious to the participants that they never think, or see no need, to address them.”¹² The Superior Court applied that established law here, holding the obligation to return overpayments was “so obvious” that the parties did not need to expressly state it.¹³ Intermec does not acknowledge the existence of this law, much less explain why it would not apply here.

And indeed, the evidence supports the Superior Court’s holding that the obligation to return overpayments was so obvious to the parties that they did not expressly state it in the Agreement. Both parties agreed that refunding of overpayments would be their expectation in the normal course of business,¹⁴ and there was undisputed evidence that the parties actually “trued up” overpayments and underpayments.¹⁵ Even Intermec’s chosen auditor, EY, credited TransCore for overpayments,¹⁶ further illustrating how such obligation was fully understood. Intermec does not dispute this record evidence.

Ultimately, Intermec wants any mistake that TransCore makes to inure to its

¹² *Dieckman*, 155 A.3d at 361, 368 (internal quotation omitted); *accord Glaxo Grp. Ltd. v. DRIT LP*, 248 A.3d 911, 919 n.35 (Del. 2021).

¹³ TransCore Ans. Br. & Cross-Appeal Op. Br. at 64; Decision at 36–37; A424–A426.

¹⁴ *See* A1128–A1129, A1879–A1880, A2255.

¹⁵ A2255, A2622; *see also* A289.

¹⁶ A289.

benefit under the Agreement: if TransCore underpays, TransCore must correct the underpayment, but if TransCore overpays, Intermec keeps the money. Nonetheless, despite its emphasis on the sophistication of the parties and their ability to negotiate terms, Intermec did not bargain to retain all overpayments. Given that returning of overpayments is the commercial norm,¹⁷ it was Intermec, not TransCore, that should have negotiated a term if it wished to avoid an obvious obligation. But, as the record shows, that was never either party's intent or practice. As a result, an implied covenant to return mistaken overpayments exists.

B. The voluntary payment doctrine did not bar TransCore's recovery of overpayments for readers.

In attempting to defend the application of the voluntary payment doctrine, Intermec ignores TransCore's primary argument: The Superior Court applied the wrong legal standard. The Superior Court asked whether TransCore made an overpayment as a result of a "calculated risk" in allocating its resources, citing the *Restatement*.¹⁸ As explained in TransCore's opening brief, however, this standard does not appear in, or accord with, Delaware law.¹⁹ Further, the *Restatement* itself does not apply this standard; it asks whether the amounts were paid "in the face of a

¹⁷ See A1128–A1129, A1879–A1880, A2255.

¹⁸ Decision at 38–39, 41–42.

¹⁹ TransCore Ans. Br. & Cross-Appeal Op. Br. at 65–68.

recognized uncertainty” regarding the obligation to pay.²⁰ Intermec makes no effort to show that the Superior Court’s “calculated risk” standard was correct. For the reasons explained in TransCore’s opening brief, this Court should hold that the Superior Court applied an incorrect standard of law in assessing the voluntary payment doctrine.

Perhaps recognizing this, Intermec attempts to satisfy the traditional standard under Delaware law,²¹ but the record does not support Intermec’s assertion that TransCore had full knowledge of the material facts. There is no evidence that TransCore *actually knew* that the Intermec patent relevant to readers had expired.²² Instead, Intermec points to evidence that TransCore charged Mr. Gravelle with monitoring patent expiration dates, yet he did not do so regularly.²³ At most, that shows that TransCore *could have known* that the relevant patent expired if it had deployed its resources differently. However, “no Delaware Court has imposed th[e voluntary payment] doctrine as a bar to recovery on the basis of constructive, instead

²⁰ RESTATEMENT (THIRD) OF RESTITUTION AND UNJUST ENRICHMENT § 6 cmt. e.

²¹ Intermec Reply & Ans. Br. at 40 (citing *Nieves v. All Star Title, Inc.*, 2010 WL 2977966, at *6 (Del. Super. July 27, 2010)).

²² The Superior Court declined to apply the voluntary payment doctrine to the overpayment claim for the 4285 tags, but Intermec argues that it should have done so. *See id.* at 41. TransCore addresses this argument in Part II.

²³ *See id.*

of actual, knowledge.”²⁴ Here, TransCore did not have actual knowledge of the material facts, and under the correct legal standard, that is dispositive of the voluntary payment doctrine.

Further, a party’s lack of knowledge precludes voluntary payment even where the party was negligent. This Court explained this in *Home Insurance Co. v. Honaker*, stating “[t]he negligence of the payor in mistakenly compensating the payee, alone, is no bar to restitution of the sum paid.”²⁵ That makes sense: most mistakes involve some level of negligence, so excluding mistakes made due to negligence would swallow the rule. Thus, TransCore is entitled to recover its overpayments for readers even if it was negligent in monitoring for the expiration of patents.

In a footnote, Intermec suggests that a payor who was negligent can only recover sums paid if there was a mutual mistake of fact.²⁶ This is irrelevant; Intermec’s insistence that it could not assess the accuracy of any payment and relied entirely on TransCore’s calculations²⁷ precludes it from arguing that the mistake was

²⁴ *Envolve Pharmacy Sols., Inc. v. Rite Aid Hdqtrs. Corp.*, 2021 WL 140919, at *11 (Del. Super. Jan. 15, 2021), *reargument denied*, 2021 WL 855866 (Del. Super. Mar. 8, 2021).

²⁵ 480 A.2d 652, 654 (Del. 1984).

²⁶ *See* Intermec Reply & Ans. Br. at 42 n.58.

²⁷ *See, e.g.*, Intermec Op. Br. at 5–7, 28.

anything other than mutual. But, in any event, Intermec is wrong. In the very case that Intermec relies upon, the Court specifically recognized that “while mutuality of mistake is usually required for restitution, unilateral mistake does not in every case bar recovery.”²⁸ For a unilateral mistake, the court assesses whether “recovery would be inequitable, such as when the payee has changed his position,” and the “burden of proving a change of circumstances or other inequities sufficient to bar restitution is upon the payee.”²⁹ Intermec made no attempt to prove any such change of circumstances or inequity, so it does not matter whether the mistake was unilateral or mutual. In either event, TransCore is entitled to recover the overpayment.

Finally, Intermec cites no Delaware law suggesting that a party’s “willfulness” in lacking knowledge is relevant to the voluntary payment doctrine.³⁰ But assuming *arguendo* that it is, there is no evidence that TransCore was willfully ignorant. TransCore believed it had a system in place to prevent overpayments. That system failed, but that does not make TransCore’s ignorance willful. Instead, this is exactly the type of factual mistake that requires an overpayment to be returned. The voluntary payment doctrine simply does not apply, and the Superior Court erred in holding otherwise.

²⁸ 480 A.2d at 654.

²⁹ *Id.*

³⁰ Intermec Reply & Ans. Br. at 42–43.

C. No prior material breach bars TransCore’s claim.

In another footnote, Intermec argues that even if it has merit, TransCore’s implied covenant claim “should nonetheless still be dismissed because of TransCore’s own material breach of Section 3.5 and its continued use of an improper adjusted price that preceded Intermec’s receipt of any alleged overpayment.”³¹

Intermec’s introduction of this alternative argument in a footnote without any citation to legal authority waives the argument, and the Court need not consider it.³²

Regardless, Intermec is wrong on the merits. TransCore did not breach Section 3.5 or its payment obligations under the Agreement, as described in its opening brief. Moreover, as a matter of law, the doctrine of prior material breach cannot bar TransCore’s counterclaim. Under that doctrine, “[a] party who first commits a material breach of a contract cannot enforce the contract going forward.”³³ However, a non-breaching party “is not entitled to a windfall”; the breaching party “is entitled to restitution for any benefit” conferred.³⁴ Thus, even if

³¹ *Id.* at 40 n.56.

³² *See, e.g., Cal. State Tchrs.’ Ret. Sys. v. Alvarez*, 179 A.3d 824, 855 (Del. 2018) (citing Del. Sup. Ct. R. 14(b)(vi)(A)(3)) (holding that argument confined to a footnote was waived); *Ploof v. State*, 75 A.3d 840, 866 (Del. 2013) (holding that argument not made in body of brief and made without citation to authority was waived).

³³ *See Preferred Inv. Servs., Inc. v. T & H Bail Bonds, Inc.*, 2013 WL 3934992, at *21 (Del. Ch. July 24, 2013), *aff’d* 108 A.3d 1225 (Del. 2015).

³⁴ *Id.* at *21 (citation omitted).

TransCore had breached first, Intermec would not be permitted to keep mistaken overpayments while receiving additional royalties allegedly due under the Contract.

II. The Superior Court erred as a matter of law in denying relief on TransCore’s counterclaim for overpayments of royalties for tags that did not use Intermec technology.

The Superior Court also erred in denying relief on TransCore’s counterclaim for overpayment of royalties on 4285 tags, which did not use Intermec technology. The Superior Court correctly held that there was an obligation to return overpayments and that the voluntary payment doctrine did not apply to this portion of TransCore’s counterclaim. However, the Superior Court erred in treating a qualified witness’s testimony as *per se* insufficient to support TransCore’s counterclaim.

A. As the Superior Court held, the voluntary payment doctrine does not bar TransCore’s counterclaim for overpayments on the 4285 tag.

Intermec argues that the Superior Court should have applied the voluntary payment doctrine to 4285 tags without expressly acknowledging it argues for reversal, stating only that “the Superior Court did not rely on this fact in concluding that the voluntary payment doctrine applied.”³⁵ But to be clear, the Superior Court expressly held that the doctrine did *not* apply to the overpayments on the 4285 tags, which occurred because the finance team made a mistake of fact regarding whether these tags were identical to a predecessor product.³⁶

³⁵ Intermec Reply & Ans. Br. at 41 n.57.

³⁶ *See* Decision at 40.

Intermec’s argument for applying the doctrine to this portion of the counterclaim misconstrues the record. Without citing to any record evidence or to TransCore’s alleged admission, Intermec argues that “after a re-engineering, Mr. Gravelle concluded that the [4285 tag] no longer practiced any Intermec patents, but subsequently failed to alert the finance team that made the royalty payments of the change.”³⁷ But at trial, the evidence actually showed that the 4285 tag was a *new* product that product management mistakenly classified as being royalty-bearing like its predecessor product (the 4185 tag).³⁸ When Mr. Gravelle discovered this issue, he alerted the Finance team, which thereafter excluded those tags from royalty calculations.³⁹ It is simply not accurate to suggest that Mr. Gravelle knew how the 4285 tag was classified all along and delayed in alerting finance.

But even if Intermec’s summary of the evidence were accurate, that still would not establish that the voluntary payment doctrine applies. As with the overpayment of readers, that would be a factual mistake due to *lack* of knowledge, perhaps caused by negligence. This Court should not newly apply the voluntary payment doctrine under these circumstances.

³⁷ Intermec Reply & Ans. Br. at 41.

³⁸ *See* A2614.

³⁹ *See id.*, A2410–A2411, A350–A360; B0052, B0105–B0111.

B. The Superior Court erred in holding that a qualified witness's testimony was *per se* insufficient to meet TransCore's burden of proof.

Because the voluntary payment doctrine does not apply, the only question is whether TransCore's evidence was sufficient to meet its *prima facie* burden to establish an overpayment on 4285 tags. To meet this burden, TransCore needed to establish that: (1) it did not owe royalties on 4285 tags, (2) it paid royalties on 4285 tags, and (3) Intermec did not return those amounts to TransCore. Intermec does not dispute TransCore proved the second and third facts.

Thus, the question on appeal revolves around TransCore's proof that it did not owe royalties on 4285 tags, for which TransCore relied on testimony of an internal expert, Kelly Gravelle.⁴⁰ Although the Superior Court held that testimony was credible, it found the testimony wasn't "enough" to meet TransCore's burden and that "absent additional support, the [Superior] Court cannot find by a preponderance of the evidence that TransCore has met its burden."⁴¹ As explained in TransCore's opening brief, this is an error of law: competent, credible testimony *is* enough to meet a claimant's burden of proof.⁴²

⁴⁰ See TransCore Ans. Br. & Cross-Appeal Op. Br. at 69–71 (describing Mr. Gravelle's qualifications and testimony).

⁴¹ Decision at 44.

⁴² See TransCore Ans. Br. & Cross-Appeal Op. Br. at 71–72.

To try to escape this conclusion, Intermec urges the Court to embrace this error of law, arguing that TransCore could not establish its counterclaim through testimony alone.⁴³ Intermec cites no authority for this proposition, and it is contrary to established principles of law. TransCore’s burden was to establish the elements of its claim by a preponderance of the evidence, which “has been defined to mean the side on which the greater weight of the evidence is found.”⁴⁴ Delaware courts routinely compare this standard to a scale of justice; if the evidence is placed on a scale, the scale must be tipped in favor of the claimant for the claimant to prevail.⁴⁵ Here, *only* TransCore presented evidence, which the Superior Court deemed credible. When TransCore’s competent, credible evidence is weighed against no evidence on the other side of the scale, TransCore necessarily met its burden of proof, and it was error to conclude the contrary.

⁴³ See Intermec Reply & Ans. Br. at 44–45.

⁴⁴ See, e.g., *Taylor v. State*, 748 A.2d 914 (Table), 2000 WL 313501, at *2 (Del. 2000) (quotation and citation omitted).

⁴⁵ See, e.g., *Reynolds v. Reynolds*, 237 A.2d 708, 711 (Del. 1967) (describing the evidence and comparing it on a scale); *Taylor*, 2000 WL 313501, at *2 & n.11 (finding it “clear” that a definition comparing “preponderance of the evidence” to a scale of justice in a jury instruction was “legally sufficient”); *Andrews Miller & Assocs., Inc. v. Forest Grove, Inc.*, 1994 WL 380996, at *1 (Del. Super. July 1, 1994), *aff’d in part, rev’d in part on other grounds sub nom. Forest Grove, Inc. v. Andrews, Miller & Assoc.*, 655 A.2d 307 (Del. 1995) (explaining that, during a bench trial in a civil case, the court focuses on “two traditional jury charges given in all civil cases,” one of which compares the preponderance of evidence to a scale of justice).

Otherwise, Intermec points to aspects of the proceedings that are not relevant to the issues on appeal. *First*, Intermec returns to a pre-trial discovery dispute, criticizing TransCore’s “decision not to produce documents related to its alleged investigation of the EM4285 tag.”⁴⁶ But TransCore did not *decide* to not produce such documents; there were no documents to produce.⁴⁷ Intermec quotes comments from a hearing where the Superior Court noted that TransCore would be “stuck with the limited information that they were able to give or did give” and that the trier of fact would evaluate the credibility of that information at the appropriate time.⁴⁸ And that is what happened: TransCore presented the same evidence at trial, and after actually hearing from the relevant witness, the Superior Court found that evidence credible. When the Superior Court nevertheless entered judgment against TransCore on its counterclaim, that was error. It does not matter if the Superior Court believed the evidence might be insufficient months before hearing it.

Second, Intermec attempts to poke holes in Mr. Gravelle’s testimony, but none of these arguments support the judgment. As a threshold matter, Intermec’s summaries of the evidence are inaccurate. For example, Intermec states that Mr.

⁴⁶ See Intermec Reply & Ans. Br. at 44–45.

⁴⁷ See AR011–AR013, AR015.

⁴⁸ See Intermec Reply & Ans. Br. at 45 (quoting AR014).

Gravelle “admitted that he did not examine the scope of each patent.”⁴⁹ But on the cited page, Mr. Gravelle states that he *did* examine the scope of the patents:

Q. And during these reviews what all were you considering about the Intermec patents?

A. What was I considering? Well, I mean, ***I was looking at the scope of the patents*** and the expiry dates. Those are kind of the two key things. You know, ***and so I would look at the scope*** and because I had experience with pretty much all of the readers, the level of the patents usually – claims are usually at a pretty high level relatively speaking, which is why you don’t really need to do any teardowns. You’re not going to look at the scope. ***It’s really defining the scope of the claim that’s the hard part and I got a fair bit of experience in doing that.***

So I was able to get very -- what I consider to be very well informed view of what the technology applied to given products. . . .⁵⁰

Read in context, Mr. Gravelle clearly states, three times, that he reviewed the scope of the patents. The single reference to “not going to look at the scope” appears to refer to the sentence that precedes it, *i.e.*, not going to look at the scope in connection with teardowns.

Similarly, Intermec complains that Mr. Gravelle did not examine the scope of each of the “more than a thousand patent claims” supposedly implicated in the Agreement.⁵¹ But there is no dispute that many of the patents in the Agreement

⁴⁹ See *id.* (citing A2407).

⁵⁰ See AR2407–AR2408 (emphasis added).

⁵¹ Intermec Reply & Ans. Br. at 45. Intermec cites no record evidence for this assertion.

simply were not relevant to TransCore’s products,⁵² and Mr. Gravelle did not need to review irrelevant patents. Although Intermecc asserts Mr. Gravelle “did not revisit patents he previously deemed inapplicable when new products were brought to market,”⁵³ the cited testimony does not relate to new products at all.⁵⁴ Notably, Mr. Gravelle did not need to consult with others, review schematics, perform teardowns, or take electrical measurements to learn about TransCore products; he knew them intimately because he designed them.⁵⁵ These are mere examples of the overall inaccuracy of Intermecc’s summary of Mr. Gravelle’s testimony, which is apparent from a review of the underlying testimony.

Ultimately, however, none of Intermecc’s assertions regarding Mr. Gravelle’s testimony matter because they do not relate to TransCore’s counterclaim for overpayments of royalties paid on 4285 tags. Instead, they relate to Intermecc’s dissatisfaction with Mr. Gravelle’s general process of reviewing patents⁵⁶ or to his ability to testify about whether patented technology was used in *other* TransCore products.⁵⁷ For example, Intermecc complains that Mr. Gravelle was not able to

⁵² See A2475–A2476.

⁵³ See Intermecc Reply & Ans. Br. at 46.

⁵⁴ See A2475–A2476.

⁵⁵ See A2380–A2383, A2390–A2392, A2404–A2405.

⁵⁶ See Intermecc Reply & Ans. Br. at 45–46.

⁵⁷ See *id.* at 46–47.

“demonstrate that *none* of TransCore’s products infringed” a specific patent (‘762).⁵⁸ But that was not his task.⁵⁹ As Intermec admits, Mr. Gravelle’s task was to show that the 4285 tag did not use any Intermec-patented technology.⁶⁰ Mr. Gravelle accomplished that task, and Intermec produced no contrary evidence.

Indeed, it was unreasonable for Intermec to expect Mr. Gravelle to testify regarding the possible implications of Intermec patents that, like the ‘762 patent, were not identified as at issue before trial, either in discovery or pretrial disclosures. As the Superior Court recognized, this amounted to “asking this witness to do what is basically his own infringement analysis on the stand,” without any of the time or tools he would normally use to conduct his analysis.⁶¹ Whether or not Mr. Gravelle could answer surprise questions on highly technical matters simply has no bearing on his testimony regarding his normal practice and his knowledge of the patents that were actually at issue. The Superior Court, sitting as the trier of fact, expressly found

⁵⁸ *See id.* at 47.

⁵⁹ Intermec also asserts that Mr. Gravelle “admitted that he would not be able to offer an opinion on infringement with respect to *most* of the royalty bearing Intermec Patents,” citing his testimony on A2475. *See id.* at 47. Although this was not his task for the same reasons explained above, the cited testimony actually states that he could not provide that opinion for most patents on the stand without undertaking his normal analysis process. *See* A2475.

⁶⁰ *See* Intermec Reply & Ans. Br. at 46.

⁶¹ *See* A2478–A2480.

Mr. Gravelle to be credible,⁶² and this Court should defer to that conclusion.⁶³

Third, and finally, Intermec attempts to blame its failure to present evidence to rebut Mr. Gravelle’s testimony on the Superior Court’s exclusion of certain questions.⁶⁴ However, the Superior Court only prevented Intermec from introducing previously undisclosed documents and witnesses at trial. Specifically, the Superior Court precluded Intermec from: (1) questioning Mr. Gravelle about documents that Intermec failed to produce in discovery or list in its pretrial disclosures and (2) offering a company witness as a rebuttal expert where Intermec failed to disclose the witness as an expert or individual with personal knowledge, either in discovery or pretrial disclosures.⁶⁵ The Superior Court’s decision to prevent this trial by ambush on highly technical matters was correct and certainly within its discretion.⁶⁶

⁶² See Decision at 44; A2828–A2829.

⁶³ See, e.g., *Shively v. Klein*, 551 A.2d 41, 45 (Del. 1988) (“It is well settled that the trier of fact is the sole judge of the credibility of witnesses and the weight to be accorded their testimony and is responsible for resolving conflicts in the evidence.”).

⁶⁴ See Intermec Reply & Ans. Br. at 46–47.

⁶⁵ See A2437–A2438, A2476–A2480, A2828–A2837.

⁶⁶ See, e.g., *Concord Towers, Inc. v. Long*, 348 A.2d 325, 326 (Del. 1975) (holding trial court committed error in admitting a statement that the plaintiff’s counsel did not produce “until the third day of trial just prior to his calling the witness to testify”); *W. Am. Ins. Co. v. Bogush*, 2006 WL 1064069, at *3 n.13 (Del. Super. Apr. 12, 2006) (denying motion for reconsideration on issue that emerged for the first time in closing argument, noting “[w]e have discovery, pretrial stipulations and pretrial conferences for a reason: to avoid ‘trial by ambush’ and to promote the interests of fairness and justice for the benefit of the parties and the Court”); *In re Hagan v. Rostien*, 1997 WL 366893, at *3 (Del. Super. Apr. 23, 1997) (excluding evidence

Moreover, Intermec had the power to avoid this exclusion entirely. If Intermec wanted to introduce additional evidence, all it had to do was disclose that evidence in discovery or even in pretrial filings. If it had done so, it could have presented the evidence at trial and tried to shift the balance of the proverbial scales of justice in its favor. But it did not. It must live with that decision.⁶⁷

In short, none of the supposed weaknesses in Mr. Gravelle's testimony even relate to the counterclaim for overpayments on 4285 tags. Mr. Gravelle presented competent evidence that the 4285 tags did not practice Intermec patents, and the Superior Court deemed that testimony credible. In light of Intermec's failure to produce any contrary evidence, TransCore satisfied its burden to prove the counterclaim by a preponderance of the evidence, and the Superior Court's judgment otherwise should be reversed.

not disclosed in discovery or pretrial disclosures, stating that "Rule 16 is designed to finalize the issues to be tried in advance of the trial date so that the parties can prepare their cases").

⁶⁷ Intermec mentions that it filed a patent infringement case in federal court after trial (Intermec Reply & Ans. Br. at 47 n.71), but Intermec's unproven allegations in an entirely separate lawsuit are not relevant to this appeal. Nor were they properly before the Superior Court merely because Intermec attached a copy of the new complaint to its final post-trial brief. Only the course of proceedings of *this* lawsuit are relevant.

CONCLUSION

For these reasons, the Court should reverse the Superior Court's holding on TransCore's counterclaim and remand with an order that the Superior Court enter judgment for TransCore on its Counterclaim in the amount of \$1,940,838 and determine the amount of interest and attorneys' fees due.

Respectfully submitted,

/s/ William B. Larson

**MANNING GROSS +
MASSENBURG LLP**

William B. Larson Jr. (No. 5627)
1007 N. Orange Street, Suite 711
Wilmington, Delaware 19801
(302) 657-2100
wlarson@mgmlaw.com

BRADLEY ARANT BOULT CUMMINGS LLP

Lela M. Hollabaugh
Kimberly M. Ingram-Hogan
1600 Division Street, Suite 700
Nashville, Tennessee 37203
(615) 252-2348
lhollabaugh@bradley.com
kingram@bradley.com

Attorneys for Appellee/Cross-Appellants

CERTIFICATE OF COMPLIANCE

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Respectfully submitted,

/s/ William B. Larson

**MANNING GROSS +
MASSENBURG LLP**

William B. Larson Jr. (No. 5627)
1007 N. Orange Street, Suite 711
Wilmington, Delaware 19801
(302) 657-2100
wlarson@mgmlaw.com

BRADLEY ARANT BOULT CUMMINGS LLP

Lela M. Hollabaugh
Kimberly M. Ingram-Hogan
1600 Division Street, Suite 700
Nashville, Tennessee 37203
(615) 252-2348
lhollabaugh@bradley.com
kingram@bradley.com

Attorneys for Appellee/Cross-Appellants