

amounts back calculated from actual Inventor Awards paid to real NIH employees and withheld from Plaintiff. These hypotheticals were devoid of the many variables—known only to NIH and perhaps the relevant licensee—required to back calculate a royalty amount, if such a back calculation is even possible. And despite offering only greatly simplified hypotheticals, NIH’s licensing expert, Dr. Tara Kirby, could not get her math right. Second, NIH’s witnesses made clear for the first time that, upon receiving a royalty amount, the agency analyzes several variables, then makes a series of calculations to determine the amount due to an employee. That amount—which is the only information Plaintiff seeks—represents the outcome of NIH’s analysis and calculations. It does not repeat or summarize the amount of the royalty payment. NIH’s analysis and calculations materially transform the royalty amount, making an Inventor Award the agency’s own information, not a licensee’s information. Accordingly, Defendant has failed to prove that Exemptions 3 and 4 apply. The Court should order Defendant to lift its redactions of the Inventor Awards.

II. Defendant Failed To Prove That Royalty Amounts Can Be Back Calculated From Inventor Awards.

A. NIH presented simplified hypotheticals, not actual instances of back calculation.

The evidentiary hearing was Defendant’s opportunity to prove that Inventor Awards could be used to back calculate royalty amounts. Of the 59,000 instances in which NIH redacted Inventor Awards (Tr. 6:6-7), it did not back calculate a royalty payment from a single award. Instead, it offered on direct examination what appeared to be actual examples from 1985—before the time period of Plaintiff’s request—involving four employees, “Inventors A, B, C, and D,” and a licensee, “Biotech, Inc.” Def’s Exh. 4, p. 3. It became clear on cross examination, however, that the examples were not real instances of Inventor Awards and a royalty amount paid

by “Biotech, Inc.,” but only hypotheticals. Dr. Kirby testified on cross examination that she “made up” the numbers. Tr. 50:12-13. “This is a hypothetical. It can be any number that we choose,” she testified. Tr. 51:24-25. She also testified that the numbers were “all arbitrary numbers that [she] selected.” Tr. 53:2-3. Because it was only a hypothetical based on arbitrary numbers, Dr. Kirby did not have a real-life royalty amount against which to check her work. Tr. 51:20-52:2. And, of course, she got her math wrong, which she did not admit until cross examination: “So, obviously, I made an error there. . . . I should have either changed the total payout amount to make it correct or reduced the total royalties for each individual inventor so it agreed with the 600,000.” Tr. 52:19-53:1. At most, Dr. Kirby’s testimony showed that a simple formula without variables or unknowns can generate an output, not that a real-life royalty payment can be back calculated from actual Inventor Awards.

Finally, Dr. Kirby acknowledged that she cannot say how often back-calculation is possible. Tr. 46:11-13. When asked if she was “disputing that there are various variables that, in some instances, may make it difficult or hard to—or maybe impossible to back-calculate[,]” Dr. Kirby answered, “No, I don’t dispute that at all. I mean, there may be, I can’t say myself for sure, because I am not an expert, but I’m sure there are things that would be very hard to calculate, especially, you know, if you don’t have all the information on the report.” Tr. 91:3-10. Of course, the only entity with that information is NIH.

B. NIH’s hypotheticals are not representative of NIH license agreements.

Additionally, Defendant’s hypotheticals do not reflect the inherently unique, complex nature of NIH license agreements. They depend on assumptions that are contradicted by the record and would need to hold true simultaneously for accurate back calculation to have any chance of success. As Plaintiff’s witness, Amber Todoroff, testified, the hypotheticals failed to