

## LEADER'S PROPOSED JURY INSTRUCTION NO. 4.8

### EXPERIMENTAL USE

Leader contends that demonstrations, including the beta testing of Leader2Leader®, or alleged offers for sale should not be considered a prior public use of the invention because that use was experimental. The law recognizes that the inventor must be given the opportunity to develop the invention through experimentation. Certain activities are experimental if they are a legitimate effort to perfect the invention or to determine if the invention will work for its intended purpose. So long as the primary purpose is experimentation, it does not matter that the public used the invention or that the inventor incidentally derived profit from it. If you find that Facebook has shown a prior public use by clear and convincing evidence, then Leader must prove by a preponderance of the evidence that the purpose of the prior public use was experimental.

Only experimentation by or under the control of the inventor of the patent qualifies for this exception. Experimentation by a third party, for its own purposes, does not. The experimentation must relate to the features of the claimed invention, and it must be for the purpose of technological improvement, not commercial exploitation. If any commercial exploitation does occur, it must be merely incidental to the primary purpose of experimentation. A test done primarily for marketing, and only incidentally for technological improvement, is not an experimental use, but a public use.

### AUTHORITY:

Modified APLA Model Jury Instructions § 6.4 (March 2008) which cites *City of Elizabeth v. Am. Nicholson Pavement Co.*, 97 U.S. 126, 134-35 (1877); *Allen Eng'g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1353-55 (Fed. Cir. 2002); *LaBounty Mfg., Inc. v. U.S. Int'l Trade Comm'n*, 958 F.2d 1066, 1071-72 (Fed. Cir. 1992); *Manville Sales Corp. v. Paramount Sys., Inc.*, 917 F.2d 544, 549-51 (Fed. Cir. 1990); *U.S. Envtl. Prods. Inc. v. Westall*, 911 F.2d 713, 716 (Fed. Cir. 1990); *In re Hamilton*, 882 F.2d 1576, 1580-

83 (Fed. Cir. 1989); *Grain Processing Corp. v. Am. Maize-Prods. Co.*, 840 F.2d 902, 906 (Fed. Cir. 1988); *Hycor Corp. v. Schlueter Co.*, 740 F.2d 1529, 1535-37 (Fed. Cir. 1984); *Pennwalt Corp. v. Akzona Inc.*, 740 F.2d 1573, 1580-81 (Fed. Cir. 1984); *TP Labs., Inc. v. Prof'l Positioners, Inc.*, 724 F.2d 965, 972-73 (Fed. Cir.), *cert. denied*, 469 U.S. 826 (1984); *DL Auld Co. v. Chroma Graphics Corp.*, 714 F.2d 1144, 1149-50 (Fed. Cir. 1983); *In re Smith*, 714 F.2d 1127, 1134-37 (Fed. Cir. 1983); *In re Theis*, 610 F.2d 786, 792-93 (C.C.P.A. 1979); *See also Mannille Sales Corp. v. Paramount Sys. Inc.*, 917 F.2d 544, 550 (Fed. Cir. 1990).

**FACEBOOK'S OBJECTIONS TO LEADER'S PROPOSED JURY**  
**INSTRUCTION NO. 4.8**

Leader's statement that it contends that "offers for sale" were experimental is confusing, as it does not say what was being offered for sale, or in what time period such an offer for sale would be experimental or how the sales were in any fashion experimental. Leader's conflation of "beta testing" with a "demonstration" is also unduly confusing.

Leader has set forth no evidence that any offers to sell were for experimental purposes; rather Leader's main retort to Facebook's on-sale has always been that Leader was seeking investment or just engaged in long term discussions rather than actually offering to sell Leader2Leader. Further, every single offer for sale of Leader2Leader was requesting a large amount of money in exchange for Leader2Leader, ignoring the requirement that an "experimental" sale must have only incidental monetary gain. Leader further conflates "public use" with an "offer to sell."

Leader does not cite to any authority that demonstrating products to potential investors or customers is "experimental use," and demonstrations for the purpose of obtaining investment or customers are the type of public uses Facebook contends are invalidating. Further, although Leader cites to a single case in which a *sale* was found to be for experimental purposes, Leader does not set forth any case law that shows that offering to sell a product, in which the offer purely touts the benefits the offeree will receive from the product and specifies a price for the goods, would be experimental. Further, Leader fails to explain what the jury must look to in order to find a *sale* to be commercial, as opposed to for experimental purposes. As Leader's own instruction explains, "[a] test done primarily for marketing, and only incidentally for technological improvement, is not an experimental use, but a public use." Thus, this instruction will merely confuse the issues for the jury.

**FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 4.8**  
**EXPERIMENTAL USE**

Leader contends that its demonstrations of its Leader2Leader product should not be considered a prior public use of the invention because that use was experimental.

The law recognizes that the inventor must be given the opportunity to develop the invention through experimentation. Activities are only experimental if they are a legitimate effort to perfect the invention or to determine if the invention will work for its intended purpose. If you find that Facebook has shown a prior public use by clear and convincing evidence, then Leader must prove by a preponderance of the evidence that the purpose of the prior public use was experimental.

Only experimentation by or under the control of the inventor of the patent qualifies for this exception. Experimentation by a third party, for its own purposes, does not. The experimentation must relate to the features of the claimed invention, and it must be for the purpose of technological improvement, not commercial exploitation. If any commercial exploitation does occur, it must be merely incidental to the primary purpose of experimentation. A test done primarily for marketing, and only incidentally for technological improvement, is not an experimental use, but a public use.

**AUTHORITY:**

Modified APLA Model Jury Instructions § 6.4 (March 2008) which cites *City of Elizabeth v. Am. Nicholson Pavement Co.*, 97 U.S. 126, 134-35 (1877); *Allen Eng'g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1353-55 (Fed. Cir. 2002); *LaBounty Mfg., Inc. v. U.S. Int'l Trade Comm'n*, 958 F.2d 1066, 1071-72 (Fed. Cir. 1992); *Manville Sales Corp. v. Paramount Sys., Inc.*, 917 F.2d 544, 549-51 (Fed. Cir. 1990); *U.S. Envtl. Prods. Inc. v. Westall*, 911 F.2d 713, 716 (Fed. Cir. 1990); *In re Hamilton*, 882 F.2d 1576, 1580-83 (Fed. Cir. 1989); *Grain Processing Corp. v. Am. Maize-Prods. Co.*, 840 F.2d 902, 906 (Fed. Cir. 1988); *Hycor Corp. v. Schlueter Co.*, 740 F.2d 1529, 1535-37 (Fed. Cir. 1984); *Pennwalt Corp. v. Akzona Inc.*, 740 F.2d 1573, 1580-81 (Fed. Cir. 1984); *TP Labs., Inc. v. Prof'l Positioners, Inc.*, 724 F.2d 965, 972-73 (Fed. Cir.), *cert. denied*, 469 U.S. 826 (1984); *DL Auld Co. v. Chroma Graphics Corp.*, 714 F.2d 1144, 1149-50 (Fed. Cir. 1983); *In re Smith*, 714 F.2d 1127, 1134-37 (Fed. Cir. 1983); *In re Theis*, 610 F.2d 786, 792-93 (C.C.P.A. 1979).

**LEADER’S OBJECTIONS TO FACEBOOK’S PROPOSED JURY  
INSTRUCTION NO. 4.8**

Leader objects to Facebook’s inclusion of the word “only” in this jury instruction. *See, e.g.*, “Activities are only experimental . . .” Facebook attempts to add an improper limitation into experimental activities. The inclusion of the word "only" is argumentative and prejudicial to Leader. To the extent that Facebook claims that there was an offer for sale, Leader’s instruction informs the jury that the alleged offer should be considered an experimental use. To prevail on the on-sale bar defense, Facebook must establish by clear and convincing evidence that before the critical date (1) the product was the subject of a commercial offer for sale, and (2) that the invention was ready for patenting. *See e.g., Honeywell International, Inc. v. Nikon Corp.*, 672 F.Supp.2d 638, 641 ( D. Del. 2009). Facebook’s objection that states, “Leader does not say what was being offered for sale, or in what time period such an offer for sale would be experimental or how the sales were in any fashion experimental,” is improper because Facebook attempts to place its burden of proof on Leader.

**LEADER'S PROPOSED JURY INSTRUCTION NO. 4.9**

**PRINTED PUBLICATION**

Facebook contends that claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31 and 32 of the '761 Patent are anticipated because the invention defined in those asserted claims were allegedly described in a printed publication or patent more than one year before the filing date of the '761 Patent.

A printed publication must be reasonably accessible to those members of the public who would be interested in its contents. It is not necessary that the printed publication be available to every member of the public. The information must, however, have been maintained in some form, such as printed pages, microfilm, or photocopies. An issued patent is a printed publication. A published patent application is a printed publication as of its publication date.

For a printed publication to anticipate a patent claim, it must, when read by a person of ordinary skill in the art, expressly or inherently disclose each element of the claimed invention to the reader. The disclosure must be complete enough to enable one of ordinary skill in the art to practice the invention without undue experimentation.

To prove anticipation of the patented invention, Facebook must show by clear and convincing evidence that before December 11, 2001 a third party disclosed in a printed publication or patented an invention that included all of the elements of the asserted claims of the '761 Patent.

#### **AUTHORITY:**

Modified AIPLA Model Jury Instructions §§ 6.5 and 6.7 (March 2008) which cites 35 U.S.C. § 102; *In re Carol F. Klopfenstein*, 380 F.3d 1345, 1352 (Fed. Cir. 2004); *Glaverbel Societe Anonyme v. Northlake Mktg. & Supply, Inc.*, 45 F.3d 1550, 1554-55 (Fed. Cir. 1995); *Scripps Clinic & Research Found. v. Genentech, Inc.*, 927 F.2d 1565, 1576 (Fed. Cir. 1991); *Constant v. Advanced Micro-Devices, Inc.*, 848 F.2d 1560, 1568-69 (Fed. Cir. 1988); *Akzo N.V. v. U.S. Int'l Trade Comm'n*, 808 F.2d 1471, 1479 (Fed. Cir. 1986); *In re Hall*, 781 F.2d 897, 898-899 (Fed. Cir. 1986); *In re Donohue*, 766 F.2d 531, 533-34 (Fed. Cir. 1985); *Studiengesellschaft Kohle mbH v. Dart Indus., Inc.*, 726 F.2d 724, 727 (Fed. Cir. 1984); *In re Wyer*, 655 F.2d 221, 227 (C.C.P.A. 1981); *In re Donohue*, 632 F.2d 123, 125-126 (C.C.P.A. 1980); *In re Samour*, 571 F.2d 559, 562 (C.C.P.A. 1978); *In re Coker*, 463 F.2d 1344, 1348 (C.C.P.A. 1972); *Deep Welding, Inc. v. Sciaky Bros., Inc.*, 417 F.2d 1227, 1235 (7th Cir. 1969); *In re Foster*, 343 F.2d 980, 984-985 (C.C.P.A. 1965); *In re Monks*, 588 F.2d 308, 309 (C.C.P.A. 1978); *In re Fuge*, 272 F.2d 954, 956 (C.C.P.A. 1959); *In re Ekenstam*, 256 F.2d 321, 323-24 (C.C.P.A. 1958); *Bendix Corp. v. Balax, Inc.*, 421 F.2d 809, 811-12 (7th Cir. 1970).

**FACEBOOK'S OBJECTIONS TO LEADER'S PROPOSED JURY  
INSTRUCTION NO. 4.9**

Facebook objects to the addition of a paragraph to the end of the AIPLA model jury instruction and to the inclusion of the date "December 11, 2001" as the date before which publications must have been printed, as this date is based off of Leader's provisional patent application, and the parties are in dispute as to whether that application properly disclosed the asserted claims of the '761 patent.

Further, in *Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 314 F.3d 1313, 1355 (Fed. Cir. 2003) the Federal Circuit found that a U.S. patent used as prior art is presumed enabled as to what it discloses.



**FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 4.9**  
**PRINTED PUBLICATION/PRIOR PATENT**

Facebook contends that claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31 and 32 of the '761 Patent are anticipated because the invention defined in that claim was described in a printed publication or a patent more than one year before the date of filing of the '761 patent application.

A patent claim is invalid if the invention defined by that claim was described in a printed publication more than one year prior to the filing date of the U.S. application.

A printed publication must be reasonably accessible to those members of the public who would be interested in its contents. It is not necessary that the printed publication be available to every member of the public. The information must, however, have been maintained in some form, such as printed pages, microfilm, or photocopies. An issued patent is a printed publication. A published patent application is a printed publication as of its publication date.

For a printed publication to anticipate a patent claim, it must, when read by a person of ordinary skill in the art, expressly or inherently disclose each element of the claimed invention to the reader. The disclosure must be complete enough to enable one of ordinary skill in the art to practice the invention without undue experimentation. However, when the printed publication is an issued U.S. Patent, that patent is presumed to be enabling. In determining whether the disclosure of other printed publications is enabling, you should take into account what would have been within the knowledge of a person of ordinary skill in the art one year before the application for the '761 Patent was filed and you may consider evidence that sheds light on the knowledge such a person would have had, including whether or not the disclosures were embodied in working products.

**AUTHORITY:**

Modified AIPLA Model Jury Instructions §§ 6.5 and 6.7 (March 2008) which cites 35 U.S.C. § 102; *In re Carol F. Klopfenstein*, 380 F.3d 1345, 1352 (Fed. Cir. 2004); *Glaverbel Societe Anonyme v. Northlake Mktg. & Supply, Inc.*, 45 F.3d 1550, 1554-55 (Fed. Cir. 1995); *Scripps Clinic & Research Found. v. Genentech, Inc.*, 927 F.2d 1565, 1576 (Fed. Cir. 1991); *Constant v. Advanced Micro-Devices, Inc.*, 848 F.2d 1560, 1568-69 (Fed. Cir. 1988); *Akzo N.V. v. U.S. Int'l Trade Comm'n*, 808 F.2d 1471, 1479 (Fed. Cir. 1986); *In re Hall*, 781 F.2d 897, 898-899 (Fed. Cir. 1986); *In re Donohue*, 766 F.2d 531, 533-34 (Fed. Cir. 1985); *Studiengesellschaft Kohle mbH v. Dart Indus., Inc.*, 726 F.2d 724, 727 (Fed. Cir. 1984); *In re Wyer*, 655 F.2d 221, 227 (C.C.P.A. 1981); *In re Donohue*, 632 F.2d 123, 125-126 (C.C.P.A. 1980); *In re Samour*, 571 F.2d 559, 562 (C.C.P.A. 1978); *In re Coker*, 463 F.2d 1344, 1348 (C.C.P.A. 1972); *Deep Welding, Inc. v. Sciaky Bros., Inc.*, 417 F.2d 1227, 1235 (7th Cir. 1969); *In re Foster*, 343 F.2d 980, 984-985 (C.C.P.A. 1965); *In re Monks*, 588 F.2d 308, 309 (C.C.P.A. 1978); *In re Fuge*, 272 F.2d 954, 956 (C.C.P.A. 1959); *In re Ekenstam*, 256 F.2d 321, 323-24 (C.C.P.A. 1958); *Bendix Corp. v. Balax, Inc.*, 421 F.2d 809, 811-12 (7th Cir. 1970).

*Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 314 F.3d 1313, 1355 (Fed. Cir. 2003).

**LEADER'S OBJECTIONS TO FACEBOOK'S PROPOSED JURY  
INSTRUCTION NO. 4.9**

Leader objects to Facebook's proposed jury instruction as it confuses the issues of anticipation and enablement and is argumentative. Facebook cites to *Amgen* for the proposition that U.S. Patents are presumed enabled. However, this is unnecessary and confusing as Leader is not asserting that any of the U.S. Patents that Facebook is relying upon for prior art is not enabled. Additionally, Leader objects to Facebook's insertion of the December 11, 2003 date, as the effective filing date of the patent is a dispute issue in this case. Unlike Facebook's proposal, Leader's proposed instruction follows the Federal Circuit's model jury instruction.

**LEADER'S PROPOSED JURY INSTRUCTION NO. 4.10**  
**OBVIOUSNESS – GENERALLY**

Even though an invention may not have been identically disclosed or described before it was made by an inventor, in order to be patentable, the invention must also not have been obvious to a person of ordinary skill in the field of technology of the patent at the time the invention was made.

Facebook may establish that a patent claim is invalid by showing, by clear and convincing evidence, that the claimed invention would have been obvious to persons having ordinary skill in the art at the time the invention was made in the field of computer science.

In determining whether a claimed invention is obvious, you must consider the level of ordinary skill in the field of computer science that someone would have had at the time the claimed invention was made, the scope and content of the prior art, and any differences between the prior art and the claimed invention.

Keep in mind that the existence of each and every element of the claimed invention in the prior art does not necessarily prove obviousness. Most, if not all, inventions rely on building blocks of prior art. In considering whether a claimed invention is obvious, you may but are not required to find obviousness if you find that at the time of the claimed invention there was a reason that would have prompted a person having ordinary skill in the field of computer science to combine the known elements in a way the claimed invention does, taking into account such factors as (1) whether the claimed invention was merely the predictable result of using prior art elements according to their known function(s); (2) whether the claimed invention provides an obvious solution to a known problem in the relevant field; (3) whether the prior art teaches or

suggests the desirability of combining elements claimed in the invention; (4) whether the prior art teaches away from combining elements in the claimed invention; (5) whether it would have been obvious to try the combinations of elements, such as when there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions; and (6) whether the change resulted more from design incentives or other market forces. To find it rendered the invention obvious, you must find that the prior art provided a reasonable expectation of success.

**AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 4.3c (February 2010) which cites *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398, 407, 425-28 (2007); *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966); *Leapfrog Enters., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1161-62 (Fed. Cir. 2007); *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 662-63 (Fed. Cir. 2000); *Arkies Lures, Inc. v. Gene Larew Tackle, Inc.*, 119 F.3d 953, 955 (Fed. Cir. 1997); *Ryko Mfg. Co. v. Nu-Star, Inc.*, 950 F.2d 714, 716 (Fed. Cir. 1991); *Nutrition 21 v. U.S.*, 930 F.2d 867, 871 n.2 (Fed. Cir. 1991); *Newell Cos. v. Kenney Mfg. Co.*, 864 F.2d 757, 764 (Fed. Cir. 1988); *Structural Rubber Prods. Co. v. Park Rubber Co.*, 749 F.2d 707, 718-19 (Fed. Cir. 1984); *Orthopedic Equip. Co. v. All Orthopedic Appliances, Inc.*, 707 F.2d 1376, 1382-83 (Fed. Cir. 1983); *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538-40 (Fed. Cir. 1983).

**FACEBOOK'S OBJECTIONS TO LEADER'S PROPOSED JURY  
INSTRUCTION NO. 4.10**

Facebook objects to this instruction as it divides up what was one obviousness instruction into individual instructions. Facebook also notes that the bracketed portion of its standard shows that the Court has the option of selecting either standard, based on the Court's determination of which is the correct standard. Facebook does not contend that the jury should see both standards in brackets, contrary to Leader's objection.

**FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 4.10**  
**OBVIOUSNESS – GENERALLY**

Even though an invention may not have been identically disclosed or described before it was made by an inventor, in order to be patentable, the invention must also not have been obvious to a person of ordinary skill in the field of technology of the patent at the time the patent was filed.

Facebook may establish that the patent claims are invalid by showing that the claimed invention would have been obvious to persons of ordinary skill in the art at the time the patent filed.

In determining whether a claimed invention is obvious, you must consider the level of ordinary skill in the field of computer science that someone would have had at the time the claimed invention was made, the scope and content of the prior art, and any differences between the prior art and the claimed invention.

[A person of ordinary skill in the art is someone with a bachelor's degree or higher in computer science and/or several years of experience in the computer industry. ]

[A person of ordinary skill in the art is someone with a bachelor's degree or the equivalent in computer science and several years of experience in the computer industry.]

Keep in mind that the existence of each and every element of the claimed invention in the prior art does not necessarily prove obviousness. Most, if not all, inventions rely on building blocks of prior art. In considering whether a claimed invention is obvious, you may find obviousness if you find that at the time of the claimed invention there was a reason that would have prompted a person having ordinary skill in the field of computer science to combine the known elements in a way the claimed invention does, taking into account such factors as (1) whether the claimed invention was merely the predictable result of using prior art elements according to their known function(s); (2) whether the claimed invention provides an obvious solution to a known problem in the relevant field; (3) whether the prior art teaches or suggests the desirability

of combining elements claimed in the invention; (4) whether the prior art teaches away from combining elements in the claimed invention; (5) whether it would have been obvious to try the combinations of elements, such as when there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions; and (6) whether the change resulted more from design incentives or other market forces. To find it rendered the invention obvious, you must find that the prior art provided a reasonable expectation of success.

In determining whether the claimed invention was obvious, consider each claim separately. Consider only what was known at the time of the invention; do not use hindsight.

In making these assessments, you should take into account any objective evidence (sometimes called “secondary considerations”) that may have existed at the time of the invention and afterwards that may shed light on the obviousness or not of the claimed invention, such as:

- a. Whether the invention was commercially successful as a result of the merits of the claimed invention (rather than the result of design needs or market-pressure advertising or similar activities)?
- b. Whether there was a long felt need for a solution to the problem facing the inventors, which was satisfied by the claimed invention?
- c. Whether others had tried and failed to make the invention?
- d. Whether others invented the invention at roughly the same time?
- e. Whether others copied the invention?
- f. Whether there were changes or related technologies or market needs contemporaneous with the invention?
- g. Whether the invention achieved unexpected results?
- h. Whether others in the field praised the invention?



- i. Whether persons having ordinary skill in the art of the invention expressed surprise or disbelief regarding the invention?
- j. Whether others sought or obtained rights to the patent from the patent holder?
- k. Whether the inventor proceeded contrary to accepted wisdom in the field?

**AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 4.3c (February 2010) which cites *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398, 407, 425-28 (2007); *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966); *Leapfrog Enters., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1161-62 (Fed. Cir. 2007); *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 662-63 (Fed. Cir. 2000); *Arkies Lures, Inc. v. Gene Larew Tackle, Inc.*, 119 F.3d 953, 955 (Fed. Cir. 1997); *Ryko Mfg. Co. v. Nu-Star, Inc.*, 950 F.2d 714, 716 (Fed. Cir. 1991); *Nutrition 21 v. U.S.*, 930 F.2d 867, 871 n.2 (Fed. Cir. 1991); *Newell Cos. v. Kenney Mfg. Co.*, 864 F.2d 757, 764 (Fed. Cir. 1988); *Structural Rubber Prods. Co. v. Park Rubber Co.*, 749 F.2d 707, 718-19 (Fed. Cir. 1984); *Orthopedic Equip. Co. v. All Orthopedic Appliances, Inc.*, 707 F.2d 1376, 1382-83 (Fed. Cir. 1983); *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538-40 (Fed. Cir. 1983).

**LEADER'S OBJECTIONS TO FACEBOOK'S PROPOSED JURY  
INSTRUCTION NO. 4.10**

Leader objects to Facebook's proposed instruction as lengthy and likely to confuse the jury by not clearly setting forth concisely all of the elements that Facebook must prove to succeed on its obviousness claim. Leader has instead proposed breaking up the jury instruction into separate instructions to make it less confusing for the jury. Furthermore, Facebook's proposed instruction incorrectly refers to the level of ordinary skill for obviousness determination by placing 2 standards in brackets, which is likely to confuse the jury. Leader further objects to this proposed instruction for the same reasons provided in its motion *in limine* No. 2.

**LEADER'S PROPOSED JURY INSTRUCTION NO. 4.11**  
**OBVIOUSNESS – HINDSIGHT**

In determining whether the claimed invention was obvious, consider each claim separately. Do not use hindsight, i.e., consider only what was known at the time of the invention.

**AUTHORITY:**

The Federal Circuit Bar Association Model Patent Jury Instructions § 4.3c (February 2010) which cites *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398, 421 (2007).

**FACEBOOK'S OBJECTION TO LEADER'S PROPOSED JURY  
INSTRUCTION NO. 4.11**

Facebook objects to this instruction, as this information should be included, if at all, in the Obviousness – Generally instruction, as it is in the Federal Circuit Bar Association Model Instruction § 4.3c. For Facebook's proposed instruction regarding hindsight, see Facebook's Proposed Jury Instruction No. 4.10, Obviousness – Generally. Leader is attempting to focus the jurors purely on "hindsight" separate from the rest of the obviousness requirements for confusion's sake.

**DISPUTED PROPOSED JURY INSTRUCTION NO. 4.12**  
**SCOPE AND CONTENT OF THE PRIOR ART**

In considering whether the claimed invention was obvious, you must first determine the scope and content of the prior art.

The scope and content of prior art for deciding whether the invention was obvious includes prior art in the same field as the claimed invention, regardless of the problem addressed by the item or reference, and prior art from different fields that a person of ordinary skill in the art using common sense might combine if familiar so as to solve the problem, like fitting together the pieces of a puzzle. [When a party attacking the validity of a patent relies on prior art which was specifically considered by the Examiner during the prosecution of the application leading to the issuance of the patent, that party bears the burden of overcoming the deference due a qualified government agency official presumed to have performed his or her job.]

**AUTHORITY:**

The Federal Circuit Bar Association Model Patent Jury Instructions § 4.3c(ii) (February 2010) which cites *KSR*, 550 U.S. at 420; *In re Icon Health & Fitness, Inc.*, 496 F.3d 1374, 1379-80 (Fed. Cir. 2007); *Princeton Biochems., Inc. v. Beckman Coulter, Inc.*, 411 F.3d 1332, 1339 (Fed. Cir. 2005).

**FACEBOOK'S OBJECTIONS TO DISPUTED PROPOSED JURY  
INSTRUCTION NO. 4.12**

Facebook objects to the sentence “When a party attacking the validity of a patent relies on prior art which was specifically considered by the Examiner during the prosecution of the application leading to the issuance of the patent, that party bears the burden of overcoming the deference due a qualified government agency official presumed to have performed his or her job” because Facebook is not relying on any prior art that was before the patent office in presenting its obviousness case. This sentence is prejudicial, misleading, confusing, and irrelevant.

In addition, the PTO has already stated that none of the prior art upon which Facebook relies was reviewed by the Examiner during the prosecution of the '761 patent in the orders granted the *ex parte* and *inter partes* reexaminations of the '761 patent.

Further, Leader apparently misunderstood the PTO's recent *inter partes* reexamination order, as it is trotting out the same absurd and deceitful arguments as it set forth in its response to Facebook's motion for summary judgment regarding anticipation. The non-final office action issued by the PTO on May 21, 2010 was responsive solely to the *inter partes* application, as set forth in the title of the document: “Office Action in *Inter Partes* Reexamination Proceeding.” The examiner responded to the arguments set forth in Facebook's petition in support of its *inter partes* reexamination request, but did not respond to the arguments set forth in Facebook's *ex parte* reexamination request. Leader's continued claims that this *non-final* office action has any relevance to the prior art set forth in the *ex parte* reexamination petition are absurd to anyone who has actually read the office action.

The *inter partes* order further did not reject “most of the prior art” that Facebook has cited. First, every piece of prior art was determined “relevant” by the mere grant of the *ex parte* and *inter partes* reexamination requests. Second, the PTO did not *address* any of the prior art contained solely in the *ex parte* reexamination request, and made it

abundantly clear from the office action that it was only responding to those arguments set forth in the *inter partes* petition. As the PTO did not ignore a single argument from the *inter partes* petition, nor did it address a single argument from the *ex parte* petition, it is highly misleading for Leader to argue that the PTO has actually considered and responded to any of the arguments set forth in the *ex parte* petition, let alone draw its own conclusions.

Finally, Leader leaves out the key finding of this office action – that *ALL* but one of its asserted claims were rejected as non-patentable (and therefore invalid). If Leader wants to use the findings in this non-final action to tell the jury that certain prior art references have been considered by the patent office, Facebook should be allowed to present the evidence that the patent office found – using only the prior art cited in the *inter partes* reexamination request – that all but one asserted claim is non-patentable and thus invalid.

**LEADER'S OBJECTIONS TO FACEBOOK'S PROPOSED JURY  
INSTRUCTION NO. 4.12**

Leader objects to the deletion of the last sentence as incomplete. Furthermore, Leader objects to this instruction as incomplete as the entire instruction should be provided in light of Facebook's positions taken in this case. Furthermore, most of the prior art that Facebook cited has been determined not relevant by the Patent Office. The Patent Office issued an office action for both the *inter partes* and *ex parte* reexamination rejecting nearly all of the references Facebook is relying upon, as being irrelevant to the validity of the '761 Patent. This was done under the standard used by the Patent office, which is not the higher burden of proof of clear and convincing which Facebook has here.



**LEADER'S PROPOSED JURY INSTRUCTION NO. 4.13**  
**DIFFERENCES BETWEEN THE INVENTION OF**  
**THE CLAIMS AND THE PRIOR ART**

You should analyze whether there are any relevant differences between the prior art and the claimed invention from the view of a person of ordinary skill in the art at the time of the invention. Your analysis must determine the impact, if any, of any such differences on the obviousness or nonobviousness of the invention as a whole, and not merely some portion of it. In analyzing the relevance of the differences between the claimed invention and the prior art, you do not need to look for precise teaching in the prior art directed to the subject matter of the claimed invention. You may take into account the inferences and creative steps that a person of ordinary skill in the art would have employed in reviewing the prior art at the time of the invention. For example, if the claimed invention combined elements known in the prior art and the combination yielded results that were predictable to a person of ordinary skill in the art at the time of the invention, then this evidence would make it more likely that the claim was obvious. On the other hand, if the combination of known elements yielded unexpected or unpredictable results, or if the prior art teaches away from combining the known elements, then this evidence would make it more likely that the claim that successfully combined those elements was not obvious.

Importantly, a claim is not proved obvious merely by demonstrating that each of the elements was independently known in the prior art. Most, if not all, inventions rely on building blocks long since uncovered, and claimed discoveries almost of necessity will likely be combinations of what is already known. Therefore, you should consider whether a reason existed at the time of the invention that would have prompted a person of ordinary skill in the art in the relevant field to combine the known elements in the way the claimed invention does. The reason could come from the prior art, the background

knowledge of one of ordinary skill in the art, the nature of the problem to be solved, market demand, or common sense.

If you find that a reason existed at the time of the invention to combine the elements of the prior art to arrive at the claimed invention, the evidence would make it more likely that the claimed invention was obvious.

Again, you must undertake this analysis separately for each claim that Facebook contends is obvious.

**AUTHORITY:**

Modified AIPLA's Model Patent Jury Instructions § 7.2 (March 2008) which cites *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1742-43 (2007); *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966); *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1536-37 (Fed. Cir. 1983); *Medtronic, Inc., v. Cardiac Pacemakers, Inc.*, 721 F.2d 1563, 1567-68 (Fed. Cir. 1983).

**FACEBOOK’S OBJECTIONS TO LEADER’S PROPOSED JURY  
INSTRUCTION NO. 4.13**

Facebook does not believe this instruction is necessary, as it is duplicative of other instructions. For the “Obviousness – General,” “Obviousness – Hindsight,” and “Obviousness – Objective Considerations Concerning Non-obviousness” instructions, Leader relies on the Federal Circuit Bar Association’s “Obviousness” Instruction No. 4.3c. Leader then attempts to add in a redundant instruction from the AIPLA Model Instructions. This is unnecessary and is just an attempt to confuse the jury with “additional,” although redundant, requirements for finding obviousness.

**LEADER'S PROPOSED JURY INSTRUCTION NO. 4.14**  
**LEVEL OF ORDINARY SKILL**

In deciding what the level of ordinary skill for the '761 Patent is, you should consider all the evidence introduced at trial, including but not limited to: (1) the levels of education and experience of the inventor and other persons actively working in the field; (2) the types of problems encountered in the field; (3) prior art solutions to those problems; (4) rapidity with which innovations are made; and (5) the sophistication of the technology.

Leader contends that a person of ordinary skill in the art is someone with a bachelor's degree or higher in computer science and/or several years of experience in the computer industry.

Facebook contends that a person of ordinary skill in the art is someone with a bachelor's degree or higher in computer science and several years of experience in the computer industry.

**AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 4.3(c)(i) (February 2010) which cites *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007); *Daiichi Sankyo Co. v. Apotex, Inc.*, 501 F.3d 1254, 1256 (Fed. Cir. 2007); *Graham v. John Deere Co.*, 383 U.S. 1, 27-28 (1966); *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 666-67 (Fed. Cir. 2000).

**FACEBOOK'S OBJECTIONS TO LEADER'S PROPOSED JURY  
INSTRUCTION NO. 4.14**

This should not be a separate instruction or an issue decided by the jury. The Court's finding regarding the level of skill in the art should be incorporated into Proposed Jury Instruction No. 4.10, as Facebook has done. Facebook disagrees that a person skilled in the art could include one without a bachelor's degree or equivalent in computer science but who has several years of experience in "the computer industry," as this could include many individuals who are not, in fact, skilled in the art of computer programming.

**LEADER'S PROPOSED JURY INSTRUCTION NO. 4.15**  
**OBJECTIVE INDICATIONS CONCERNING NON-OBVIOUSNESS**

In making these assessments, you should take into account any objective evidence (sometimes called “secondary considerations”) that may have existed at the time of the invention and afterwards that may shed light on the obviousness or not of the claimed invention, such as:

- a. Whether the invention was commercially successful as a result of the merits of the claimed invention (rather than the result of design needs or market-pressure advertising or similar activities)?
- b. Whether there was a long felt need for a solution to the problem facing the inventors, which was satisfied by the claimed invention?
- c. Whether others had tried and failed to make the invention?
- d. Whether others invented the invention at roughly the same time?
- e. Whether others copied the invention?
- f.. Whether there were changes or related technologies or market needs contemporaneous with the invention?
- g. Whether the invention achieved unexpected results?
- h. Whether others in the field praised the invention?
- i.. Whether persons having ordinary skill in the art of the invention expressed surprise or disbelief regarding the invention?
- j. Whether others sought or obtained rights to the patent from the patent holder?
- k. Whether the inventor proceeded contrary to accepted wisdom in the field?

Answering any, or all, of the above questions “yes” may suggest that the claim was not obvious.

**AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 4.3c (February 2010) which cites *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966); *Liebel-Flarsheim Co. v. Medrad, Inc.*, 481 F.3d 1371, 1380 (Fed. Cir. 2007); *AK Steel Corp. v. Sollac & Ugine*, 344 F.3d 1234, 1244 (Fed. Cir. 2003); *Durel Corp. v. Osram Sylvania Inc.*, 256 F.3d 1298, 1306 (Fed. Cir. 2001).

**FACEBOOK'S OBJECTIONS TO LEADER'S PROPOSED JURY**  
**INSTRUCTION NO. 4.15**

Facebook objects to this instruction as it divides up several obviousness instructions into separate instructions. Facebook includes its proposed instructions regarding secondary considerations of non-obviousness in its Proposed Instruction No. 4.10. Facebook further objects to the addition of the sentence "Answering any, or all, of the above questions 'yes' may suggest that the claim was not obvious." This is an unnecessary addition to the model instruction.



**LEADER'S PROPOSED JURY INSTRUCTION NO. 4.16**  
**TEACHING AWAY**

If the patentee proceeds contrary to accepted wisdom of prior art, this is strong evidence of non-obviousness. Thus, in evaluating the content of the prior art, you must consider the nature of the teaching of the prior art, both what the art teaches one should do, as well as what it teaches one should not do.

**AUTHORITY:**

Uniform Jury Instructions for Patent Cases in the United States Court for the District of Delaware § 4.8.7 (March 1993); Final Jury Instruction, *Robert Bosch, LLC v. Pylon Manufacturing Corp.*, Case 08-cv-00542-SLR( D. Del. April 23, 2010).

**FACEBOOK'S OBJECTIONS TO LEADER'S PROPOSED JURY  
INSTRUCTION NO. 4.16**

Facebook objects to this instruction as improper. "Teaching away" is discussed in both Leader and Facebook's Proposed Jury Instruction Nos. 4.10. Also, the phrase "accepted wisdom" of the prior art is vague and confusing, as a *reference* can teach away but "the wisdom" of the prior art cannot. This may allow the jury to believe that because Leader argues that any prior art reference allegedly taught away from the '761 patent, Facebook cannot prove its obviousness case.

Leader has provided no recent model jury instruction in which this questionable statement merits its own instruction. Further, Leader has provided no evidence of "teaching away."

## **5.0 INEQUITABLE CONDUCT**

### **FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 5.1 INEQUITABLE CONDUCT**

Every applicant for a patent has a duty of candor and good faith in its dealing with the United States Patent and Trademark Office. This is important because the PTO has limited resources.

When a person involved in the prosecution of an application fails to supply material information with an intent to deceive the PTO, he or she has committed what is called “inequitable conduct.” When inequitable conduct occurs during the examination of an application, any patent that issues from that application is unenforceable as a matter of fairness. This means that despite the existence and validity of a patent, the patent holder may not prevent others from using the invention covered by the patent and may not collect damages from those who use the invention that is covered by the patent.

Facebook must prove by clear and convincing evidence that a person meaningfully involved in the prosecution of the '761 patent, such as the inventors or the prosecuting attorney, withheld material information from the PTO during the examination of the '761 patent, and that the person did so with an intent to deceive the Examiner into issuing the patent.

I will now explain to you what “material” and “intent to deceive” mean.

#### **AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 5.1 (February 2010), which cites 35 U.S.C. § 282; *Larson Mfg. Co. of S.D. v. Aluminart Prods., Ltd.*, 559 F.3d 1317 (Fed. Cir. 2009) (vacating district court's determination of inequitable conduct because of lack of materiality); *Star Sci., Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1365 (Fed. Cir. 2008) (“[A]t least a threshold level of each element—i.e., both materiality and intent to deceive—must be proven by clear and convincing evidence.” (citations omitted)); *Digital Control Inc. v. Charles Mach. Works*, 437 F.3d 1309, 1315 (Fed. Cir. 2006) (explaining PTO Rule 56 standards of materiality); *Ferring B.V. v. Barr Labs., Inc.*, 437 F.3d 1181 (Fed. Cir. 2006); *Dayco Prods., Inc. v. Total Containment, Inc.*, 329 F.3d 1358, 1363 (Fed. Cir. 2003); *Upjohn Co. v. Mova*

*Pharm. Corp.*, 225 F.3d 1306 (Fed. Cir. 2000); *Scripps Clinic & Research Found. v. Genentech, Inc.*, 927 F.2d 1565 (Fed. Cir. 1991); *Kingsdown Med. Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867 (Fed. Cir. 1988).

**LEADER'S OBJECTIONS TO FACEBOOK'S PROPOSED JURY**

**INSTRUCTION NO. 5.1**

Leader objects to this instruction for all the reasons set forth in its briefing in opposition to Facebook's motion to amend because the inequitable conduct claim that Facebook has in its proposed instruction is not a claim currently in this case. *See* D.I. 331. Leader reserves its right to provide a proposal should these allegations be permitted, as Facebook's proposed instruction misstates the law and fails to identify Facebook's burden of proof.

**FACEBOOK'S RESPONSE TO LEADER'S OBJECTIONS TO FACEBOOK'S  
PROPOSED JURY INSTRUCTION NO. 5.1**

Facebook notes that this instruction properly identifies Facebook's burden of proof, and thus Leader's "objection" that this instruction does not do so is inaccurate.

**FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 5.2**  
**INEQUITABLE CONDUCT - MATERIALITY**

Information is material if it establishes, either alone or in combination with other information, that the invention sought to be patented was not patentable. Information is material if there was a substantial likelihood that a reasonable Examiner would consider it important in deciding whether to allow the application to issue as a patent. Withheld information that is cumulative of, or less relevant to any patentability requirement compared to information the examiner already had from any source, is not material (because the Examiner already had similar information on which to make a judgment of patentability).

Here, I instruct you that the iManage reference has already been deemed material by the PTO. Because the degree of materiality of the information is factored into the ultimate determination I make concerning the enforceability of the patent, the jury form will ask you to identify the issue for which the information or statements was material and to rate its materiality on a scale from low to high. You may only find information or statements to be material if there is clear and convincing evidence that they are material.

**AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 5.1 (February 2010), which cites 35 U.S.C. § 282; *Larson Mfg. Co. of S.D. v. Aluminart Prods., Ltd.*, 559 F.3d 1317 (Fed. Cir. 2009) (vacating district court's determination of inequitable conduct because of lack of materiality); *Star Sci., Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1365 (Fed. Cir. 2008) (“[A]t least a threshold level of each element—i.e., both materiality and intent to deceive—must be proven by clear and convincing evidence.” (citations omitted)); *Digital Control Inc. v. Charles Mach. Works*, 437 F.3d 1309, 1315 (Fed. Cir. 2006) (explaining PTO Rule 56 standards of materiality); *Ferring B.V. v. Barr Labs., Inc.*, 437 F.3d 1181 (Fed. Cir. 2006); *Dayco Prods., Inc. v. Total Containment, Inc.*, 329 F.3d 1358, 1363 (Fed. Cir. 2003); *Upjohn Co. v. Mova Pharm. Corp.*, 225 F.3d 1306 (Fed. Cir. 2000); *Scripps Clinic & Research Found. v. Genentech, Inc.*, 927 F.2d 1565 (Fed. Cir. 1991); *Kingsdown Med. Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867 (Fed. Cir. 1988).

**LEADER'S OBJECTIONS TO FACEBOOK'S PROPOSED JURY**

**INSTRUCTION NO. 5.2**

Leader objects to this instruction for all the reasons set forth in its briefing in opposition to Facebook's motion to amend because the inequitable conduct claim that Facebook has in its proposed instruction is not a claim currently in this case. *See* D.I. 331. Leader reserves its right to provide a proposal should these allegations be permitted, as Facebook's proposed instruction misstates the law. Additionally, Leader objects to this instruction because it makes improper statements regarding the iManage reference and the jury form.



**FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 5.3**  
**INEQUITABLE CONDUCT – INTENT TO DECEIVE**

In order for inequitable conduct to have occurred, Facebook must establish that any failure to disclose material information was done with an intent to deceive the Examiner.

Intent may be shown through indirect evidence or, in other words, it may be inferred from conduct. For example, if you find that a reference that was withheld was highly material, you may infer intent.

**AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 5.1 (February 2010), which cites 35 U.S.C. § 282; *Larson Mfg. Co. of S.D. v. Aluminart Prods., Ltd.*, 559 F.3d 1317 (Fed. Cir. 2009) (vacating district court's determination of inequitable conduct because of lack of materiality); *Star Sci., Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1365 (Fed. Cir. 2008) (“[A]t least a threshold level of each element—i.e., both materiality and intent to deceive—must be proven by clear and convincing evidence.” (citations omitted)); *Digital Control Inc. v. Charles Mach. Works*, 437 F.3d 1309, 1315 (Fed. Cir. 2006) (explaining PTO Rule 56 standards of materiality); *Ferring B.V. v. Barr Labs., Inc.*, 437 F.3d 1181 (Fed. Cir. 2006); *Dayco Prods., Inc. v. Total Containment, Inc.*, 329 F.3d 1358, 1363 (Fed. Cir. 2003); *Upjohn Co. v. Mova Pharm. Corp.*, 225 F.3d 1306 (Fed. Cir. 2000); *Scripps Clinic & Research Found. v. Genentech, Inc.*, 927 F.2d 1565 (Fed. Cir. 1991); *Kingsdown Med. Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867 (Fed. Cir. 1988).

**LEADER'S OBJECTIONS TO FACEBOOK'S PROPOSED JURY  
INSTRUCTION NO. 5.3**

Leader objects to this instruction for all the reasons set forth in its briefing in opposition to Facebook's motion to amend because the inequitable conduct claim that Facebook has in its proposed instruction is not a claim currently in this case. *See* D.I. 331. Leader reserves its right to provide a proposal should these allegations be permitted, as Facebook's proposed instruction misstates the law and fails to identify Facebook's burden of proof.

**FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 5.4**  
**INEQUITABLE CONDUCT – BALANCING OF MATERIALITY AND INTENT**

If you find that Facebook has proved by clear and convincing evidence that material information was withheld and, further, that these omissions were done with an intent to deceive the Examiner, you must then weigh the degree of materiality and the degree of intent to determine whether, on balance, the evidence clearly and convincingly establishes that the person who withheld information committed inequitable conduct and the patent should in fairness be declared unenforceable. When performing this balancing, the higher the level of materiality of the withheld information, the lower the level of intent that is required to establish inequitable conduct, and vice versa.

**AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 5.1 (February 2010), which cites 35 U.S.C. § 282; *Larson Mfg. Co. of S.D. v. Aluminart Prods., Ltd.*, 559 F.3d 1317 (Fed. Cir. 2009) (vacating district court's determination of inequitable conduct because of lack of materiality); *Star Sci., Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1365 (Fed. Cir. 2008) (“[A]t least a threshold level of each element—i.e., both materiality and intent to deceive—must be proven by clear and convincing evidence.” (citations omitted)); *Digital Control Inc. v. Charles Mach. Works*, 437 F.3d 1309, 1315 (Fed. Cir. 2006) (explaining PTO Rule 56 standards of materiality); *Ferring B.V. v. Barr Labs., Inc.*, 437 F.3d 1181 (Fed. Cir. 2006); *Dayco Prods., Inc. v. Total Containment, Inc.*, 329 F.3d 1358, 1363 (Fed. Cir. 2003); *Upjohn Co. v. Mova Pharm. Corp.*, 225 F.3d 1306 (Fed. Cir. 2000); *Scripps Clinic & Research Found. v. Genentech, Inc.*, 927 F.2d 1565 (Fed. Cir. 1991); *Kingsdown Med. Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867 (Fed. Cir. 1988).

**LEADER'S OBJECTIONS TO FACEBOOK'S PROPOSED JURY  
INSTRUCTION NO. 5.4**

Leader objects to this instruction for all the reasons set forth in its briefing in opposition to Facebook's motion to amend because the inequitable conduct claim that Facebook has in its proposed instruction is not a claim currently in this case. *See* D.I. 331. Leader reserves its right to provide a proposal should these allegations be permitted, as Facebook's proposed instruction misstates the law.

## **6.0 FALSE MARKING**

### **LEADER'S PROPOSED JURY INSTRUCTION NO. 6.1 FALSE MARKING**

In this case, Facebook has alleged that Leader falsely marked its Leader2Leader® product with the '761 Patent. To prove false marking, Facebook must establish that (1) Leader marked Leader2Leader® with the '761 Patent, (2) the '761 Patent does not cover the Leader2Leader® product, and (3) Leader marked the Leader2Leader® product with the intent to deceive the public.

Facebook must show by a preponderance of the evidence that Leader did not have a reasonable belief that the marked products were properly marked.<sup>2</sup>

#### **AUTHORITY:**

Adapted from *Lazare Kaplan International, Inc. v. Photocscribe Technologies, Inc.*, No. 2009-1251 (February 11, 2008) which cites 35 U.S.C. § 292; *Clontech Laboratories, Inc. v. Invitrogen Corporation*, 406 F.3d 1347 (Fed. Cir. 2005); *DP Wagner Manu., Inc. v. Pro Patch Systems, Inc.*, 434 F. Supp. 2d 445 (S.D. Tex. 2006); See also *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295 (Fed. Cir. 2009)

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**FACEBOOK’S OBJECTIONS TO LEADER’S PROPOSED JURY  
INSTRUCTION NO. 6.1**

Facebook objects to the inclusion of this instruction at the end of the infringement section, as it is a separate claim. Facebook suggests a separate section, including this instruction as well as Facebook’s proposed “False Marking – Damages” instruction.

Facebook objects to Leader’s inclusion of only the Leader2Leader product, as Facebook accuses Leader of falsely marking other products.

Facebook also objects to this instruction for its failure to explain how intent to deceive may be determined, as explained in *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295 (Fed. Cir. 2009). In *Forest Tool*, the Federal Circuit held that “[a] party asserting false marking must show by a preponderance of the evidence that the accused party did not have a reasonable belief that the articles were properly marked.” *Id.* at 1300.

**FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 6.1**  
**FALSE MARKING**

In this case, Facebook has alleged that Leader falsely marked products with the '761 patent. To prove false marking of Leader products, Facebook must establish by a preponderance of the evidence (1) that Leader marked the products with the '761 patent; (2) that the '761 patent does not cover the marked products; and (3) that through this marking, Leader had an intent to deceive the public. In order to show that Leader had an intent to deceive the public, Facebook must show by a preponderance of the evidence that Leader did not have a reasonable belief that the marked products were properly marked.

**AUTHORITY:**

*Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295 (Fed. Cir. 2009); Leader's Proposed instruction, which was adapted from *Lazare Kaplan International, Inc. v. Photoscribe Technologies, Inc.*, No. 2009-1251 (February 11, 2008) which cites 35 U.S.C. § 292; *Clontech Laboratories, Inc. v. Invitrogen Corporation*, 406 F.3d 1347 (Fed. Cir. 2005); *DP Wagner Manu., Inc. v. Pro Patch Systems, Inc.*, 434 F. Supp. 2d 445 (S.D. Tex. 2006).

**LEADER'S OBJECTIONS TO FACEBOOK'S PROPOSED JURY  
INSTRUCTION NO. 6.1**

Leader objects to this instruction for all the reasons set forth in its briefing in opposition to Facebook's motion to amend and *Daubert* motion because false marking of products other than Leader2Leader are not currently in this case. See D.I. 331. Leader reserves its right to supplement this instruction should these allegations be permitted.



## **7.0 DAMAGES**

### **LEADER'S PROPOSED JURY INSTRUCTION NO. 7.1** **DAMAGES – GENERALLY**

If you find that Facebook infringed any valid claim of the '761 Patent, you must then consider what amount of damages to award to Leader. I will now instruct you about the measure of damages. By instructing you on damages, I am not suggesting which party should win this case, on any issue.

The damages you award must be adequate to compensate Leader for the infringement. They are not meant to punish an infringer. Your damages award, if you reach this issue, should put Leader in approximately the same financial position that it would have been in had the infringement not occurred.

Leader has the burden to establish the amount of its damages by a preponderance of the evidence. In other words, you should award only those damages that Leader establishes that it more likely than not suffered.

In this case, Leader seeks a reasonable royalty. A reasonable royalty is defined as the money amount Leader and Facebook would have agreed upon as a fee for use of the invention at the time prior to when infringement began.

I will give more detailed instructions regarding damages shortly. Note, however, that Leader is entitled to recover no less than a reasonable royalty.

#### **AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 6.1 (February 2010) which cites 35 U.S.C. § 284; *Dow Chem. Co. v. Mee Indus., Inc.*, 341 F.3d 1370, 1381-82 (Fed. Cir. 2003); *Integra Lifesciences I, Ltd. v. Merck KGAA*, 331 F.3d 860, 870 (Fed. Cir. 2003); *Grain Processing Corp. v. Am. Maize-Prods. Co.*, 185 F.3d 1341, 1349 (Fed. Cir. 1999); *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1108-09 (Fed. Cir. 1996); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1545 (Fed. Cir. 1995) (en banc); *Lam, Inc. v. Johns-Manville Corp.*, 718 F.2d 1056, 1065 (Fed. Cir. 1983); *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1340 (Fed. Cir. 2009).

**FACEBOOK'S OBJECTIONS TO LEADER'S PROPOSED JURY  
INSTRUCTION NO. 7.1**

Facebook objects to Leader's proposed instruction because it believes that the AIPLA instruction is easier to understand, and is clearer in stating that punitive damages are not allowed. Facebook also objects to the language that a reasonable royalty would put an accused infringer in the "same financial position" that it would have been in had the infringement not occurred. This is language that is tied to lost profits, to which Leader is not claiming entitlement.

**FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 7.1**  
**DAMAGES – GENERALLY**

If you find that the accused Facebook system or method infringes any of the claims of the '761 patent, and that those claims are valid and enforceable, you must determine the amount of damages to be awarded Leader for the infringement. On the other hand, if you find that each of the asserted patent claims is either invalid or is not infringed, then you need not address damages in your deliberations.

If you need to determine damages, the amount of those damages must be adequate to compensate Leader for the infringement. You may not add anything to the amount of damages to punish the accused infringer or to set an example.

Leader must prove each element of its damages by a preponderance of the evidence. Your damages award, if you reach this issue, will be in the form of a reasonable royalty. A reasonable royalty is defined as the money amount Leader and Facebook would have agreed upon as a fee for use of the invention at the time prior to when infringement began. This can take the form of either a one time payment or a running percentage of revenues attributable to the infringing activity.

The fact that I am instructing you as to the proper measure of damages should not be construed as intimating any view of the Court as to which party is entitled to prevail in this case. Instructions as to the measure of damages are given for your guidance in the event you find the evidence in favor of Leader.

**AUTHORITY:**

Modified AIPLA'S Model Patent Jury Instructions, § 12.0 (2008), which cites 35 U.S.C. § 284 (2004); *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 507 (1964); *Dow Chem. Co. v. Mee Indus., Inc.*, 341 F.3d 1370, 1381-82 (Fed. Cir. 2003); *Vulcan Eng'g Co. v. FATA Aluminum, Inc.*, 278 F.3d 1366, 1376 (Fed. Cir. 2002); *Grain Processing Corp. v. Am. Maize-Prods. Co.*, 185 F.3d 1341, 1349 (Fed. Cir. 1999); *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1108-1109 (Fed. Cir. 1996); *Hebert v. Lisle Corp.*, 99 F.3d 1109, 1119 (Fed. Cir. 1996); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1544-45 (Fed. Cir. 1995); *Wang Labs., Inc. v. Toshiba Corp.*, 993 F.2d 858, 870 (Fed. Cir. 1993); *Fromson v. W. Litho Plate & Supply Co.*, 853 F.2d 1568, 1574 (Fed. Cir. 1988), *overruled on other grounds by Knorr-Bremse Systeme Fuer Nutzfahrzeuge v.*

*Dana Corp.*, 383 F.3d 1337, 1342 (Fed. Cir. 2004); *Del Mar Avionics, Inc. v. Quinton Instrument Co.*, 836 F.2d 1320, 1326 (Fed. Cir. 1987).

**LEADER'S OBJECTIONS TO FACEBOOK'S PROPOSED JURY  
INSTRUCTION NO. 7.1**

Leader objects to Facebook's proposed instruction because it refers to inequitable conduct, which is not a claim in this case. Furthermore, Leader's proposal is a more balanced and straightforward instruction.

**DISPUTED PROPOSED JURY INSTRUCTION NO. 7.2**  
**DATE DAMAGES BEGIN**

In determining the amount of damages, you must determine when the damages began. Damages commence on the date that [Facebook began infringement] [Leader has proven infringement began] and had been put on notice of the ‘761 Patent.

If you find that Leader sells a product that includes the claimed invention, you must determine whether Leader has “marked” that product with the ‘761 Patent number. “Marking” is placing either the word “patent” or the abbreviation “pat.” with the patent’s number on substantially all of the products that include the patented invention. If Leader shows that it marked substantially all of the products it made, offered for sale, or sold under the ‘761 Patent, then Facebook has been put on notice of the ‘761 Patent [as of the date of such marking].

The earliest date damages may commence is the issuance date of the ‘761 Patent on November 21, 2006.

**AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 6.8 (February 2010).

**FACEBOOK'S OBJECTIONS TO DISPUTED PROPOSED JURY  
INSTRUCTION NO. 7.2**

Facebook objects to Leader's instruction without Facebook's proposed bracketed language in the second paragraph, as it could be read to state that so long as Leader marked its products, Facebook was on notice, rather than saying that Facebook was only on notice from the date that Leader marked its products.

**LEADER'S OBJECTION TO DISPUTED PROPOSED JURY  
INSTRUCTION NO. 7.2**

Leader objects to Facebook's proposed bracketed language, "Leader has proven infringement began" and "as of the date of such marking," as unclear and confusing for the jury because as the instruction states marking a product with the '761 Patent will establish notice and the date calculation of damages commence.



**LEADER'S PROPOSED JURY INSTRUCTION NO. 7.3**  
**REASONABLE ROYALTY**

If you find that Leader has established infringement, Leader is entitled to at least a reasonable royalty to compensate it for that infringement. A reasonable royalty is not necessarily the actual measure of damages, but is merely the floor below which damages should not fall.

**AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 6.5 (February 2010) which cites 35 U.S.C. § 284; *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1340 (Fed. Cir. 2009); *Crystal Semiconductor Corp. v. Tritech Microelectronics Int'l, Inc.*, 246 F.3d 1336 (Fed. Cir. 2001); *Fromson v. W. Litho Plate & Supply Co.*, 853 F.2d 1568, 1574 (Fed. Cir. 1998); *Minco, Inc. v. Combustion Eng'g, Inc.*, 95 F.3d 1109, 1119-20 (Fed. Cir. 1996); *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1579 (Fed. Cir. 1996); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1554 (Fed. Cir. 1995) (en banc).

Modified AIPLA's Model Jury Instructions § 12.14 (March 2008) which cites 35 U.S.C. § 284; *Crystal Semiconductor Corp. v. Tritech Microelecs. Int'l, Inc.*, 246 F.3d 1336, 1354 (Fed. Cir. 2001); *Fromson v. W. Litho Plate & Supply Co.*, 853 F.2d 1568, 1574 (Fed. Cir. 1998) *overruled on other grounds by Knorr-Bremse Systeme Fuer Nutzfahrzeuge v. Dana Corp.*, 383 F.3d 1337, 1342 (Fed. Cir. 2004); *Minco, Inc. v. Combustion Eng'g, Inc.*, 95 F.3d 1109, 1119 (Fed. Cir. 1996); *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1579 (Fed. Cir. 1996); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1554 (Fed. Cir. 1995) (en banc); *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1579 (Fed. Cir. 1989).

**FACEBOOK'S OBJECTIONS TO LEADER'S PROPOSED JURY  
INSTRUCTION NO. 7.3**

Facebook objects to Leader's proposed instruction as unnecessary. This information is set forth in Leader and Facebook's Proposed Jury Instructions Nos. 5.1. It appears from the Federal Circuit Bar Association Model Patent Jury Instructions § 6.5 that the purpose of this instruction is to differentiate reasonable royalty damages from lost profits damages; as lost profits are not at issue in this case, this instruction is unnecessary.

Facebook further objects to Leader's inclusion of the extraneous and prejudicial sentence, "A reasonable royalty is not necessarily the actual measure of damages, but is merely the floor below which damages should not fall."

**LEADER'S RESPONSE TO FACEBOOK'S OBJECTIONS TO LEADER'S  
PROPOSED JURY INSTRUCTION NO. 7.3**

Leader cites *Lucent Techs., Inc. v. Gateway* which recites the language objected to by Facebook. In addition, the AIPLA instruction specifically has this language in instruction 12.14 "A reasonable royalty is not necessarily the actual measure of damages, but is merely the floor below which damages should not fall."

## LEADER'S PROPOSED JURY INSTRUCTION NO. 7.4

### REASONABLE ROYALTY – DEFINITION

A royalty is a payment made to the owner of a patent by a non-owner in exchange for rights to make, use, or sell the claimed invention. A reasonable royalty is the amount of royalty payment that a patent holder and the infringer would have agreed to in a hypothetical negotiation taking place at a time prior to when the infringement first began. In considering this hypothetical negotiation, you should focus on what the expectations of the patent holder and the infringer would have been had they entered into an agreement at that time, and had they acted reasonably in their negotiations. In determining this, you must assume that both parties believed the patent was valid and infringed and the patent holder and infringer were willing to enter into an agreement. The reasonable royalty you determine must be a royalty that would have resulted from the hypothetical negotiation, and not simply a royalty either party would have preferred. Evidence of things that happened after the infringement first began can be considered in evaluating the reasonable royalty only to the extent that the evidence aids in assessing what royalty would have resulted from a hypothetical negotiation. Although evidence of the actual profits an alleged infringer made may be used to determine the anticipated profits at the time of the hypothetical negotiation, the royalty may not be limited or increased based on the actual profits the alleged infringer made.

### AUTHORITY:

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 6.6 (February 2010) which cites *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1340 (Fed. Cir. 2009); *Golight, Inc. v. Wal-Mart Stores, Inc.*, 355 F.3d 1327, 1338 (Fed. Cir. 2004); *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1108-10 (Fed. Cir. 1996); *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1579-81 (Fed. Cir. 1996); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1554 (Fed. Cir. 1995) (en banc); *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970); *Interactive Pictures Corp. v. Infinite Pictures, Inc.*, 274 F.3d 1371 (Fed. Cir. 2001); *Trans-World Mfg. Corp. v. Al Nyman & Sons, Inc.*, 750 F.2d 1552 (Fed. Cir. 1984).

**FACEBOOK'S OBJECTIONS TO LEADER'S PROPOSED JURY  
INSTRUCTION NO. 7.4**

Facebook objects to Leader's instruction because it is not clear as to when an accused infringer's actual profits may be taken into account. This is only the case when the actual profits were foreseeable. As jurors should not rely on hindsight in assessing what royalty would have resulted in 2006 based on profits realized today, Facebook reminds the jurors to give less weight to evidence of those events that came after the hypothetical negotiation.

**FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 7.4**  
**REASONABLE ROYALTY – DEFINITION**

A royalty is a payment made to the owner of a patent by a non-owner in exchange for rights to make, use, or sell the claimed invention. A reasonable royalty is the amount of royalty payment that a patent holder and the infringer would have agreed to in a hypothetical negotiation taking place at a time prior to when the infringement first began. In considering this hypothetical negotiation, you must focus on what the expectations of the patent holder and the infringer would have been had they entered into an agreement at that time, and had they acted reasonably in their negotiations. In determining this, you must assume that both parties believed the patent was valid and infringed and the patent holder and infringer were willing to enter into an agreement. The reasonable royalty you determine must be a royalty that would have resulted from the hypothetical negotiation, and not simply a royalty either party would have preferred. Evidence of things that happened after the infringement first began, for example, the alleged infringer's actual profits, can only be considered in evaluating the reasonable royalty if those things could have been reasonably foreseen at the time of the hypothetical negotiation. Evidence of things that happened after the hypothetical negotiation should be given substantially less weight than what was known at the time of the hypothetical negotiation.

**AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 6.6 (February 2010) which cites *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1340 (Fed. Cir. 2009); *Golight, Inc. v. Wal-Mart Stores, Inc.*, 355 F.3d 1327, 1338 (Fed. Cir. 2004); *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1108-10 (Fed. Cir. 1996); *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1579-81 (Fed. Cir. 1996); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1554 (Fed. Cir. 1995) (en banc); *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970); *Interactive Pictures Corp. v. Infinite Pictures, Inc.*, 274 F.3d 1371 (Fed. Cir. 2001); *Trans-World Mfg. Corp. v. Al Nyman & Sons, Inc.*, 750 F.2d 1552 (Fed. Cir. 1984).

## **LEADER'S OBJECTION TO FACEBOOK'S PROPOSED JURY INSTRUCTION**

### **NO. 7.4**

Leader objects to Facebook's proposed instruction because it is incorrect as a matter of law and argumentative because it states, "evidence of things that happened after the hypothetical negotiation should be given substantially less weight than what was known at the time of the hypothetical negotiation."

**LEADER'S PROPOSED JURY INSTRUCTION NO. 7.5**

**REASONABLE ROYALTY – RELEVANT FACTORS**

In determining the value of a reasonable royalty, you should consider all the facts known and available to the parties at the time the infringement began. Some of the kinds of factors that you may consider in making your determination are:

1. Any royalties received by Leader for the licensing of the '761 Patent, proving or tending to prove an established royalty.

2. The rates paid by Facebook for the use of other patents comparable to the '761 Patent.

3. The nature and scope of the license, as exclusive or non-exclusive, or as restricted or non-restricted in terms of its territory or with respect to whom the [patented invention][manufactured product] may be sold.

4. Whether Leader has an established policy and marketing program to maintain its patent monopoly by not licensing others to use the invention, or by granting licenses under special conditions designed to preserve that monopoly.

5. The commercial relationship between Leader and Facebook, such as whether they are competitors in the same territory in the same line of business, or whether they are inventor and promoter.

6. The effect of selling the patented [system, computer readable medium, or method][specialty] in promoting sales of other products of Facebook; the existing value of the invention to Leader as a generator of sales of its non-patented items; and the extent of such derivative or convoyed sales.

7. The duration of the '761 Patent and the term of the license.

8. The established profitability of the [system, computer readable medium, or method][product] made under the '761 Patent, its commercial success, and its current popularity.

9. The utility and advantages of the patented invention of the '761 Patent



over the old modes or devices, if any, that had been used for working out similar results.

10. The nature of the patented invention of the '761 Patent; the character of the commercial embodiment of it as owned and produced by Leader; and the benefits to those who have used the invention.

11. The extent to which Facebook has made use of the invention of the '761 Patent; and any evidence that shows the value of that use.

12. The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow for the use of the invention of the '761 Patent or analogous inventions.

13. The portion of the realizable profits that should be credited to the invention as distinguished from non-patented elements, the manufacturing process, business risks, or significant features or improvements added by Facebook.

14. The opinion testimony of qualified experts.

15. The amount that Leader and Facebook would have agreed upon on November 21, 2006 if both sides had been reasonably and voluntarily trying to reach an agreement; that is, the amount which a prudent licensee—who desired, as a business proposition, to obtain a license to manufacture and sell a particular article embodying the patented invention—would have been willing to pay as a royalty and yet be able to make a reasonable profit and which amount would have been acceptable by a prudent patentee who was willing to grant a license.

No one factor is dispositive and you can and should consider the evidence that has been presented to you in this case on each of these factors. You may also consider any other factors which in your mind would have increased or decreased the royalty the infringer would have been willing to pay and the patent holder would have been willing to accept, acting as normally prudent business people. The final factor establishes the framework which you should use in determining a reasonable royalty, that is, the

payment that would have resulted from a negotiation between the patent holder and the infringer taking place at a time prior to when the infringement began.

**AUTHORITY:**

Modified The Federal Circuit Bar Association Model Patent Jury Instructions § 6.7 (February 2010) which cites *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1340 (Fed. Cir. 2009); *Golight, Inc. v. Wal-Mart Stores, Inc.*, 355 F.3d 1327, 1338 (Fed. Cir. 2004); *Maxwell v. J. Baker, Inc.*, 86 F.3d 1098, 1108-10 (Fed. Cir. 1996); *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1579-81 (Fed. Cir. 1996); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1554 (Fed. Cir. 1995) (en banc); *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970).

**FACEBOOK'S OBJECTIONS TO DISPUTED PROPOSED JURY  
INSTRUCTION NO. 7.5**

Facebook objects to those alterations made by Leader to the *Georgia-Pacific* factors that it notes with brackets.

**LEADER'S OBJECTIONS TO DISPUTED PROPOSED JURY  
INSTRUCTION NO. 7.5**

Leader's instruction only modifies the language of *Georgia-Pacific* to apply the facts of this case. The bracketed language "manufactured product" will confuse the jury. Use of this bracketed language is prejudicial to Leader.

**FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 7.5A**  
**REASONABLE ROYALTY – EXISTENCE OF NON-INFRINGEMENT**  
**ALTERNATIVES**

In determining the reasonable royalty the parties would have agreed upon during the hypothetical negotiation you should also consider the availability of non-infringing alternatives. If at the time of the hypothetical negotiation Facebook could have redesigned the allegedly infringing features to avoid infringement, then Facebook would have been in a stronger position to negotiate a lower royalty rate.

**AUTHORITY:**

*Zygo Corp. v. Wyco Corp.*, 79 F.3d 1563, 1571-72 (Fed. Cir. 1996).

**LEADER'S OBJECTIONS TO FACEBOOK'S PROPOSED JURY  
INSTRUCTION NO. 7.5A**

Leader objects to this instruction because Leader contends it is unnecessary and Facebook has not cited a model jury instruction to support this instruction but relies solely on case law. Leader further objects because contrary to *Zygo Corp.*, Facebook has not provided any evidence that any alternative does in fact exist and prevented any discovery into any alleged alternatives. *Zygo Corp. v. Wyco Corp.*, 79 F.3d 1563 (Fed. Cir. 1996) (remanding with instructions for the court to provide findings “in support of its conclusion that the SIRIS was not an acceptable noninfringing alternative (assuming its actual availability during some of the period the Original Wyko models were on the market”). This is a subject contained in Leader’s pending *Daubert* motion and in opposition to Facebook’s *Daubert* motion. A separate instruction on this issue is unnecessary because it is addressed in instruction 7.5. This instruction should be omitted as it is likely to confuse the jury and prejudicial to Leader.

**LEADER'S PROPOSED JURY INSTRUCTION NO. 7.6**

**REASONABLE ROYALTY – TIMING**

Although the relevant date for the hypothetical reasonable royalty negotiation is just before the infringement began, you may consider in your determination of reasonable royalty damages any actual profits by Facebook after that time and any commercial success of the patented invention in the form of sales of the patented or infringing products after that time. You may only consider this information, however, if it was foreseeable at the time that the infringement began.

**AUTHORITY:**

AIPLA's Model Patent Jury Instructions March 2008 § 12.17 which cites *Trell v. Marlee Elecs. Corp.*, 912 F.2d 1443, 1446-47 (Fed. Cir. 1990); *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1581 (Fed. Cir. 1989); *Fromson v. W. Litho Plate & Supply Co.*, 853 F.2d 1568, 1575 (Fed. Cir. 1988); *Studiengesellschaft Kohle, mbH v. Dart Indus., Inc.*, 862 F.2d 1564, 1571-72 (Fed. Cir. 1988).

**FACEBOOK'S OBJECTIONS TO LEADER'S PROPOSED JURY  
INSTRUCTION NO. 7.6**

Facebook objects to this instruction as unnecessary. This information is included in Facebook's Proposed Jury Instruction 7.4, which states the following, encompassing all of the substance of Leader's Proposed Jury Instruction No. 7.6:

- “Evidence of things that happened after the infringement first began, for example, the alleged infringer's actual profits, can only be considered in evaluating the reasonable royalty if those things could have been reasonably foreseen at the time of the hypothetical negotiation.”
- “A reasonable royalty is the amount of royalty payment that a patent holder and the infringer would have agreed to in a hypothetical negotiation taking place at a time prior to when the infringement first began.”

Inclusion of this instruction will likely be confusing to the jury and will suggest they should focus on Facebook's actual profits, rather than those profits that were foreseeable at the time of a hypothetical negotiation.



**LEADER'S RESPONSE TO FACEBOOK'S OBJECTIONS TO PROPOSED  
JURY INSTRUCTION NO. 7.6**

This instruction is different from instruction 7.4 which deals with the commencement of damages. This instruction will give the jury perspective as to the timing of the hypothetical negotiation and factors taken into consideration as of that negotiation. Leader further maintains that the AIPLA model instruction, upon which instruction 7.6 relies, is a proper instruction and likely to aid the jury.

**FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 7.7**  
**FALSE MARKING - DAMAGES**

If you find that Leader has falsely marked its products with the '761 patent number, you must determine what damages Leader must pay. Leader is liable for up to \$500 for every instance of false marking.

**AUTHORITY:**

35 U.S.C. § 292; *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295 (Fed. Cir. 2009).

**LEADER'S OBJECTIONS TO FACEBOOK'S PROPOSED JURY  
INSTRUCTION NO. 7.7**

Leader objects to this instruction for all the reasons set forth in its briefing in opposition to Facebook's motion to amend as false marking of products other than Leader2Leader are not currently in this case. *See* D.I. 331. Leader reserves its right to supplement this instruction should these allegations be permitted. Leader further objects to the language added by Facebook that "as a result of this false marking by Leader, Leader is liable for damages." This is not an issue decided by the jury and the addition of this sentence violates the Federal Rules of Evidence 402 and 403. Lastly, Facebook's reliance on *Feltner v. Columbia* to demand a jury instruction on a fine is improper because Feltner dealt with statutory damages for copyright law. 523 U.S. 340, 355 (1998). The relevant portion of Statute 504 (c) reads "the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, . . . in a sum of not less than \$500 or more than \$20,000." In contrast 35 U.S.C. § 292 states a party liable for false marking "shall be fined not more than \$500 for every such offense." The Federal Circuit has described § 292 as "suppl[ying] a civil fine." *Pequignot v. Solo Cup Co.* 640 F.Supp.2d 714, 727(citing *Clontech Labs., Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1352 (Fed. Cir. 2005)). Lastly, in *Forest Group, Inc. v. Bon Tool Co.*, the Federal Circuit remanded the case to the district court judge to determine a fine. *Forest Group* also states that "a court has the discretion to determine that a fraction of a penny per article is a proper penalty." Thus, this is an issue for the judge not the jury to decide.

**FACEBOOK'S RESPONSE TO LEADER'S OBJECTIONS TO FACEBOOK'S  
PROPOSED JURY INSTRUCTION NO. 7.7**

Facebook proposes that this issue be tried to a jury pursuant to Federal Rule of Civil Procedure 39(c) for an advisory opinion. Leader has not cited to any law that finds that allowing a jury to make an advisory determination on false marking damages is erroneous or improper.

Further, there may be a right to a jury trial on the issue of damages due to false marking. Copyright law has a similar statutory damages provision, wherein “the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than \$750 or more than \$30,000 as the court considers just.” 17 U.S.C. 504(c)(1). The Supreme Court found that parties seeking statutory damages under the Copyright Act had a constitutional right to a jury trial on this issue. *See Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 355 (1998). In *Feltner*, the Supreme Court “recognized the ‘general rule’ that monetary relief is legal . . . and an award of statutory damages may serve purposes traditionally associated with legal relief, such as compensation and punishment.” *Id.* at 352.

## **8.0 WILLFUL INFRINGEMENT**

### **LEADER'S PROPOSED JURY INSTRUCTION NO. 8.1 WILLFUL INFRINGEMENT**

If you find by a preponderance of the evidence that Facebook infringed the '761 Patent, either literally or under the doctrine of equivalents, then you must further determine if this infringement was willful. Willfulness must be proven by clear and convincing evidence showing that:

1. Facebook was aware of the '761 Patent,
2. Facebook acted despite an objectively high likelihood that its actions infringed the '761 Patent, and
3. This objectively high likelihood of infringement was either known or so obvious that it should have been known to Facebook.

In making the determination as to willfulness, you must consider the totality of the circumstances. The totality of the circumstances comprises a number of factors, which include, but are not limited to whether Facebook intentionally copied the claimed invention covered by the '761 Patent and whether Facebook presented a substantial defense to infringement, including the defense that the patent is invalid.

#### **AUTHORITY:**

Modified AIPLA Model Jury Instructions § 13 (March 2008) which cites *In re Seagate Technology, LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc); *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1347 (Fed. Cir. 2004)(en banc).

**FACEBOOK'S OBJECTIONS TO LEADER'S PROPOSED JURY  
INSTRUCTION NO. 8.1**

First, Facebook objects to including an instruction on willfulness, as Leader has provided no evidence in support of its willfulness claim.

Second, Facebook objects to including this instruction at this phase of the jury instructions. As the willfulness inquiry depends in part on determinations as to whether Facebook presented a credible invalidity defense, the willfulness inquiry should occur, if at all, after the jury has determined the strength of Facebook's validity case. In addition, the jury need not even consider willfulness if they find the claims to be invalid. Thus, Facebook would place this instruction after the validity instructions.

Facebook objects to the replacement of the phrase "a valid patent" (contained in the AIPLA Model Jury Instruction § 13 upon which Leader relies) with "the '761 patent," as this is a misstatement of the law of willfulness and is misleading. Facebook also objects to the inclusion of the factor "whether Facebook intentionally copied the claimed invention covered by the '761 Patent," as Leader has introduced no evidence of copying and this could easily mislead the jury.

**FACEBOOK'S PROPOSED JURY INSTRUCTION NO. 8.1**  
**WILLFUL INFRINGEMENT**

If you found infringement and you have determined that the '761 patent is both valid and enforceable, you must go on and address the additional issue of whether or not this infringement was willful. Willfulness requires you to determine by clear and convincing evidence that Facebook acted recklessly. To prove willful infringement of the '761 patent, Leader must prove each of the following by clear and convincing evidence:

1. Facebook knew about the '761 patent prior to Leader's filing of this lawsuit on November 19, 2008.
2. Facebook acted despite an objectively high likelihood that its actions infringed a valid and enforceable patent. Legitimate or credible defenses to infringement, even if not ultimately successful, demonstrate a lack of recklessness.
3. If you find that there was an objectively high likelihood that Facebook's actions infringed, that this unjustifiably high risk of infringement was either known or so obvious that it should have been known to Facebook.

In making the determination as to willfulness, you must consider the totality of the circumstances. The totality of the circumstances comprises a number of factors, which include, but are not limited to whether Facebook presented a substantial defense to infringement, including the defense that the patent is invalid.

**AUTHORITY:**

Modified AIPLA Model Jury Instructions § 13 (March 2008), which cites *In re Seagate Technology, LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc); *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1347 (Fed. Cir. 2004) (en banc).

Modified Federal Circuit Bar Association Model Patent Jury Instructions § 3.8 (Feb. 2010), which cites 35 U.S.C. § 284; *In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc); *Knorr-Bremse v. Dana Corp.*, 383 F.3d 1337, 1347 (Fed. Cir. 2004) (en banc); *Crystal Semiconductor Corp. v. Tritech Microelec. Int'l Inc.*, 246 F.3d 1336,

1346 (Fed. Cir. 2001); *WMS Gaming Inc. v. Int'l Game Tech.*, 184 F.3d 1339, 1354 (Fed. Cir. 1999); *Read Corp. v. Portec, Inc.*, 970 F.2d 816 (Fed. Cir. 1992); *Gustafson, Inc. v. Intersystems Indus. Prods., Inc.*, 897 F.2d 508, 510 (Fed. Cir. 1990).

Modified Northern District of California Model Jury Instructions § 3.11, which cites 35 U.S.C. § 284; *In re Seagate Technology, LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc); *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1347 (Fed. Cir. 2004) (en banc); *Crystal Semiconductor Corp. v. Tritech Microelecs. Int'l Inc.*, 246 F.3d 1336, 1346 (Fed. Cir. 2001); *WMS Gaming Inc. v. Int'l Game Tech.*, 184 F.3d 1339, 1354 (Fed. Cir. 1999); *Read Corp. v. Portec, Inc.*, 970 F.2d 816 (Fed. Cir. 1992); *Gustafson, Inc. v. Intersystems Indus. Prods., Inc.*, 897 F.2d 508, 510 (Fed. Cir. 1990).

*Imonex Servs., Inc. v. W.H. Munzprufer Dietmar Trenner GMBH*, 408 F.3d 1374, 1377 (Fed. Cir. 2005).



**LEADER'S OBJECTIONS TO FACEBOOK'S PROPOSED JURY  
INSTRUCTION NO. 8.1**

Leader objects to Facebook's instruction to the extent it refers to the enforceability of Leader's patent, which is not a claim in this case. Facebook's jury instruction is unbalanced as it contains Facebook's arguments and therefore is prejudicial.

**9.0 DELIBERATIONS AND VERDICT**

**STIPULATED PROPOSED JURY INSTRUCTION NO. 9.1  
DELIBERATION AND VERDICT**

That concludes the part of my instructions explaining the rules for considering some of the testimony and evidence. Now let me finish up by explaining some things about your deliberations in the jury room, and your possible verdicts.

Once you start deliberating, do not talk to the jury officer, or to me, or to anyone else except each other about the case. If you have any questions or messages, you must write them down on a piece of paper, sign them, and then give them to the jury officer. The officer will give them to me, and I will respond as soon as I can. I may have to talk to the lawyers about what you have asked, so it may take me some time to get back to you. Any questions or messages normally should be sent to me through your foreperson, who by custom of this Court is juror No. 1.

One more thing about messages. Do not ever write down or tell anyone how you stand on your votes. For example, do not write down or tell anyone that you are split 4-4, or 6-2, or whatever your vote happens to be. That should stay secret until you are finished.

**AUTHORITY:**

Uniform Jury Instructions for Patent Cases in the United States Court for the District of Delaware § 7.1 (March 1993).

**STIPULATED PROPOSED JURY INSTRUCTION NO. 9.2**  
**UNANIMOUS VERDICT**

Your verdict must represent the considered judgment of each juror. In order for you as a jury to return a verdict, it is necessary that each juror agree to the verdict. Your verdict must be unanimous.

It is your duty, as jurors, to consult with one another and to deliberate with a view towards reaching an agreement, if you can do so without violence to your individual judgment. Each of you must decide the case for yourself, but do so only after an impartial consideration of the evidence with your fellow jurors. In the course of your deliberations, do not hesitate to reexamine your own views and change your opinion, if convinced it is erroneous. But do not surrender your honest conviction as to the weight or effect of evidence solely because the opinion of your fellow jurors, or for the purpose of returning a verdict. Remember at all times that you are not partisans. Remember at all times that you are judges of the facts, not me. Your sole interest is to seek the truth from the evidence in the case.

A form of verdict has been prepared for you. You will take this form to the jury room and when you have reached unanimous agreement as to your verdict, you will have your foreperson fill in, date and sign the form. You will then return to the courtroom and your foreperson will give your verdict.

It is proper to add the caution that nothing said in these instructions, and nothing in the form of a verdict, is meant to suggest or convey in any way or manner any intimation as to what verdict I think you should find. What the verdict shall be is your sole and exclusive duty and responsibility.

**AUTHORITY:**

Uniform Jury Instructions for Patent Cases in the United States Court for the District of Delaware § 7.2 (March 1993).

**STIPULATED PROPOSED JURY INSTRUCTION NO. 9.2A**  
**DUTY TO DELIBERATE**

Now that all the evidence is in and the arguments are completed, you are free to talk about the case in the jury room. In fact, it is your duty to talk with each other about the evidence, and to make every reasonable effort you can to reach unanimous agreement. Talk with each other, listen carefully and respectfully to each other's views, and keep an open mind as you listen to what your fellow jurors have to say. Try your best to work out your differences. Do not hesitate to change your mind if you are convinced that other jurors are right and that your original position was wrong.

But do not ever change your mind just because other jurors see things differently, or just to get the case over with. In the end, your vote must be exactly that – your own vote. It is important for you to reach unanimous agreement, but only if you can do so honestly and in good conscience.

No one will be allowed to hear your discussions in the jury room, and no record will be made of what you say. So you should all feel free to speak your minds.

Listen carefully to what the other jurors have to say, and then decide for yourself.

**AUTHORITY:**

Uniform Jury Instructions for Patent Cases in the United States Court for the District of Delaware § 7.3 (March 1993).

**STIPULATED PROPOSED JURY INSTRUCTION NO. 9.3**  
**COURT HAS NO OPINION**

Let me finish by repeating something I said to you earlier. Nothing that I have said or done during this trial was meant to influence your decision in favor of either party. You must decide the case yourselves based on the evidence presented.

**AUTHORITY:**

Uniform Jury Instructions for Patent Cases in the United States Court for the District of Delaware § 7.4 (March 1993).