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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

LEADER TECHNOLOGIES, INC., a : CA. NO. 08-862-LPS
Delaware corporation : July 1, 2010
:
Plaintiff-Counter Defendant : 2:30 O'clock p.m.
v. :
FACEBOOK, INC., a Delaware :
corporation :
:
Defendant-Counterclaimant :
.....:

TRANSCRIPT OF PRETRIAL CONFERENCE
BEFORE THE HONORABLE LEONARD P. STARK
UNITED STATES MAGISTRATE JUDGE

APPEARANCES:

For the Plaintiff: POTTER, ANDERSON & CORROON.
BY: PHILIP A. ROVNER, ESQ.
JONATHAN CHOA, ESQ.

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-and-

KING & SPALDING.

BY: PAUL J. ANDRE, ESQ.

BY: JAMES HANNAH, ESQ.

BY: LISA KOBIALKA, ESQ.

For the Defendant: BLANK ROME

STEVEN CAPONI, ESQ.

-and-

COOLEY LLP.

BY: HEIDI L. KEEFE, ESQ.

BY: MARK R. WEINSTEIN, ESQ.

BY: JEFFREY NORBERG, ESQ.

BY: ELIZABETH STAMESHKIN, ESQ

Court Reporter: LEONARD A. DIBBS

Official Court Reporter

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P R O C E E D I N G S

THE COURT: Good afternoon, everybody.

ALL COUNSEL: Good afternoon.

THE COURT: Welcome, or welcome back as the case maybe.
Let's begin by noting your appearances for the record.

MR. ROVNER: Your Honor, Phil Rovner from Potter,
Anderson & Corroon for the plaintiff, Leader.

With me from King & Spalding is Paul Andre, Lisa
Kobialka, James Hannah and sitting in the back is John Choa from
my office.

MR. CAPONI: Steve Caponi from Blank Rome. With me
today is Heidi Keefe, Mark Weinstein, Jeffrey Norberg. I have
to look at the name to get it right, Elizabeth Stameshkin.

THE COURT: Welcome again.

Of course this is the time for our pretrial conference.
Let me tell you how we're going to proceed today.

First, I'm going to give you the court's ruling on the
Motions in Limine and the Daubert motion. Then we're going to
have a brief argument if either parties wishes to be heard on
Summary Judgement. I'll give you up to twenty minutes aside to
cover the remaining Summary Judgment motions, if you wish to
argue them.

Then we'll go through some of the matters that are
addressed in your proposed pretrial order. And then after that,

1 we'll cover a few additional matters. I think everybody is
2 aware we have a second pretrial conference scheduled for July
3 16th, I think it is, the last business day before the trial
4 which begins on July 19th.

5 So, without any further adieu, let me give you the
6 rulings on the Motions in Limine.

7 First, Facebook motion number one, all of the Facebook
8 motions are at DI 412.

9 Facebook motion number one is to preclude any Doctrine
10 of Equivalents argument.

11 This motion is denied having reviewed Dr. Vigna's
12 expert report. The court finds that it satisfies the Aquatext
13 standard, and in particular, Dr. Vigna gives approximately 25
14 pages of analysis, four paragraphs of analysis for each claim
15 element and, therefore, it is adequate.

16 Dr. Vigna will be permitted to give that Doctrine of
17 Equivalents testimony.

18 Let me know that I will attempt to exercise it, but if
19 any expert, be it Dr. Vigna or any other expert testifies beyond
20 the scope of his expert report, you can make an objection to
21 that effect at trial, the objection will be noted. If following
22 trial you believe that you have a good faith basis to persist in
23 that objection then you can brief that objection following
24 trial. If you prevail on that objection and can prove to the
25 court that the expert testified beyond the scope of his or her

1 expert report. If a new trial is ordered, the party that has
2 proffered the inappropriate expert testimony will be paying the
3 costs for the new trial. You can note the objection during the
4 trial. It won't be resolved during the trial. Brief it
5 following the trial.

6 And as I have said, if you prevail on that motion, a
7 new trial will be necessary and the other side will pay the
8 costs for that.

9 Next, Facebook motion number two:

10 To preclude evidence or argument from Dr. Vigna and
11 argument beyond the three use cases disclosed in Dr. Vigna's
12 expert report. That motion is denied. The three use cases are
13 examples as Dr. Vigna indicates in his report and in his
14 testimony.

15 Also the fundamental architecture of Facebook is part
16 of what is accused here and that accusation is part of what is
17 being tried here and is part of Dr. Vigna's report.

18 Again, I'll emphasize if Dr. Vigna goes beyond the
19 scope of his expert report, you can object and the procedural
20 will be as I have outlined it. However, my ruling is that Dr.
21 Vigna will not be viewed as testifying beyond the scope of his
22 report simply by talking about something other than the three
23 use cases.

24 Next, is Facebook motion number three:

25 To preclude Leader from using the term platform to

1 refer to Facebook's product. This motion is denied. The risk
2 of confusion here from it's use of the word platform is minimal.
3 And in the court's view is no greater than the risk of confusion
4 from the multiple redactions that would be required if we were
5 not to permit the use of the word platform.

6 That redacting would be somewhat burdensome. The Court
7 believes that the jury can understand the various ways that the
8 parties are using the word platform.

9 Next is Facebook's motion number 5:

10 To exclude the deposition errata sheet of Jeffrey Lamb.
11 That motion is denied. The Court has previously ruled, in the
12 court's view the changes in the errata sheet are not
13 substantive.

14 Next, is Facebook motion number 6:

15 To exclude Leaders late-produced non-disclosure
16 agreements. That motion is denied. As explained in the
17 telephone conference of last week, June 25th, I believe it was,
18 and in the court's view, Facebook has received sufficient
19 discovery into the NDAs and into the affirmative defenses of the
20 on-sale bar and public demonstration.

21 The court has attempted, I believe, that it has
22 carefully balanced the many factors at issue here throughout the
23 discovery process. This issue came up -- aspects came up during
24 several discovery disputes. Again, the court believes that it
25 has balanced all of the competing factors appropriately such

1 that Facebook has had sufficient opportunity to pursue that
2 defense and will be permitted to present that defense at trial.
3 The court sees, therefore, no basis to preclude Leader from
4 using the NDAs as evidence.

5 Next is Facebook motion number 7:

6 To exclude references to other litigation involving
7 Facebook or Mr. Zuckerberg.

8 This motion is granted in part and denied in part.

9 Leader can use prior deposition testimony from other
10 cases for proper impeachment, but when Leader, if they are to do
11 so, should just identify the prior testimony by date, not by
12 case name or number. There will be no discussion by anyone of
13 the substance or issues that may have been involved in any other
14 litigation. And with these conditions, the court believes that
15 there is no significant risk of unfair prejudice from the use of
16 the testimony.

17 Next, Facebook's motion number 10:

18 To preclude Leader testimony on topics which Mr.
19 McKibben claimed privilege at his deposition.

20 This one is also granted in part and denied in part.
21 Leader is precluded from using privilege as a sword when it's
22 already been used as a shield at his deposition.

23 Mr. McKibben will not be able to offer opinion
24 testimony as to novelty. However, he is permitted to testify to
25 the facts of his invention.

1 That takes us to Leader's Motion in Limine number 1, DI
2 417. Leader motion number 1, DI 417 is to exclude portions of
3 Mr. Greenberg's expert testimony. This motion is granted in
4 part and denied in part.

5 It appears to the court that there are three different
6 issues. Issue one has to do with the sufficiency of the
7 analysis on obviousness, including obviousness based on basic
8 internet functionality. The motion is denied with respect to
9 that. So Mr. Greenberg is permitted to testify on those topics.

10 The motion is also denied with respect to issue 2,
11 which had to do with the doctrine of incorporation by reference.
12 That is a legal issue for the court. It appears the parties
13 agree under the Advanced Display System of the Federal Circuit.
14 Here, the court finds that the requirements are met. Lamping
15 and Seliger references do identify the prior patents by number,
16 thereby, they sufficiently incorporate by reference the other
17 materials satisfactorily for purposes of anticipation and
18 obviousness.

19 On issue 3, the Motion in Limine is granted, meaning
20 that Mr. Greenberg may not offer testimony as to what the PTO
21 examiner would or would not do had certain materials been
22 disclosed. However, Mr. Greenberg may testify to the undisputed
23 facts that certain prior art is not cited on the face of the
24 '761 patent.

25 Next we have Leader's motion number 2, which is DI 418

1 to exclude portions of the testimony of Mr. Kearns. This is
2 granted in part and denied in part. There will be no testimony
3 from any expert as to whether the Leader product is effective.
4 To the extent that Dr. Vigna was intending to testify to the
5 fact of the effectiveness of the Leader product. This rule is
6 extended to Dr. Vigna as well. It is simply not relevant to any
7 issue that remains in this trial. It goes to damages and
8 testimony about the effectiveness of the Leader product would
9 risk jury confusion.

10 However, Mr. Kearns will be permitted to testify with
11 respect to the ensnarement issue as that relates to the Doctrine
12 of Equivalents, and, therefore, is permitted in the court's view
13 under the Dupuy case cited in the briefs.

14 If either party proposes, the court will give a
15 limiting instruction that Kearns' testimony regarding Yahoo and
16 e-Bay goes solely to rebut the Doctrine of Equivalents. It's
17 not evidence of invalidity. But Kearns' testimony other than
18 what I have said is okay, is acceptable. It will be permitted
19 as it goes to, in the courts view, Doctrine of Equivalents,
20 which is an infringement issue and does not go to validity.

21 Next is Leader's motion number 4, to exclude evidence
22 of reexamination, DI 420. That motion is granted. The
23 reexamination is not relevant to the issues in the case. There
24 is a substantial risk of jury confusion given the different
25 standards applied by the PTO and here in court.

1 If Leader does open the door by misrepresenting what
2 happened before the PTO, which is not relevant, then as with any
3 misrepresentation, the court will take appropriate corrective
4 action at the time.

5 Next is Leader's motion number 5, DI 421, to exclude
6 the on-sale and public disclosure defense. This motion is
7 denied.

8 As I have already indicated, the court attempted, I
9 believe, did manage discovery appropriately, weighing all the
10 competing factors that go to the production of the NDAs and the
11 and these defenses. The defense was raised insufficiently in a
12 timely manner under all the circumstances. And Facebook will be
13 permitted the opportunity to prove these defenses to the jury.

14 And then Leader motion number 6, DI 422, to exclude a
15 product to product comparison. This is granted. There will be
16 no product to product comparison.

17 Facebook may introduce evidence of Leader to Leader as
18 part of its on-sale bar and public disclosure affirmative
19 defenses, but that's not a product to product comparison.

20 That takes care of the Motions in Limine.

21 There are two remaining Daubert motions. I'll give you
22 my rulings now. The legal standard on these motions was agreed
23 to between the parties and it's pretty well settled.

24 The motions to exclude evidence are committed to the
25 court's discretion. Even though the expert testimony raises a

1 question of law governed by Rule 702, expert testimony under
2 that rule is admissible if it is based upon sufficient facts or
3 data, if it is a product reliable principles and methods, and if
4 the witness has applied the principles and methods reliably to
5 the facts of the case.

6 The Third Circuit has described these three distinct
7 restrictions as qualifications for reliability and fit. And
8 Rule 702 does embody a liberal policy of admissibility.

9 The Third Circuit has also ruled that it is an extreme
10 sanction not normally to be imposed to exclude expert testimony.

11 Having reviewed the two remaining motions to exclude
12 testimony which are both Facebook motions and having applied
13 those standards to the arguments and the evidence there, I find
14 that Leader has met its burden to establish the qualifications
15 for reliability and fit of both Dr. Vigna and, I believe, they
16 are doctors. Forgive me if I'm promoting them and Dr. Herbsleb.

17 And I find no basis for imposing on Leader the extreme
18 sanction of precluding expert testimony or departing from the
19 liberal policy of admissibility.

20 Also, I note that I believe Facebook's concerns can be
21 addressed properly on cross examination. There are only two
22 exceptions to what I have just said and both relate to Dr.
23 Herbsleb.

24 With respect to Dr. Herbsleb, I'm granting the motion
25 to exclude only in two limited respects.

1 First, Dr. Herbsleb cannot testify that certain prior
2 art is not incorporated by reference, given that the court has
3 found and ruled as a matter of law that it's sufficiently
4 incorporated by reference. And, second, the issue that I think
5 was number five in the motion, which has to do with the
6 materiality of certain prior art references. That issue goes
7 solely to the inequitable conduct defense which is now part of
8 the forthcoming trial.

9 Dr. Herbsleb will not be permitted to testify to
10 matters that go solely to inequitable conduct, but in all other
11 respects, the two Facebook motions to preclude evidence are
12 denied.

13 That takes us to the Motions for Summary Judgment.

14 MS. KEEFE: Regarding the limine's -- one of the
15 limine's that was denied as being deferred had to do with
16 copying, hacking, those types of things.

17 I understand that those issues were denied and,
18 therefore, deferred. Those issues are not in this case. I
19 wanted to make 100 percent clear that though issues are not to
20 come up, right? There is no evidence that should be presented
21 in this case about copying or hacking?

22 THE COURT: That was certainly my understanding from my
23 review of the motions.

24 Mr. Andre, do I have that incorrect?

25 MR. ANDRE: Your Honor, it would depend on exactly what

1 Facebook brings up. They are bringing up issues right now for,
2 I think it was inducing infringement. There has to be showing
3 of copying which we don't believe is the law. That's what they
4 are arguing in the jury instructions.

5 There is also the issue of a possible secondary
6 consideration of non-obviousness which is copying as well.

7 At this point, we are not settled on it. I don't know
8 if it's relevant to bring those up at this time or not, but we
9 can talk to counsel about it.

10 THE COURT: At this point, there's not to be any
11 reference to hacking or copying.

12 You have my ruling from last week. It's the court's
13 view that there's no place in this trial that's forthcoming for
14 those types of allegations to be part of this case.

15 MS. KEEFE: Thank you, your Honor.

16 THE COURT: That take us to the Summary Judgment
17 motions. I believe there are -- there is either four or five
18 remaining. I believe they are all Facebook motions.

19 If you wish to be heard today on them, you can have up
20 to twenty minutes as you wish with respect to those motions.

21 MS. KEEFE: Absolutely, your Honor.

22 Could I have one second to give you the best order.

23 THE COURT: Absolutely, yes.

24 MS. KEEFE: Could we start with number three, which is
25 our Motion for Summary Judgment of non-infringement?

1 THE COURT: Your time. Let's go in the order that you
2 wish to go in. Whoever is doing the argument should come to the
3 podium.

4 MS. KEEFE: Twenty minutes for the motions?

5 THE COURT: All of them, whatever you like.

6 MS. KEEFE: Perfect.

7 Would you like us to reserve a little bit of rebuttal
8 time?

9 THE COURT: If you want to reserve some, just let us
10 know so we can be sure to cut you off.

11 MS. KEEFE: We would like ten minutes of rebuttal, ten
12 minutes on our argument themselves. I think our papers speak
13 pretty well. We want to answer your Honor's questions and
14 respond to something new that may come up.

15 MR. WEINSTEIN: Facebook Motion for Summary Judgment
16 number three granted would entirely dispose of this case. It's
17 a very narrowly focused motion that is directed at Leader's
18 failure to prove one essential claim element that is present in
19 every asserted claim. That's the requirements that MetaData
20 that is associated with the users' data, be automatically
21 updated in a response to the users' movement to a separate
22 context work space or user environment. Different independent
23 claims -- different terminologies where they are describing the
24 context, user environment or user work space. But the
25 requirements in the claims is the same.

1 MetaData must be automatically updated in response to
2 the users' movement.

3 The only issue to be addressed for Summary Judgment
4 motion number three is the failure of proof on that essential
5 element. That particular element is borne out by both the claim
6 language as well as Judge Farnan's claim construction of the
7 word dynamically.

8 With respect to the evidence, your Honor, there are no
9 genuine issues of material fact with respect to this motion.
10 The only evidence that has been put in by us is the expert
11 report of their expert, the screen shot that their expert
12 produced and the deposition testimony of their expert.

13 All those sources confirm that Dr. Vigna doesn't have
14 an opinion on whether or not the accused aspects of the Facebook
15 website perform this one missing element. He simply doesn't
16 have it in his report.

17 In his deposition he was asked whether or not he had an
18 answer to the question of whether Facebook performed it. He
19 said I can't answer the question. I don't have that information
20 available to me.

21 So, the only issue addressed by that motion is the
22 missing element.

23 I'll briefly address the counter-statement that Leader
24 filed in connection with -- pursuant to Judge Farnan's standing
25 order.

1 The counter-statement has a lot of information whereby
2 other claim elements, other parts of the tracking component
3 limitation. They are not at issue in this motion.

4 If you look very carefully at their counter-statement,
5 you're not going to find any evidence that any MetaData is
6 automatically updated in response to the users' movement. It's
7 just not there.

8 And Dr. Vigna's admission on that with respect to all
9 three of the use cases which are the only use cases for which he
10 provides the required analysis is simply not there.

11 THE COURT: It's not a factual dispute as to whether
12 the MetaData has to be automatically updated?

13 MR. WEINSTEIN: Correct.

14 That's a pure question of claim construction for your
15 Honor to resolve. We think that issue has already been resolved
16 by Judge Farnan's claim construction of the word dynamically in
17 the claim construction that he put out.

18 MR. WEINSTEIN: Thank you.

19 MS. KEEFE: Your Honor, I'll take a couple of minutes
20 to talk very briefly about motions number one and two, that is
21 the IPXL motion and Muni Auction motion.

22 I think our briefing on the remaining two issues, prior
23 art, on-sale bar motion as well as the Shorts motion essentially
24 speak for themselves. Unless your Honor has questions about
25 them, I'll let those papers speak for themselves.

1 On IPXL. This is an issue that your Honor could
2 completely eliminate eight claims from this case, substantially
3 narrowing the case that has to go to the jury again on a pure
4 legal issue.

5 IPXL is a case which stands for the prospect -- very
6 well established prospect that hybrid claims, that is that
7 claims that claim both a system and a method within the same
8 claim are by definition indefinite.

9 In the case of the claims in this case, the problem is
10 that the alleged infringer cannot necessarily know whether their
11 actions simply infringe when they purchase the product or have
12 it sitting there, or if it's not until actually an action is
13 taken by a user. So the public is not put on notice as to what
14 the actual meets and bounds of the claim are.

15 In this case, the claims at issue all talk about a
16 apparatus that is then accessed by a user or employed by a user.
17 And those are the two active verbs that are utilized.

18 If Leader had actually wanted these claims to be purely
19 functional, they could have drafted them that way, in which case
20 she would have used language along the lines of can be accessed
21 or is accessible as opposed to the user, active verb accessing.

22 With respect to the word employee. In fact, if your
23 Honor turns to the claims at issue in this case, claim 21 in
24 particular, Leader actually demonstrates that it knows how to
25 use that active voice -- passive voice rather, and actually does

1 so. Part of the claim talks about the user employed the data so
2 that it requires the user to take a step. But in the very next
3 phrase the patent talks about data that can be accessed in the
4 passive voice. So in separate claims we have Leader both using
5 the active voice accesses which requires the user to perform an
6 activity, and other claims we have Leader claiming something
7 that can be accessed and thereby claiming functional language.

8 Here Leader used the active voice and must be stuck
9 with it. The only thing that is not in our papers is that
10 there's actually two cases that I would pass on to your Honor to
11 the fact that you cannot simply rewrite claim language to change
12 the tense of a verb, change it to something else.

13 In the Rembrandt versus AOL case found at 673 F. Supp
14 2d 420 at 426. The court was specifically dealing in that case
15 with a desire to change what people in that case were arguing
16 was a simple word processing type error. And the court said
17 that the court cannot redraft the claims to make them operable
18 or sustain their validity, instead, quote, courts must construe
19 the claim as written, not as the patentees wish they had written
20 them.

21 That case cites to a Federal Circuit case called Chef
22 America vs. Lamb-Weston at 358 F 3rd 1371, a Federal Circuit
23 case of 2004. Another IPXL case.

24 In that case, -- I'm sorry that's not an IPXL case.

25 That's a case where they wanted to redraft the language

1 of the claim. In that case, the claim talked about a cookie
2 batter being raised to a temperature of 450 to 800 degrees.
3 Through the rest of the specification it seems as though really
4 the oven that should have been raised to that temperature
5 because if the cookie batter were in that temperature it would
6 be a cinder.

7 The court said despite the fact that it would
8 potentially render the claim meaningless, you simply cannot
9 rewrite the claim. It's stuck with the language that it had.

10 IPXL would take out eight of the claims and make this
11 case narrower and much easier for the jury.

12 THE COURT: You start with the premise of a hybrid
13 claim. Why is that not a factual issue?

14 MS. KEEFE: Again, IPXL is a pure matter of law because
15 what the meaning of the term is and how they are applied is a
16 matter of claim construction for your Honor.

17 So the fact that the words says user accesses or user
18 employed, that's a claim construction issue for your Honor to
19 decide that requires the user to actually take an action where
20 the rest of claim actually calls out an actual apparatus.

21 Again, that's a claim construction issue. So, a pure
22 issue of law. The IPXL case itself is very clear this was a
23 pure issue of law for the judge.

24 The second case, your Honor, Muni Auction case deals
25 with issues of divided infringement.

1 Now, in our case, very, very similar to the actual Muni
2 Auction case and the other cases that we cite, it doesn't appear
3 that the parties necessarily disagree that there are elements in
4 the claims that require Facebook to perform some action and
5 Facebook users to perform other actions.

6 The disagreement seems to be whether or not Facebook
7 actually controlled the action of those users. And to that
8 extent, there's an argument made, we contend, of course, that
9 Facebook does not control any of our users.

10 In fact, Facebook would perhaps argue that it may wish
11 to do so but it simply can't. It provides a service that people
12 log on to. It's their choice to use it or not and how to use it
13 once they arrive there.

14 The terms of service in Facebook's case do not dictate
15 as a contract would how the Facebook site is used. Rather,
16 simply give the ability for the Facebook website to be used.

17 In Muni Auction, the question becomes is there
18 direction or control over the end-users. In this case, there is
19 not. The only argument that Leader has advanced which may rise
20 to the level of direction or control regarding Facebook
21 employees when they are doing testing, not their personal use of
22 Facebook which is outside their employment. But the testing
23 that they may do while they are working at Facebook at the
24 direction of Facebook.

25 In this case there has been no allegation of damage

1 based on that internal use. This is not a damages issue. It
2 goes to the notion that where there is no allegation of damages
3 has been raised for that particular liability, there is no right
4 to a jury trial.

5 In fact, we actually have a case, your Honor, In Re
6 Technology Licensing Corporation at 423 F. 3rd at 1286, where
7 the Federal Circuit held that there is no right to a jury trial
8 where only equitable relief is sought for a given instance.

9 Since there is no allegation of a single direct
10 infringer which involves third party users of Facebook because
11 there is no control or direction over those third party users,
12 the only thing left would be internal use.

13 Internal use, under their own expert, there's no theory
14 of damages by the internal use. So, all that's left is the
15 injunction. All that would be left is a bench trial. No jury
16 trial on this issue.

17 Thank you, your Honor.

18 MR. ANDRE: Your Honor, I know the court is aware of
19 this. I do want to remind the court of how we got to where we
20 are now. We have not had a chance to fully brief these summary
21 judgments. We wish to brief them. We dispute the facts.

22 One of the things I note is both counsel talked about
23 this was a claim construction issue in both arguments. Claim
24 construction has come and gone in this case. In many instances
25 those issues were brought up in claim construction and they lost

1 on them. This is not the time to revisit those issues
2 necessarily, if it is though, we would like a chance to brief
3 that.

4 My colleague, Mr. Hannah, will be arguing all three
5 motions.

6 THE COURT: Fine.

7 MR. HANNAH: Thank you, your Honor.

8 I will go in the same order that Facebook went. I will
9 start with Facebook's Motion for Summary Judgment motion number
10 three. This is clearly a factual issue here. This is a
11 non-infringement argument that was raised in rebuttal to Dr.
12 Vigna. This was not raised by anybody else.

13 Dr. Vigna provided an opinion that Facebook contains
14 components including a context component and a tracking
15 component that infringe on the '761 patent.

16 In that he applied the court's claim construction
17 dynamically which is automatically in response to the preceding
18 event. In rebuttal to Dr. Vigna's non-infringement opinion, Dr.
19 Kearns said that there was no automatically and in response to a
20 proceeding event performed by the tracking component in the '761
21 patent. They are entitled to do that.

22 This is a non-infringement factual issue for the jury
23 to decide whether or not that those actions are actually
24 performed and the components exist in the Facebook architecture
25 on the backend.

1 New, even though the claims don't require automatically
2 and in response to movement as counsel indicated, Dr. Vigna
3 actually did provide that opinion in his expert report. If you
4 look in his expert report, he talks about the tracking cookie as
5 located on the backend side. That tracking cookie, actually,
6 does update MetaData in response to a user moving simply from
7 context to context.

8 Now, that is part of the tracking component system.
9 Part of the architecture that is used by Facebook. That is not
10 the sole basis. They also have other components and other
11 modules that are in the backend system such as the new V system,
12 such as the mini-V system, such as all the modules that work
13 together from the front end that were displayed, which is called
14 the mini-feed.

15 So all these issues are factual issues. We're saying
16 they infringe. Facebook is coming back and saying they don't.
17 This is simply a non-infringement argument that they have
18 raised. As Mr. Andre pointed out, this is a claim construction
19 issue that was raised by Facebook. And they withdrew this issue
20 and now it is our position that they are estopped from arguing
21 this now in this case.

22 THE COURT: When you say this, what particular claim
23 term did they propose initially and withdraw a request to
24 construe?

25 MR. HANNAH: They proposed a definition for based on

1 the change. They also proposed a term -- a definition for
2 MetaData. MetaData was rejected from the get-go.

3 MetaData from Facebook's -- Facebook argued that
4 MetaData required information regarding where the user resides.
5 It was rejected by the court. It was given just its plain and
6 ordinary meaning. Based on the changes in their meaning, they
7 withdrew that definition before it actually got before the
8 court. The court wanted to narrowed down the 40 terms that
9 Facebook proposed in this case.

10 If you look at the claim construction briefing, their
11 position now is completely contrary to what they did argue in
12 claim construction. We will put this in our briefing if you
13 determine that there are no factual issues. This is clearly a
14 factual issue. It will be up to the jury when the experts
15 testify as to who they believe.

16 That is Facebook's Motion for Summary Judgment number
17 three.

18 For Facebook's Motion for Summary Judgment number one,
19 again, this turns out to be a non-infringement factual argument.
20 Facebook raised this for the first time with its
21 non-infringement expert Dr. Kearns in rebuttal to Leader's
22 expert, Dr. Vigna.

23 Dr. Vigna again stated that Facebook contains
24 components and performs methods that infringe on the '761
25 patent. In rebuttal to that, Dr. Kearns said that's not right.

1 G4.

2 Facebook actually doesn't access data from a second
3 context.

4 So it's a factual issue that is going to be determined
5 by the jury whether or not Facebook has components that allows
6 access of data from a second context or whether they don't.

7 Again, this issue was raised in the claim construction
8 briefing. And they actually proposed a definition for this
9 term. Again, this is accesses the data in their briefing.
10 You'll see they proposed a term.

11 Even though this was never raised by their validity
12 expert, our validity expert never rebutted it. This was the
13 first time in rebuttal on non-infringement.

14 I would like to respond to counsel's argument about
15 IPXL. Again, there are numerous factual issues. I don't
16 believe that we need to get to the case law issues here.

17 In IPXL, it's all about indefiniteness and
18 understanding the scope of the claim. Here, all the experts
19 understood the scope of the claim. Their validity expert knew
20 it, our validity expert knew it, our infringement expert knew
21 it, their non-infringement expert knew it. Everybody
22 understands the scope of the claim. There's no confusion there.
23 Nobody raised that.

24 Now, IPXL actually states that you have to use the
25 apparatus in combination. As your Honor knows it's about -- the

1 case is about having use of a apparatus within a method claim.
2 If you look at that there's actually a phrase in there. It
3 talks about an input means, where the user uses the input means.
4 The '761 patent doesn't say that. The '761 patent says
5 accessing the data from the second context. It doesn't say
6 accessing the context component or using the context component.
7 It's purely functional language.

8 This is prevalent in many, many software patents where
9 you have to have functional language to describe what the
10 components are going to do. They are always based in response
11 to a users' action. That's exactly the case here.

12 There's a really good analogy that was raised in the
13 Yodlee case. If I can find that. This was a Northern District
14 of California case. Yodlee can be found at F. Supp 2d, 2006.
15 The Westlaw cite is 3456610. And the analogy is as follows:
16 This is a quote from the court.

17 A simple analogy would be a claim which physically
18 describes a pair of scissors designed to cut paper. It then
19 states, upon opening and closing the sharp edge of the scissors
20 on a piece of paper, the paper is cut. The language describes
21 the capability of the scissors. It is functional language.
22 Infringement occurs upon the manufacturing and selling of
23 scissors that are capable of cutting paper.

24 The IPXL rule would apply only if the patent claim
25 described a -- the physical description of the scissors and

1 stated within the same claim and the method of using said
2 scissors to cut a piece of paper. The claims at issue here are
3 analogous to the former example to describe what the apparatus
4 would do when used in a certain way. They do not claim use of
5 the apparatus, thus, they do not recite both an apparatus and
6 method of using that apparatus.

7 If you look at the '761 patent, if you look at claim
8 one, for instance, it states, context components, a tracking
9 component. And then it has certain actions that happen when the
10 user accesses data from the second context. It doesn't say then
11 a user using the context component and the tracking component.

12 In fact, that's impossible because the context
13 component and tracking component are kept on the backend servers
14 at Facebook. They are not going to be an accessible to the
15 user.

16 I would also like to note that analogy has been used in
17 several other cases including the Ricoh vs. Katun Corporation
18 case out of New Jersey at 486 F. Supp 2d 395.

19 And there's also be a recent case that came out from
20 the Federal Circuit in which they affirmed the use about
21 functional language in apparatus in technology cases, and that's
22 the Silicon Graphics vs ATI Technologies case. That is
23 2008-1334-1353. It was decided on June 4, 2010.

24 Again, it talks about functional language there and
25 that having functional terms a product still infringes as long

1 as it contains the component. That allows those functions to
2 occur.

3 Now, the last motion is Facebook's Motion for Summary
4 Judgment number two. Again, this is another factual issue.
5 It's a non-infringement argument they have raised.

6 It is unclear from their motion what they are actually
7 arguing here. We assume that they are arguing that there is no
8 evidence of direction and control. This is what Dr. Vigna,
9 Leader's infringement expert has opined in relation to claim
10 nine, the method claim and dependent claims on that.

11 In there, Dr. Vigna opines that Facebook has sufficient
12 direction and control over its user to perform these steps.
13 This is part of the direct and he also opines that there is
14 indirect infringement because the users perform these tests.

15 The fact that Dr. Vigna talks about this in his expert
16 report and actually talks about it during the deposition is
17 enough to show that there is sufficient evidence should Dr.
18 Vigna be allowed to testify regarding the direction and control
19 that Facebook has over its users.

20 Of course, terms in use and service contract that it
21 has with its users is going to govern what the user have to
22 perform that should be sufficient direction and control. Again,
23 that is a factual issue for the jury to determine whether or not
24 that is sufficient or not.

25 Facebook employees, of course, are under the direction

1 and control of Facebook.

2 Facebook may contend it's not. Again, that's a factual
3 issue for the jury to decide whether or not being an employee of
4 Facebook and using the Facebook website is sufficient for there
5 to be direction and control.

6 Now, Dr. Vigna's report. He comes up with numerous
7 documents. As I mentioned, the terms of use, he backs it up
8 with other contracts that were and the actions and testing every
9 Facebook website by Facebook employees.

10 Again, in this case, the claims require the components,
11 and that's for the apparatus claims. There's a factual dispute
12 whether Facebook has those components. For the method claims,
13 Dr. Vigna has also provided sufficient disclosure in his expert
14 report to opine that there's indirect infringement and there's
15 indirect infringement by the direction and control of Facebook.

16 Thank you, your Honor.

17 THE COURT: Thank you.

18 MR. WEINSTEIN: Thank you, your Honor.

19 I'm going to briefly address Mr. Hannah's comments with
20 respect to Summary Judgment Motion three.

21 First, very briefly. Mr. Hannah suggested something
22 about the timing of the non-infringement argument.

23 The arguments were presented in our interrogatory
24 responses dated from last year. So there is no issue there.

25 With respect to his reference to Dr. Kearns, we don't

1 have to rely on Dr. Kearns here to present our motion.

2 Yes, Dr. Kearns presented an opinion that Facebook did
3 not satisfy this element. We don't need to rely on his report
4 to satisfy this motion. Dr. Vigna's report establishes that
5 this element is not satisfied either.

6 Quoting from the transcript of his deposition at page
7 145. He was asked directly when the users navigates his own
8 profile page to a friend's profile page, do you have an opinion,
9 one way or another as to whether that active navigation will
10 cause MetaData to be dynamically updated in the second context?
11 His answer was I really need to see the source code to answer.
12 I really can't answer that. So sitting here right now with the
13 knowledge you have, you cannot answer that question, correct?

14 Answer: I don't have the data I would need to answer
15 that question.

16 The reason he couldn't answer the question, your Honor,
17 is because he did not analyze that issue. His infringement
18 analysis is based on the assumption that the MetaData update,
19 what he claims is a MetaData update, doesn't happen when the
20 user moves. It's when the user takes other affirmative action.

21 On paragraph 93 of his report, he says the MetaData of
22 the user is automatically updated in response to the user
23 posting the storage on the friend's wall. So he's using the
24 claim language of dynamically but not in the context of user
25 moving, but in the context of the user taking affirmative steps

1 on the second context to effectuate what he claims is the
2 MetaData change.

3 With respect to the claim construction issue, your
4 Honor. The way it came about was a lot of terms were proposed
5 for construction. Judge Farnan told the parties to limit the
6 number of terms down to a select few. One of the terms that we
7 asked to be construed was the word dynamically, precisely
8 because we didn't believe that they could show the Facebook
9 website dynamically updated the MetaData under the construction
10 we proposed. That was the construction that Judge Farnan
11 adopted.

12 After that construction of our non-infringement
13 argument, the position that we somehow withdrew our claim
14 construction position or that we're estopped from arguing it, I
15 don't think there's any basis for that.

16 Thank you, your Honor.

17 MS. KEEFE: Thank you, your Honor.

18 I have a few comments both on numbers one and two.

19 With respect to the IPXL motion, we're actually not
20 relying on Dr. Kearns at all. Again, we think this is a pure
21 issue of claim construction for your Honor.

22 And the argument here is not that there needs to be a
23 separated definition what it means to access. It is the fact
24 that accesses is a verb in an active sense that must be
25 performed by the user as opposed to the functional language, can

1 be accessed or accessible. That's the claim construction that
2 has to come up here.

3 If your Honor finds that the word accesses is in fact
4 an active verb requiring action by the user, then IPXL will
5 demonstrate that this is a hybrid claim.

6 There was no expertise needed. No experts needed.
7 It's a pure issue of claim construction law. Based on the sense
8 of the words used.

9 And if your Honor has any doubt as to how those words
10 should be construed, the remaining claims in the patent
11 demonstrate that they actually did know how to use functional
12 language. For example, can be accessed, can be employed as
13 opposed to the active sense of employed and access. That's
14 where IPXL problem comes in.

15 In terms of the Yodlee case, I do absolutely agree that
16 in Yodlee that was a functional language. The distinction there
17 is that in Yodlee they talked about things happening upon
18 opening, not where the user opens the blade. Again, the Yodlee
19 case they used a form which is functional, not the active form
20 of the verb. Had they used the active form of the verb like
21 they did in IPXL and in GPA Patent Holdings vs. Panther, there
22 would be a problem of indefiniteness.

23 With respect to the Muni Auction issue of direction or
24 control, the Muni Auction case, I think is perhaps the single
25 most informative thing I can point your Honor to.

1 In Muni Auction itself, the court found in a Motion for
2 Summary Judgment that control -- that by simply controlling
3 access to a system and instructing the bidders, in that case,
4 that was an online bidding site. Not unlike e-bay by simply
5 giving access to the system and telling people how to use it,
6 there was not sufficient direction or control to incur liability
7 for direct infringement. In fact that was up to the to the
8 court to decide up much in the same way the court looks to the
9 term of a contract and defines them as a matter of law.

10 You can find whether or not the terms of use, terms of
11 service here make sufficient direction or control.

12 We think they absolutely do not.

13 I think, your Honor, unless your Honor has any other
14 questions.

15 THE COURT: Okay.

16 Let me tell you where we are on Summary Judgment. I'm
17 not prepared to rule on the merits right now on the remaining
18 Summary Judgment Motions.

19 What I will do in time is either deny the motions. If
20 I'm not ready to deny the motion, I will be asking for the
21 completion of the full briefing on them. But in any event,
22 we're going to have the trial on July 19th. And I just don't
23 know yet what the timing will be on the further briefing and on
24 Summary Judgment if I do find I need it. You'll hear from me
25 further on Summary Judgment.

1 What I want to next do is turn to the proposed pretrial
2 order and talk about some of the issues there as we look forward
3 to trial.

4 As previously announced, there is going to be
5 separation of issues, and specifically, as you all know, I have
6 separated out from the trial that will is begin Leader's claim
7 of willful infringement, Leader's claim for damages and
8 injunctive relief and Facebook's counterclaim and defense of
9 inequitable conduct.

10 The first matter that I want to discuss with you is the
11 length of the trial. I'm going to give each side a certain
12 number of hours over a certain number of days. And in light of
13 the separation of issues and the other rulings that you've
14 gotten I'm definitely interested in the parties views at this
15 point as to how long they anticipate needing? We'll hear first
16 from Mr. Andre.

17 MR. ANDRE: Thank you, your Honor.

18 Ms. Keefe and I have actually been conferring on this.
19 We're pretty much in line. We were thinking when the damages
20 were in the case that it would be a seven day trial, something
21 along that line. We now both agree that we can both do it in
22 about six days.

23 If you look at the five hours average court day, maybe
24 15 hours each, something along those lines. I think we're
25 pretty close to agreement. I don't know what your Honor is

1 thinking.

2 THE COURT: That's pretty much what I was thinking.
3 Let me hear from Ms. Keefe.

4 MS. KEEFE: I don't think -- we are talking about.
5 Trying to come up with something both useful for your Honor and
6 for the jury.

7 THE COURT: All right. You can have a seat. You'll
8 get a chance to talk and stand up again shortly.

9 In light of the separation of issues and the factual
10 legal disputes that will be tried, the claims at issue, the
11 accused product that's in dispute, having reviewed the witness
12 and exhibit lists and having heard from counsel as well having
13 some familiarity with the practice in this court with timed
14 trials and length of trials, I do find that it will be most
15 appropriate to have a times trial. We're going to limit it to
16 six days. Each side will be given 15 hours to present its case.
17 Probably all of you know the way we keep track of time.
18 Essentially, if you're on your feet, that time is being charged
19 to your side.

20 We'll begin on Monday July 19th at 9:30. We'll start
21 subsequent trial days at 9:00 o'clock. The plan will be to go
22 from 9 a.m. to 1:00 p.m. on those subsequent days and break an
23 hour for lunch and then go from 2:00 to 4:30. A single 15
24 minute break in the morning and in the afternoon.

25 We will be meeting down here in court room 2A for the

1 trial.

2 Other issues on the pretrial order.

3 MS. KEEFE: With respect to time. Does your Honor have
4 a desire to separate out limits for opening statement and
5 closing arguments, or just leave it as a single bucket to be
6 used by the parties?

7 THE COURT: Single bucket of 15 hours. If you get to
8 the 15 hours, you'll be done. Okay.

9 All right. Looking at the pretrial order. First, at
10 page three, Roman Numeral III topic. There's a handful of facts
11 that are admitted which will require no proof.

12 What do the parties intend to do to make those facts
13 known to the jury?

14 Mr. Andre?

15 MR. ANDRE: Your Honor, I believe we were intending on
16 having those in the jury instructions. The parties will
17 stipulate to these facts. They don't have to be proved by
18 either party in the case.

19 THE COURT: Ms. Keefe, is that correct?

20 MS. KEEFE: It is, your Honor. The only reason I'm
21 hesitating at all, I'm looking at them to see if they have these
22 facts that are no longer relevant.

23 THE COURT: As long as they are going to be in the jury
24 instructions, you'll all be resubmitting the jury instructions.
25 You can take care of that issue.

1 Number IV, issues of fact and law to be litigated. Of
2 course, I looked at your proposed outlines in light of
3 separation of issues. Certainly it's much narrower than what
4 had been initially set out. And I will be having you submit a
5 revised pretrial order. In that Pretrial Order -- excuse me,
6 the issues of fact and law to be tried should be delineated as
7 follows.

8 Number one as listed on exhibit A1 number one as given
9 by Leader. And then numbers two and five A2, which is
10 Facebook's statement.

11 The equitable defenses including laches are not going
12 to be tried in front of the jury as part of this trial. They
13 are deferred to a later trial or trials if necessary.

14 Next matter Roman Numeral V, I believe, objections to
15 trial exhibits.

16 Let me first ask. Has there been any further meet and
17 confer with respect to this issue?

18 MS. KEEFE: There has been, your Honor. Again, we've
19 actually been talking about the fact that we both understand the
20 need to reduce the list. Given what your Honor said while we
21 were on the telephone conference last week, we've been intending
22 to swap new lists and meet and confer about that, trying to get
23 it down to something that we can talk with your Honor about on
24 July 16.

25 THE COURT: Mr. Andre, that's correct?

1 MR. ANDRE: That's correct, your Honor.

2 THE COURT: That's fine. And I appreciate that. My
3 only hesitation is I'm going to need to see the fruits of your
4 meet and confer in advance of the 16th so I can know how much
5 time we have to put into those issues on the 16th.

6 Give me an indication as to how far in advance of the
7 16th you think you could give me something?

8 MR. ANDRE: A week in advance of the 16th. That's a
9 week from tomorrow.

10 MS. KEEFE: I was debating given how many other things
11 that we have to talk about with each other and continuing
12 depositions. Could we have at least over that weekend? Could
13 we have until Monday?

14 THE COURT: Monday of that week, I think it's the 12th.
15 Okay, that's fine. We'll look for your submissions with respect
16 to objections with respect to the trial exhibits on Monday, July
17 12th, I'm pretty sure is what it is.

18 A few things about exhibits just to understand how the
19 trial will proceed.

20 All exhibits must come in through a witness. At the
21 end of each trial day counsel will meet with the courtroom
22 deputy to make sure everybody is in agreement as to what
23 exhibits have been moved into evidence on that particular day.
24 We'll do that again at the end of trial. If it turns out
25 there's an oversight, I will allow the court record to be

1 reopened.

2 We're not trying to trick anybody into failing
3 inadvertently moving something into evidence.

4 Next demonstrative exhibits.

5 I don't as I indicated on the phone, I don't want to
6 leave those issues up in the air until the last minute. I'm not
7 sure whether there is going to be disagreement on that.

8 Where do we stand on that?

9 MR. ANDRE: We haven't talk about demonstratives yet,
10 just mostly because we haven't prepared them. We're waiting for
11 today's pretrial conference before preparing those.

12 I don't know when they would be ready for counsel to
13 exchange them and talk about objections. If that's something we
14 could do on the 16th, or if we wait until the actual trial
15 begins?

16 THE COURT: Let's see if you can address that in your
17 submission on the 12th.

18 At a minimum, indicate where you are with respect to
19 demonstratives on the 12th. My hope is you may have started
20 preparing some and anticipating those issues.

21 MS. KEEFE: We'll certainly work with each other.

22 THE COURT: On witnesses, there are some objections
23 that are noted on the witness list which I do want to discuss
24 with you all if they are still live issues.

25 Let me first ask, has there been a narrowing with

1 respect to those issues?

2 MS. KEEFE: Again, we've been meeting and conferring.
3 We were just talking this morning about the possibility of
4 narrowing those lists to each other by Wednesday of next week
5 which could help resolve some issues, I think. I think given
6 the time that would help everybody take another look.

7 THE COURT: Sure.

8 MR. ANDRE: This is a bigger issue for us, obviously,
9 because of the fact they have added so many witnesses on their
10 list that we have not deposed that were not listed in their
11 initial disclosures. Some of the witnesses are a representative
12 from some company. This is something because we have to do
13 trial preparation. We would like this issue resolved as soon as
14 possible.

15 THE COURT: Let me ask you, there is a reference to a
16 stipulation which seems to be the basis for a large number of
17 your objections, as I understand it. It says that stipulation
18 doesn't exist. Help me understand where it exists.

19 MR. ANDRE: Many of those individuals -- the fact
20 witnesses are listed there were subpoenaed by Facebook for
21 deposition and they withdrew those subpoenas.

22 When we talked to them we had an e-mail exchange. We
23 told them if you are going to take them off your deposition list
24 we don't want to see them at trial. We thought we had an
25 agreement on that issue.

1 Now, these people reappeared on the witness list even
2 though they had withdrawn them from their deposition subpoenas.

3 Part of a bigger issue, to be honest, your Honor, is
4 the fact without any warning the authors of the prior art showed
5 up on the witness list.

6 Now that's a nice way of trying to get an expert on
7 the stand. They were not disclosed to us as a witness at any
8 time prior to getting the witness list. In fact, under 35 USC
9 282, we were suppose to get a disclosure of their invalidity
10 contentions which we never got, a 282 disclosure. That would
11 clearly fall within those witnesses for sure.

12 I think they are trying to bring in expert witnesses
13 under the guise of fact witnesses. We think that would be --
14 one of the biggest issues for the witnesses at this point.

15 THE COURT: Let's hear from Ms. Keefe on these issues.

16 You can come forward to the podium.

17 MS. KEEFE: Actually, I don't think it will.

18 I think if we just wait and talk to each other, given
19 the length of the trial this probably won't be an issue. I can
20 make all the arguments why everything we disclose was disclosed.
21 I'm not sure it's even going to be necessary.

22 If your Honor would allow us to do exactly what we
23 asked and what we talked about, I don't think this is going to
24 be an issue.

25 THE COURT: Okay. You reasonably believe you can

1 resolve this by July 12th?

2 MS. KEEFE: Absolutely.

3 THE COURT: Mr. Andre, I can give you all the chance to
4 do that.

5 MR. ANDRE: I hope that's the case, your Honor.

6 THE COURT: I hope so, too.

7 Okay. When we do get to trial, the examination of
8 witnesses will be limited to direct, cross and redirect.

9 Where do the parties stand on how far in advance that
10 you are going as to disclose your order of witnesses to one
11 another?

12 Do you need more time to confer on that?

13 MS. KEEFE: I'm not sure that we actually talked about
14 order, instead we talked about the names of the witnesses
15 themselves. If you wish we can do it at the same time. I have
16 no problem with that.

17 And I also assume once a witness was put on you
18 would -- they would be up for all purposes? For example, if Mr.
19 McKibbin was put in direct in their case, I would just use him
20 right then and there and put on my defense right then and there
21 instead of calling him back again, back later.

22 THE COURT: Mr. Andre?

23 MR. ANDRE: I would object to that. Mr. McKibbin will
24 be here for the entire trial. He will be our representative.
25 If they want to call him up in their case, they can certainly do

1 that. I don't want to confuse the issue of our case with their
2 defense in the midst of it. That's prejudicial to our client.

3 THE COURT: Ms. Keefe?

4 MS. KEEFE: I just think it is far more efficient and
5 far more logical for all of the issues to come up at once.

6 If the witness is on the stand especially vis-a-vis
7 some of my witnesses if they have to travel, the notion of
8 putting them up once and getting all the issues resolved and
9 having them sit down. That works better for everybody since
10 many of the issues very much overlap.

11 THE COURT: Do you anticipate this to be an issue other
12 than with Mr. McKibbin?

13 MS. KEEFE: I don't know because I haven't seen their
14 list of our witnesses yet. They may not bring them in their
15 case, but I may want to bring them up in mine.

16 THE COURT: Mr. Andre, might this issue for someone
17 other than Mr. McKibbin?

18 MR. ANDRE: I can't imagine it would be. If they want
19 to bring Leader witnesses -- usually, you do this for the
20 convenience of witnesses who are out of town.

21 For our witnesses it's not an inconvenience if they
22 want their witnesses to be put up for all purposes, we'll
23 stipulate to that. In our case, we don't want them putting on
24 their case. That would be prejudicial to us.

25 THE COURT: I'm not going to require Mr. McKibbin or

1 the Leader witnesses to be put up only once for all purposes.
2 But if Facebook wishes to do that with their witnesses, then I
3 understand there's an agreement that you will be permitted to do
4 that.

5 MS. KEEFE: I do only have one scheduling issue with
6 respect to witnesses and we can definitely deal with this now.
7 I would raise it now anyway.

8 When the trial got moved, Dr. Kearns had a prior
9 commitment on the evening of the 21st and 22nd where he has to
10 be in Washington, D.C. He's not available. He is available
11 before that and after that. I'm sure we can try to find him a
12 place. It may be that it ends up being out of order.

13 THE COURT: I'm going to leave the it to you all to
14 confer, to see if you can fit him in to an anticipated points
15 that makes sense. If you can't, then you'll have to raise that
16 issue with me.

17 The witnesses will be sequestered unless the parties
18 otherwise agree.

19 I've already told you with respect to the scope of
20 expert testimony, if you believe an expert is going beyond the
21 scope of what was in their expert reports, note your objection
22 and we'll deal with it post-trial with the appropriate sanctions
23 that I talked about previously.

24 Let's talk about deposition designations and the
25 objections. I assume there's going to be a great deal of

1 narrowing there as well?

2 Mr. Andre?

3 MR. ANDRE: I believe that's correct, your Honor.
4 Based on the court's ruling on Friday, there will be a
5 considerable narrowing. We can work those out and have those to
6 you at the same time that we have our exhibit list.

7 THE COURT: Ms. Keefe?

8 MS. KEEFE: Agreed.

9 THE COURT: The process I want to follow with any
10 remaining objections to deposition designations is that -- what
11 you'll need to do is put together a package for us, all the
12 deposition testimony that either side is designating or
13 counter-designating.

14 Where there are objections, the proponent of the
15 testimony should just mark right on there with a highlighter say
16 yellow, exactly what the proffered testimony is. And the
17 objecting party can write up to one sentence in the margin what
18 the basis for the objection is and write a one sentence response
19 right there in the margin. Use a different color where it is
20 counter-designation and objections.

21 We'll take a full packet. If you can get it to us by
22 the 12th, great. As long as I have it by the start of the
23 second pretrial conference, that will be fine. Then you'll need
24 to tell me at least 48 hours in advance when you intend to use
25 that deposition testimony for that particular witness and we'll

1 get you our rulings on the objections 24 hours a head of time so
2 you'll know what deposition testimony you can use.

3 Mr. Andre?

4 MR. ANDRE: Your honor, with respect to the
5 sequestering of witnesses, are you going to permit the parties
6 to have one witness here throughout the trial?

7 THE COURT: At the table, you mean?

8 MR. ANDRE: At the table, usually one witness is
9 designated to see the trial. Obviously, Leader's witnesses.

10 THE COURT: That was my intent.

11 Any objection to that?

12 MS. KEEFE: Absolutely.

13 If Mr. McKibbin is going to be up and down and up down
14 and up and down again, then I think he would have to be
15 sequestered. If, on the other hand, they are willing to put him
16 up and let us do everything then he can sit there the whole
17 time. We have no problem with that.

18 MR. ANDRE: We're not willing to have him up once. We
19 do intend to use him in our rebuttal case.

20 THE COURT: Do you have anybody else?

21 MR. ANDRE: He would be the only person that we would
22 have at the table. He's the inventor and the CEO of the company
23 and founder. He's the person that should be the person
24 representing Leader.

25 THE COURT: The objection to that is based?

1 MS. KEEFE: He's the main witness for their entire
2 case. If he's being put up for a very small purpose and listen
3 to everything everybody else says and then he's put again for
4 another small purpose and then listens to everything everybody
5 else says, it's unfair and prejudicial. That's one of the
6 reasons why we asked that once a witness goes up, their
7 testimony goes through, then they can sit back in the courtroom
8 the rest of the time if they like.

9 If they would like Mr. McKibbin to be able to sit
10 through the trial which I completely understand why they would
11 want to do that, then they simply need to put Mr. McKibbin up
12 once for all purposes and then he can sit in the courtroom the
13 rest of the time. No problem.

14 THE COURT: Mr. Andre, I agree. You're going to have
15 to make a choice either have him testify all at once or have him
16 sit there for the whole trial, otherwise that seat can be taken
17 from someone in the company or be empty.

18 MR. ANDRE: Thank you, your Honor.

19 I understand that is for the sequestration of fact
20 witnesses. Are experts allowed to attend the testimony of other
21 experts?

22 THE COURT: My ruling is that all witnesses are
23 sequestered unless the parties agree otherwise. If you can
24 agree if you want to limit it to experts or fact witnesses, you
25 can do that by agreement.

1 Let me move on to some other matters.

2 If it's necessary to state any objections during the
3 trial, I want you to keep -- I don't want speaking objections.
4 Just state the rule in a sentence or less for the basis of your
5 objection. I'll call you to sidebar if I need to hear further
6 from you.

7 Transition statements are fine and, in fact, encouraged
8 to help the jury understand where we are in the case.

9 With respect to exhibits, I guess given the technology
10 at stake, we're not going to be using a lot of paper documents
11 and books.

12 What do you envision with respect to how you actually
13 display exhibits?

14 MR. ANDRE: We would prefer to actually hand out jury
15 books for each juror of the paper exhibits that we intend to use
16 to the extent that we will project them up. If they are
17 something electronic in nature and not paper, we'll do so like
18 that.

19 They won't have every exhibit in their book, obviously,
20 but a great many. That's what we would be intent on doing.

21 THE COURT: Ms. Keefe?

22 MS. KEEFE: That sounds reasonable to me. I know
23 absolutely there will be paper exhibits, more than you think in
24 a case like this. However, they will definitely be projected.
25 They will be viewed on monitors as well as the larger screen. I

1 agree that it would be nice to have them in a jury book. We can
2 work together on that.

3 THE COURT: I trust that you can work together. I
4 didn't mean to be derogatory to the old fashioned paper world.

5 MS. KEEFE: I think you would be surprised how many
6 there still are.

7 THE COURT: I'm already surprised.

8 How are we going to deal with confidential information
9 including the source code and when the court is going to be open
10 or closed?

11 I have an obligation I think to keep the court open
12 absolutely as much possible. I know there maybe some
13 exceptions.

14 MS. KEEFE: We started discussing this among ourselves,
15 and at least when the source code itself is being displayed,
16 we're in agreement that the courtroom will be closed when the
17 source code is being displayed. We can work out almost
18 everything else.

19 THE COURT: Okay.

20 What would you envision to be a mechanism to let me and
21 those in the courtroom that need to know, okay, source code is
22 coming or that is the source code? We need to usher out certain
23 people who aren't permitted to be in the courtroom.

24 MS. KEEFE: My guess is that it will only come in
25 through two witnesses. When those two witnesses are called,

1 we'll be able to tell your Honor far enough in advance, like
2 such today is Dr. Vigna. Dr. Vigna will be using the source
3 code, displaying it.

4 During his testimony we would like the courtroom to be
5 closed. We can get you a list of other people who can't stay in
6 the courtroom. We can work on that together.

7 THE COURT: Mr. Andre?

8 MR. ANDRE: We obviously agree. We tried a case here
9 last year and a half ago in front of Judge Sleet. That's how we
10 handled it when we got to the source code. I was presenting a
11 witness, I announced to Judge Sleet that we would be presenting
12 source code and we should clear the courtroom. We did that in
13 the presence of the jury. No problem. They walked out of the
14 courtroom. When we finished it, we let Judge Sleet unseal the
15 record and unseal the courtroom at that time.

16 THE COURT: Okay.

17 MR. ANDRE: It will be the attorneys responsibility to
18 let your Honor know that we are presenting source code.

19 THE COURT: Fine. We'll make it the presenting
20 parties, their responsibility.

21 I do want to make sure that at least some portion of
22 every witness' testimony is open. It maybe very little for
23 perhaps Dr. Vigna, for example. The public is entitled to at
24 least see who he is and answer some questions.

25 MS. KEEFE: His background and things like that. Once

1 you start talking about the functionality of the code and the
2 code itself rather than trying to parse which one is functional
3 and which one is code.

4 THE COURT: Right.

5 You should be striving to segregate the public part
6 from the non-public part probably. I'll leave it to you which
7 to do first. It seems to me obvious.

8 MR. ANDRE: Your honor, we do have an issue with the
9 source code that I would like to bring up today. I don't know
10 if this is a good time.

11 THE COURT: Now is as good a time as any.

12 MR. ANDRE: We asked for the source code that Dr. Vigna
13 examined to be brought to court on the same computer that he
14 examined it on obviously in the same manner that it was kept in.
15 We spent hundreds of hours examining the code as it exists, that
16 is, that stand alone laptop computer. My understanding from
17 Facebook's counsel is that they don't want to bring that code to
18 the courtroom. They want to bring certain modules, monkeying
19 with the code to some degree which would make Dr. Vigna -- all
20 of his previous work pretty much starting from square one again.

21 We're going to bring this up maybe on 16th and earlier
22 that we would like to have the source code on the laptop
23 computer as Dr. Vigna examined it and about a based his report
24 on to be used at trial.

25 THE COURT: Let me hear from Ms. Keefe.

1 MS. KEEFE: Your Honor, the problem with that is we're
2 absolutely fine with having the code as it was displayed to them
3 brought to Delaware so it can be in the courtroom on the stand
4 stand alone computer.

5 However, what we've been asking is that they tell us
6 which portions of the code that they are actually going to put
7 in evidence and use.

8 There are numerous portions of the code that are
9 completely irrelevant to this case.

10 What we're simply asking is that they like any other
11 swath of exhibits tell us which part. There are many irrelevant
12 parts. We don't want them used in the case and put in evidence.

13 THE COURT: They will be on a stand alone computer but
14 just won't be moved into evidence is what you're suggesting, I
15 feel?

16 MS. KEEFE: Correct.

17 THE COURT: Mr. Andre, does that address your concern?

18 MR. ANDRE: It does, your Honor.

19 THE COURT: Sorry to bring it up. We could have
20 resolved that easily.

21 As long as we have the code in the stand alone computer
22 Dr. Vigna can rely upon the code that he cited in his expert
23 report. That's all we want.

24 MS. KEEFE: As long as they don't start putting other
25 pieces of the code that has never been in anybody's report

1 before, that's fine with us.

2 THE COURT: If they do, we have a mechanism for dealing
3 with that.

4 MS. KEEFE: Thank you, your Honor.

5 THE COURT: Let's talk a little bit about jury
6 selection.

7 For example, we're going to use what they call the
8 struck juror method which is how Judge Farnan has selected
9 jurors. Hopefully, Delaware counsel can explain it to you if
10 you are not already aware. I intend to end up with a jury of
11 eight. I plan to have 18 jurors potential jurors after we get
12 through the strikes for cause. That will leave each side with
13 five preemptories.

14 I reviewed the proposed voir dire. It seems to me you
15 are largely in agreement. I'll be able to prepare voir dire as
16 a result of what you've given me.

17 One issue I do need a little help on is whether or not
18 you envision that I instruct jurors not to use Facebook during
19 the course of the trial.

20 Mr. Andre, do you have a view on that?

21 MR. ANDRE: I do, your Honor.

22 The Facebook phenomenon is obviously taken over the
23 world to some degree. I know there are some individuals that
24 view their daily use of Facebook as essential as eating and
25 breathing. We obviously have an issue with those jurors on the

1 jury panel for cause when that comes. To the casual user who
2 doesn't think it's part of their daily life that they would
3 need, we would like an instruction that they not be on Facebook
4 and testing out the infringement or validity theories or
5 whatever it is.

6 That would preclude, I guess, some individuals who
7 don't think they can deal with Facebook for more three hours at
8 a time.

9 MS. KEEFE: For two weeks.

10 THE COURT: Certainly, we'll be exploring in the voir
11 dire and for the cause inquiries those -- what peoples' views
12 are of Facebook if it's as important as food.

13 I think we still are going to be left with an issue of
14 basically is part of the general instruction not to investigate
15 the case, you must refrain from using getting on Facebook for
16 the length of trial.

17 Ms. Keefe?

18 MS. KEEFE: Even though I haven't had a chance to
19 confer with my client about it, obviously he's never going to
20 want me to tell people not to use Facebook.

21 My personal impression is that the limiting instruction
22 typically not doing your own research, conducting your own
23 research would mandate that they not use Facebook because who
24 knows what they will think by virtue of testing it out and using
25 it.

1 I'm not sure I can give you a definitive answer right
2 now. I apologize for that. By the same token my inclination is
3 that it would be better for all of us if they did not use it
4 during trial.

5 THE COURT: That is my inclination as well. I'll leave
6 it to the parties to -- if it turns out that you have a
7 strenuous objection to that, you'll have to raise it. It's my
8 intent to instruct the jurors just to refrain. It's only going
9 to be six days at this point. Hopefully, they can get by
10 without Facebook for that long.

11 On the preliminary jury instructions. We'll play the
12 video. Both parties are requesting that we play the video on
13 the patent system. It appeared there was a dispute with respect
14 to the burden of proof on invalidity. There was bracketing
15 whether it is clear and convincing or preponderance.

16 Does Facebook have an argument on that point?

17 MS. KEEFE: This is an area of law that is currently I
18 think in a state of flux. This is actually an issue that has
19 risen all the way up to the Supreme Court then the case settled
20 before the Supreme Court actually decided the issue.

21 There have been a number of cases. And Mr. Weinstein
22 who is far smarter in case names -- I'm sure he can give them to
23 your Honor if your Honor is interested.

24 There are a number of cases where the burden regarding
25 prior art that was never disclosed or never considered by the

1 patent office should actually be left.

2 The presumption of validity presumes you get a
3 presumption of validity based on the fact that the patent office
4 has done its job. It considered a number of references, the
5 patent comes out and as a result you get a higher degree of yes,
6 this is a good patent. In other words, a presumption of
7 validity over those references.

8 What we're saying is that burden, and that the
9 presumption should be lower viz-a-viz references that were never
10 placed in front of the Patent Office in the first instance.

11 That's really what the law change seems to be all
12 about. There was actually a jury instruction that was rejected
13 in the Deepfor vs Microsoft case. That issue was certified for
14 appeal as to whether or not there was a lower burden regarding
15 references that had never been disclosed to the Patent Office
16 and therefore had never been considered, specifically granted
17 cert on that issue. Unfortunately, the case settled. We don't
18 have it resolved for us.

19 We know this is an issue of first instance for your
20 Honor and perhaps for the Delaware Court. We think it's an
21 important issue. This is a great case to take it up in.

22 THE COURT: Thank you.

23 Mr. Andre, do you think this is a great case to take it
24 up in?

25 MR. ANDRE: Your Honor, I'm going to let Ms. Kobialka

1 address it.

2 MS. KOBIALKA: Thank you, your Honor.

3 Aside from the hundreds of years of juris prudence, the
4 standard that is set forth is clear and convincing evidence.
5 The Federal Circuit just as recently in the I4I case said the
6 standard of proof here is clear and convincing evidence. Its
7 not to be a lower standard for references that may not have been
8 before the patent office.

9 That deals with some of the issues that we had raised.
10 They are attempting to make this argument that this information
11 wasn't before the Patent Office and our expert has said that the
12 Patent Office has looked at this type of information,
13 cumulative. It is the type of things that they have seen
14 before. You can't have it both ways.

15 The law is pretty clear. It's clear and convincing
16 evidence. It's something that you know we can try to suggest
17 change but you have the statute that says presumption of
18 validity which also appropriate for a patent issue.

19 THE COURT: Thank you.

20 I've heard enough, Ms. Keefe. I'm going to instruct
21 the jury that your burden on invalidity is clear and convincing.
22 I understand the argument the law maybe moving in that
23 direction.

24 I think your objection is now on the record to my
25 instruction and we'll see what happens.

1 MS. KEEFE: Thank you.

2 THE COURT: You're welcome.

3 I do want to have revised preliminary jury instructions
4 in light of everything that I ruled on.

5 If you can get those to me on the 12th that will be
6 helpful. I will then have a chance to review them and see if
7 they are any remaining issues on the 16th.

8 In terms of the final jury instructions. At the close
9 of the evidence I do want you to give me a revision on those as
10 well. I can take that. Have them into me by the 14th so I can
11 take a look at it. I may not. I'm not promising that I'll give
12 you my rulings on whatever objections remain until we get into
13 the trial. At least I would like to have a chance to see where
14 you are before we have the pretrial conference.

15 Do you have a question about that?

16 MS. KEEFE: Not about that. I have another question.

17 THE COURT: Just so you know, it's up to you to decide
18 how to perfect the record for appeal.

19 In my view all proposed jury instructions that you put
20 in -- that you may put in as we go forth are part of the record.
21 I view them as exceptions to whatever my final instructions turn
22 out to be.

23 I believe the last thing that I had on my list is that
24 I do need a revised Pretrial Order.

25 I would like to have that by the 14th as well so I can

1 take a look at that before we meet on the 16th.

2 Ms. Keefe, is there anything else would you like now to
3 raise now?

4 MS. KEEFE: When Ms. Kobialka made her argument, it's
5 on a different point.

6 I understood your Honor's ruling regarding the expert
7 testimony on cumulateness to go to the issue of materiality
8 and therefore was not in this case any further, and so there
9 would be no evidence regarding the cumulative nature of the
10 prior art before the Patent Office?

11 THE COURT: Mr. Andre, do you want to address that?

12 MR. ANDRE: That was a separate portion of their motion
13 regarding Dr. Herbsleb. You've denied that aspect of it.

14 With respect to materiality, that was with respect to
15 just the four references, whether material or not, an
16 inequitable conduct claim they were attempting to bring at the
17 time. So you have two different things.

18 Your Honor has based on your previous ruling denied
19 that aspect. I have their Daubert motion, I believe it was.

20 THE COURT: I'm going to have leave it to counsel to
21 confer on this. If there remains a dispute that you think I
22 still need to address with respect to it, put it in the
23 submission on the 12th that's coming. I simply can't give you
24 an answer to that question right now.

25 MS. KEEFE: I appreciate it. Thank you, your Honor.

1 THE COURT: Anything further Ms. Keefe?

2 MS. KEEFE: Not that I can think of right now.

3 THE COURT: Mr. Andre?

4 MR. ANDRE: Just a couple of housekeeping matters.

5 Last Friday you had ordered Leader to produce some privileged
6 logs of Mr. Zax (phonetic) documents. Mr. Zax's office was
7 closed. They were on vacation, small office.

8 Monday there was a death in the family.

9 We were able to -- he wouldn't ship the box to us that
10 though we thought he would. We gave him a shipping labels to
11 ship them to us, he didn't. We had a copy service pick them up
12 and scan them onto a disk and we got them today, this afternoon
13 by FedEx overnight delivery. We talked to counsel. They said
14 we could have until Wednesday of next week to get the privileged
15 logs done. We hope to get it done by then. There's a problem
16 with electronic data. Hopefully, it will be fine. Your Honor
17 did order us. And I wanted to put that on the record.

18 THE COURT: I appreciate the update and the
19 circumstances. It sounds like you're doing the best you can.

20 MR. ANDRE: A couple of questions we had.

21 You had mentioned injunction would be out of the case.
22 We also obviously -- there should be no mention of a possibility
23 of an injunction through this case since injunction is not in
24 play, is that correct?

25 THE COURT: Correct. There should be no reference to

1 what might happen after this trial.

2 MR. ANDRE: This may not be decided yet, but is there
3 any indication as to -- and the reason we're doing this, we're
4 representing a small company that we have to plan for.

5 When the second phase of the trial goes forward, is
6 there an indication it's going to happen immediately or is there
7 going to be some time out from the first trial for planning
8 purposes?

9 THE COURT: Have you conferred with Ms. Keefe on it?

10 MR. ANDRE: We have not conferred yet.

11 THE COURT: I'm going to have you confer on that, if
12 you can, if not -- you can and will update me as to status and
13 your views on that on the 12th. We'll try to have a draft on it
14 by the 15th, but I'm not promising you that you will have an
15 answer by the 15th.

16 THE COURT: Is there anything else, Ms. Keefe?

17 MS. KEEFE: I'm told one last thing.

18 Your honor, at the current stage there are eleven
19 claims still at issue in this case, four independent with a
20 series of dependent claims. Obviously, some of the Summary
21 Judgment Motions could limit the number of claims. We think
22 that is too many for a trial as short as we're proposing at this
23 point.

24 The claims are very much overlapping and we would
25 actually request that your Honor limit the scope of the trial to

1 one independent with the attendant and dependent claims perhaps
2 two, to workable for jury.

3 THE COURT: Mr. Andre?

4 MR. ANDRE: Your Honor, I think we have 15 hours. We
5 can get those 11 claims in very easily.

6 As I mentioned previously, a year and a half ago we
7 tried a case in front of Judge Sleet. There were 43 claims. We
8 did it in 7 days. This is not burdensome.

9 The fact that these claims are very different in
10 nature. Some are apparatus claims. Some are in regard to the
11 component on the back end on the servers, claims relate to
12 machinery medium. There are method claims as well. Three large
13 sets of claims. There's no reason to limit the numbers at this
14 time.

15 THE COURT: I'm going to deny the request. The time
16 limits will take care of hopefully anybody wasting any time. If
17 the plaintiff wants to present its case with respect to the
18 eleven claims, I'm going to leave that up to the plaintiff.

19 THE COURT: Anything else, Ms. Keefe?

20 MS. KEEFE: Not that I can think of.

21 THE COURT: Mr. Andre?

22 MR. ANDRE: Nothing.

23 THE COURT: We'll look for submissions that we talked
24 about. We'll see you on the 16th.

25 Thank you all very much.

1 (At this time, court concluded.)
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