

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

LEADER TECHNOLOGIES, INC.,	:	
a Delaware corporation,	:	
Plaintiff-Counterdefendant,	:	
	:	
v.	:	Civil Action No. 08-862-LPS
	:	
FACEBOOK, INC.,	:	
a Delaware corporation,	:	
Defendant-Counterclaimant.	:	

PRELIMINARY JURY INSTRUCTIONS

INTRODUCTION

Members of the jury: Now that you have been sworn, I am going to give you some preliminary instructions to guide you in your participation in the trial.

These instructions will give you some general rules and guidance that might apply to any civil case. Also, because this is a patent trial which will deal with subject matter that is not within the everyday experience of most of us, I will additionally give you some preliminary instructions regarding patents to assist you in discharging your duties as jurors.

THE PARTIES

Before I begin with those instructions, however, allow me to give you an overview of who the parties are and what each contends.

You may recall that during the process that led to your selection as jurors, I advised you that this is a civil action for patent infringement arising under the patent laws of the United States. The plaintiff is Leader Technologies, Inc., which I will refer to as "Leader." The defendant is Facebook, Inc., which I will refer to as "Facebook."

Leader owns one United States Patent which it alleges that Facebook infringes: U.S. Patent No. 7,139,761. Because these numbers are so long, patents are usually referred to by their last three digits. For example, U.S. Patent No. 7,139,761 is simply called "the '761 Patent." Leader contends that Facebook infringes the '761 Patent. The '761 Patent issued on November 21, 2006. Leader is the assignee of all ownership rights, title, and interest in the '761 Patent.

Facebook owns and operates the Facebook website which is currently located at www.facebook.com and was formerly located at www.thefacebook.com. Facebook provides a developer wiki at http://wiki.developers.facebook.com/index.php/Main_Page and <http://developers.facebook.com/docs/>.

Leader does not contend that all of the claims of the patent are infringed by Facebook. Instead, Leader asserts that only certain claims are infringed. They may be called "asserted claims." I, and the attorneys and witnesses, may refer to the product accused of infringement as an "accused product." You, of course, will determine whether or not the accused product infringes the asserted claims of Leader's patent.

Persons or companies sued for allegedly infringing a patent can deny infringement. They can also defend a charge of infringement by proving the patent is invalid. In this case, Facebook denies that it infringes Leader's patent and asserts that the patent is invalid. I will tell you more about infringement in a few minutes. I will also instruct you as to invalidity in my instructions to you at the close of the evidence.

DUTIES OF THE JURY

So, let me begin with those general rules that will govern the discharge of your duties as jurors in this case.

It will be your duty to find from the evidence what the facts are. You and you alone will be the judges of the facts. You will then have to apply those facts to the law as I will give it to you both during these preliminary instructions and at the close of the evidence. You must follow that law whether you agree with it or not. In addition to instructing you about the law, at the close of the evidence, I will provide you with instructions as to what the claims of the patents mean. Again, of course, you are bound by your oath as jurors to follow these and all the instructions that I give you, even if you personally disagree with them. All the instructions are important, and you should consider them together as a whole.

Perform these duties fairly. Do not let any bias, sympathy, or prejudice that you may feel toward one side or the other influence your decision in any way. Also, do not let anything that I may say or do during the course of the trial influence you. Nothing that I may say or do is intended to indicate, or should be taken by you as indicating, what your verdict should be.

EVIDENCE

The evidence from which you will find the facts will consist of the testimony of witnesses; the testimony of witnesses consists of the answers of the witnesses to questions posed by the attorneys or the Court -- you may not ask questions. Evidence will also consist of documents and other things received into the record as exhibits, and any facts that the lawyers agree to or stipulate to or that I may instruct you to find. Certain things are not evidence and must not be considered by you. I will list them for you now:

1. Statements, arguments, and questions by lawyers are not evidence.
2. Objections to questions are not evidence. Lawyers have an obligation to their clients to make objections when they believe evidence being offered is improper under the rules

of evidence. You should not be influenced by the objection or by the Court's ruling on it. If the objection is sustained, ignore the question. If it is overruled, treat the answer like any other. If you are instructed that some item of evidence is received for a limited purpose only, you must follow that instruction.

3. Testimony that the Court has excluded or told you to disregard is not evidence and must not be considered.

4. Anything you may have seen or heard outside the courtroom is not evidence and must be disregarded. You are to decide the case solely on the evidence presented here in the courtroom.

There are two kinds of evidence: direct and circumstantial. Direct evidence is direct proof of a fact, such as testimony of an eyewitness. Circumstantial evidence is proof of facts from which you may infer or conclude that other facts exist. As a general rule, the law makes no distinction between these two types of evidence, but simply requires that you find facts from all the evidence in the case, whether direct or circumstantial or a combination of the two.

CREDIBILITY OF WITNESSES - WEIGHING CONFLICTING TESTIMONY

You are the sole judges of each witness' credibility. You should consider each witness' means of knowledge; strength of memory; opportunity to observe; how reasonable or unreasonable the testimony is; whether it is consistent or inconsistent; whether it has been contradicted; the witness' biases, prejudices, or interests; the witness' manner or demeanor on the witness stand; and all circumstances that, according to the evidence, could affect the credibility of the testimony. If you find the testimony to be contradictory, you must try to reconcile it, if reasonably possible, so as to make one harmonious story of it all. But if you can't

do this, then it is your duty and privilege to believe the testimony that, in your judgment, is most believable and disregard any testimony that, in your judgment, is not believable. This instruction applies to the testimony of all witnesses, including expert witnesses.

BURDEN OF PROOF

As I have already told you, in this case, Leader is the owner of one patent which it contends Facebook infringes. Leader, therefore, has the burden of proving infringement by what is called a preponderance of the evidence. That means Leader has to produce evidence which, considered in the light of all the facts, leads you to believe that what the patent owner alleges is more likely true than not. To put it differently, if you were to put Leader's and Facebook's evidence on opposite sides of a scale, the evidence supporting Leader's allegations would have to make the scale tip somewhat on its side. If Leader fails to meet this burden, the verdict must be for Facebook.

In this case, Facebook asserts that Leader's patent is invalid. A patent, however, is presumed to be valid. Accordingly, the party challenging the patent has the burden of proving by clear and convincing evidence that the patent is invalid. Clear and convincing evidence is evidence that produces an abiding conviction that the truth of a factual contention is highly probable. Proof by clear and convincing evidence is thus a higher burden than proof by a preponderance of the evidence.

Those of you who have sat on criminal cases will have heard of proof beyond a reasonable doubt. That requirement does not apply to a civil case; therefore, you should put it out of your mind.

GENERAL GUIDANCE REGARDING PATENTS

The Federal Judicial Center video will be shown at this time.

I will now give you a general overview of what a patent is and how one is obtained.

A. Constitutional Basis for Patent Grant

The United States Constitution, Article I, Section 8, grants the Congress of the United States the power to enact laws "to promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

B. Exclusionary Right and Term of a Patent

The United States Patent and Trademark Office is responsible for reviewing patent applications and granting patents. Once the "Patent Office" or "PTO" has issued a patent, the patent owner has the right to exclude others from making, using, selling, or offering for sale the invention throughout the United States for the length of the patent term. If the invention covered by the patent is a method, the patent law gives the patent owner the right to exclude others from using the method throughout the United States or making or selling throughout the United States any product made by the patented method anywhere in the world.

A person who, without the patent owner's authority, makes, uses, sells, or offers to sell a product or employs a method that is covered by one or more claims of a valid patent, infringes the patent. A person can also induce others to infringe a patent by suggesting to other persons or companies that they undertake acts that constitute infringement. This is called inducing infringement.

C. The Parts of a Patent

I will next briefly describe the parts of a patent and some of the procedures followed by

those attempting to obtain patents. Many of the terms I will use in this description are contained in a "Glossary of Patent Terms," which I will give to you along with a copy of these preliminary instructions. Feel free to refer to the Glossary throughout the trial.

For an invention to be patentable, it must be new, useful, and, at the time the invention was made, must not have been obvious to a person having ordinary skill in the art to which the subject matter pertains.

Under the patent laws, the Patent Office examines patent applications and issues patents. A person applying for a patent must include a number of items in his or her application, including: (1) a detailed description of the invention in terms sufficiently full, clear, concise and exact to enable any person skilled in the art to which the invention pertains to make and use the invention; (2) a disclosure of the best mode of carrying out the invention known to the inventor at the time of filing; and (3) one or more claims.

The application includes a written description of the invention called a "specification" and may include drawings that illustrate the invention. The specification concludes with one or more claims that particularly and distinctly define the subject matter that the inventor regards as his or her invention. When a patent application is received at the Patent Office, it is assigned to an examiner, who examines the application, including the claims, to determine whether the application complies with the requirements of the U.S. patent laws. The examiner reviews the prior work of others in the form of voluminous files of patents and publications. This type of material is called "prior art." Prior art is generally technical information and knowledge that was known to the public either before the invention by the applicant or more than one year before the filing date of the application. Documents found in the search of prior art are called "references."

In conducting the search of prior art, the examiner notes in writing on the file the classes or subclasses of art searched.

The compilation of the papers concerning the proceedings before the Patent Office is called the "prosecution history," "file wrapper," or "file history." The Patent Office does not have its own laboratories or testing facilities.

The examiner may "reject" the patent application claims if he or she believes that they are applications for inventions that are not patentable in light of the prior art, or because the patent specification does not adequately describe the claimed inventions. The applicant may then amend the claims to respond to the examiner's rejections. If, after reviewing the prior art maintained at the Patent Office, the examiner concludes that the claims presented by the applicant define the applicant's claimed invention over the most relevant known prior art in a manner that is patentable and that the patent meets the other requirements for patentability, the application is granted as a U.S. patent.

D. Summary of the Patent Issues

In this case, you must decide several things according to the instructions that I will give you at the end of the trial. Those instructions will repeat this summary and will provide more detail. One thing you will need not decide is the meaning of the patent claims. That is one of my jobs -- to explain to you what the patent claims mean. By the way, the word "claims" is a term of art and I will instruct you on its meaning at the end of the trial. Meanwhile, you will find a definition in the glossary attached to these preliminary instructions. In essence, you must decide:

- (1) whether Leader has proven by a preponderance of the evidence that Facebook

infringes one or more of the asserted claims of the '761 Patent; and

(2) whether Facebook has proven by clear and convincing evidence that the asserted claims of the '761 Patent are invalid.

CONDUCT OF THE JURY

Now, a few words about your conduct as jurors.

First, I instruct you that during the trial you are not to discuss the case with anyone or permit anyone to discuss it with you. Until you retire to the jury room at the end of the case to deliberate on your verdict, you simply are not to talk about this case. If any lawyer, party, or witness does not speak to you when you pass in the hall, ride the elevator, or the like, remember it is because they are not supposed to talk to you nor you with them. In this way, any unwarranted and unnecessary suspicion about your fairness can be avoided. If anyone should try to talk to you about the case, please bring it to my attention promptly.

Second, do not read or listen to anything touching on this case in any way.

Third, do not try to do any research or make any investigation about the case on your own. Hence, in this case, you are not to use or access Facebook at any time during this trial.

Finally, do not form any opinion until all the evidence is in. Keep an open mind until you start your deliberations at the end of the case.

During the trial, you may, but are not required to, take notes, regarding testimony, for example, exhibit numbers, impressions of witnesses or other things related to the proceedings. A word of caution is in order. There is generally a tendency to attach undue importance to matters which one has written down. Some testimony which is considered unimportant at the time presented, and thus not written down, takes greater importance later in the trial in light of all

the evidence presented.

Therefore, you are instructed that your notes are only a tool to aid your own individual memory and you should not compare your notes with other jurors in determining the content of any testimony or in evaluating the importance of any evidence. Your notes are not evidence, and are by no means a complete outline of the proceedings or a list of the highlights of the trial.

Also, keep in mind that you will not have a transcript of the testimony to review. So, above all, your memory will be your greatest asset when it comes time to deliberate and render a decision in this case. If you do take notes, you must leave them in the jury deliberation room which is secured at the end of each day. And, remember they are for your own personal use. I will give you detailed instructions on the law at the end of the case, and those instructions will control your deliberations and decision.

COURSE OF TRIAL

The trial, like most jury trials, comes in seven stages or phases. We have already been through the first phase, which was to select you as jurors. The remaining stages are:

- (2) These preliminary instructions to you;
- (3) Opening statements which are intended to explain to you what each side intends to prove and are offered to help you follow the evidence. The lawyers are not required to make opening statements, but they may do so, either at this time or at a later time when it is their turn to present evidence;
- (4) The presentation of the evidence, which will include live witnesses and may also include previously recorded testimony, as well as documents and things;
- (5) My final instructions on the law to you;

(6) The closing arguments of the lawyers which will be offered to help you make your determination; and, finally,

(7) Your deliberations, where you will evaluate and discuss the evidence among yourselves and determine the outcome of the case.

Please keep in mind that evidence is often introduced somewhat piecemeal. So, as the evidence comes in, you as jurors need to keep an open mind.

We will begin shortly, but first I want to outline the anticipated schedule of the trial.

TRIAL SCHEDULE

Though you may have heard me say this during the voir dire, I want to again outline the schedule I expect to maintain during the course of this trial.

This case is expected to take 6 days to try. We will normally begin the day at 9:00 A.M. promptly. We will go until 12:30 P.M. and, after a one hour break for lunch, from 1:30 P.M. to 4:30 P.M. There will be a fifteen minute break around 11:00 A.M. and another fifteen minute break around 3:00 P.M. The only significant exception to this schedule may occur when the case is submitted to you for your deliberations. On that day, the proceedings might last beyond 5:00 P.M. We will post a copy of this schedule for your convenience in the jury deliberation room.

GLOSSARY OF PATENT TERMS

Applicants The named inventors who are applying for the patent.

Assignment Transfer of ownership rights in a patent or patent application from one person or company to another.

Claims The part of a patent that defines the limits of the invention. These are found at the end of the patent specification in the form of numbered paragraphs.

Disclosure of Invention The part of the patent specification that explains how the invention works and usually includes a drawing.

File Wrapper/File History/ Prosecution History The written record of proceedings between the applicant and the United States Patent and Trademark ("Patent Office" or "PTO"), including the original patent application and later rejections, responses to the rejections and other communications between the Patent Office and the applicant.

Patent Application The papers filed in the Patent Office by an applicant in order to obtain a patent. These papers typically include a specification, drawings, claims and the oath (or declaration) of the applicant. This application is also called a "non-provisional patent application."

Patent Examiner Personnel employed by the Patent Office having expertise

in various technical areas who review or examine patent applications to determine whether the claims of a patent application are patentable and whether the disclosure adequately describes the invention.

Prior Art

Any information which is used to describe public, technical knowledge prior to the invention by the applicant or more than one year prior to his/her application.

Prior Art References

Any item of prior art (publication or patent) used to determine patentability.

Provisional Patent Application

A document filed with the Patent Office by an applicant. It is not examined by the Patent Office and will not lead to the issuance of a patent. It may be filed up to one year before the filing of a patent application. A patent that issues from a patent application is only entitled to the date of filing of a provisional patent application if every element of the issued claims of a patent is fully disclosed in the provisional patent application as originally submitted.

Specification

The part of the patent application or patent that describes

the invention, which includes drawings and concludes with one or more claims. The specification does not define the invention, only the claims do.