

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

BRIGHT RESPONSE, LLC
F/K/A POLARIS IP, LLC

v.

GOOGLE INC., et al.

NO. 2:07CV-371-TJW-CE

FILED UNDER SEAL

DEFENDANTS' PROPOSED POST-TRIAL JURY INSTRUCTIONS

Defendants Google, Inc., AOL LLC and Yahoo!, Inc. (“Defendants”) propose the following post-trial jury instructions. Defendants’ proposal of post-trial jury instructions is without waiver of Defendants’ pending motions, which if granted will likely render portions of the following instructions unnecessary. Defendants further reserve the right to amend, supplement, or modify these post-trial instructions in light of expert reports which have not been disclosed, further developments including the pre-trial conference, any remaining fact or expert discovery, and based on the evidence and arguments presented at trial. Defendants expect that the parties will meet and confer to refine the post-trial jury instructions as events continue to narrow the issues.

1. FINAL INSTRUCTIONS - GENERAL¹

Members of the jury, now that you have heard all the evidence and the arguments of the attorneys, it is my duty to instruct you on the law which applies to this case. It is your duty to find the facts from all the evidence in the case. To those facts, you will apply the law as I give it to you. You must not read into these instructions, or into anything the Court may have said or done, any suggestion as to what verdict you should return – that is a matter entirely up to you. You are instructed that all persons, including the Plaintiff and Defendants in this case, stand equal before the law, and are to be dealt with as equals in this Court.

1.1 Contentions of the Parties

I will now summarize the contentions of the parties before I provide you instructions on the law to apply during your deliberations. Plaintiff Bright Response contends that Defendants

¹ Defendants’ proposed instructions are adapted from the Model Patent Jury Instructions prepared by The National Jury Instruction Project and published June 17, 2009 (available at <http://www.nationaljuryinstructions.org/>), the 2006 Fifth Circuit Civil Pattern Jury Instructions (available at <http://www.lb5.uscourts.gov/juryinstructions/>) and AIPLA’s Model Patent Jury Instructions, March 2008 (available at <http://www.aipla.org/>).

Google, AOL and Yahoo! infringe claims 28, 30, 31, 33 and 38 of U.S. Patent No. 6,411,947, which has been referred to as “the ‘947 patent.” Specifically, Bright Response contends that Google’s AdWords directly infringes claims 28, 30, 31, 33 and 38 of the ‘947 patent. Bright Response contends that AOL’s Search Marketplace directly infringes claims 28, 30, 31, 33 and 38 of the ‘947 patent. Bright Response contends that Yahoo!’s Sponsored Search directly infringes claims 28, 30, 31, 33 and 38 of the ‘947. Bright Response has the burden of proving that Google, AOL and Yahoo! infringe any of these claims by a preponderance of the evidence. That means that Bright Response must show that it is more likely than not that Defendants’ accused products infringe the claims.

Google, AOL and Yahoo! deny that they are infringing any claims of the ‘947 patent. Google, AOL and Yahoo! also contend that the asserted claims of the ‘947 patent are invalid. Invalidity is a defense to patent infringement. Even though the United States Patent and Trademark Office has allowed the claims of the ‘947 patent, you, the jury, have responsibility for deciding whether the claims of the patent are valid. Google, AOL and Yahoo! bear the burden of proving invalidity by a preponderance of evidence. This does not require proof beyond a reasonable doubt. This means that Google, AOL and Yahoo! must show that it is more likely than not that the asserted claims of the ’947 patent are invalid.²

Your job is to decide whether or not the asserted claims of the ‘947 patent have been infringed and whether or not those claims are invalid. If you decide that any claim of the ‘947

² If the Court disagrees with this standard, Defendants request that the last two sentences of this paragraph read as follows: “Google, AOL and Yahoo! bear the burden of proving invalidity by clear and convincing evidence. This does not require proof beyond a reasonable doubt. Clear and convincing evidence is evidence showing that it is highly probably that the claims are invalid.”

patent has been infringed and also that an infringed claim is not invalid, then you will then need to decide money damages to be awarded to Bright Response.

I will now give you instructions and definitions to help you in answering the questions to follow.

1.2 Claim Interpretation

Bright Response contends that Google, AOL and Yahoo! committed patent infringement. To decide the question of infringement, you must first understand what the claims of the patent cover, that is, what they prevent anyone else from doing. This is called “claim interpretation.”

It is my duty under the law to interpret what the words used in the patent claims mean. I have made my determination, and I will instruct you accordingly. You must apply the meaning I give the patent claims to your decisions on infringement and validity. For any words in the claim for which I have not provided you with a definition, you should apply their plain English meaning. You should not take my definition of the language of the claims as an indication that I have a view regarding how you should decide the issues that you are being asked to decide, such as infringement and invalidity. Those issues are yours to decide.

I will now instruct you how those words are to be construed and understood when deciding the issues of infringement and validity. You have been provided with written copies of the ‘947 patent and copies of these claim term definitions, and you may use them during your deliberations.

“A case model of the electronic message” or “the case model” means “text and attributes derived from the electronic message.”

“Case base knowledge engine” means “a knowledge engine that processes electronic messages by comparing them to a stored set of exemplar cases.”

“Classifying the electronic message” or “the classification step” means “determining whether the electronic message falls into one or more categories.”

“Fixed data” means “data in a predetermined arrangement.”

“Non-interactive electronic message” means “an electronic message in which the sender does not provide any additional information after the message has been received.”

“Predetermined match weight” means “a predetermined factor that arithmetically increases a stored case model’s match score when a feature from the stored case model matches text and attributes from the presented case model.”

“Predetermined mismatch weight” means “a predetermined factor which arithmetically decreases a stored case model’s match score when a feature from the stored case model does not match text and attributes from the presented case model.”

“Predetermined response” means “responses prepared prior to the receipt of the electronic message. The responses may be modified and/or altered based on the interpretation of the electronic message.”

“Repository” means “a place where data is stored.”

“Requiring assistance from a human operator” means “requiring that a manual reviewer review the electronic message or information derived from the electronic message, or review, revise or compose the response to be delivered to the source.”

“Rule base...knowledge engine” means “a knowledge engine that tests whether one or more conditions are met and, if so, applies specified actions.”

“Variable data” means “data in any arrangement.”

“Wherein each score is normalized by dividing the score by a maximum possible score for the stored case model” means “wherein each match score is divided by the maximum possible score for the stored case model.”

2. PATENT INFRINGEMENT

2.1 Direct Infringement – Generally

I will now instruct you on the specific rules you must follow to determine whether Bright Response has proven by a preponderance of the evidence that Google, AOL and/or Yahoo! has infringed one or more of the patent claims involved in this case.

2.2 Direct Infringement – Literal Infringement

You must decide whether Google, AOL and/or Yahoo! have made, used, sold, or offered for sale within the United States, or imported into the United States, a product covered by claims 28, 30, 31, 33 and 38 of the ‘947 patent. Bright Response contends that Google’s AdWords directly infringes claims 28, 30, 21, 33 and 38 of the ‘947 patent. You must compare claims 28, 30, 21, 33 and 38 to the AdWords product to determine whether each and every requirement of the claim is included in the accused product. Bright Response contends that AOL’s Search Marketplace directly infringes claims 28, 30, 31, 33 and 38 by providing Search Marketplace. You must compare claims 28, 30, 21, 33 and 38 to Search Marketplace to determine whether each and every requirement of the claim is included in the accused product. Bright Response contends that Yahoo!’s Sponsored Search infringes claims 28, 30, 31, 33 and 38. You must compare claims 28, 30, 31, 33 and 38 to Sponsored Search product to determine whether each and every requirement of the claim is included in the accused product.

To prove literal infringement, Bright Response must prove that it is more probable than not that Google’s, AOL’s and/or Yahoo!’s products or services include every requirement in the patent claim. If Google’s product fails to include even one requirement recited in the patent

claim, Google does not infringe that claim. If AOL's product fails to include even one requirement recited in the patent claim, AOL does not infringe that claim. If Yahoo!'s product fails to include even one requirement recited in the patent claim, Yahoo! does not infringe that claim.

2.3 Joint Direct Infringement

Direct literal infringement requires a party to perform or use each and every limitation of a claim. Where no single party performs all of the limitations, but multiple parties combine to perform every limitation of the claim, that claim is not directly infringed unless, in addition, one party exercises control or direction over the entire practice of the claim, so that the practice of the claim is attributable to the controlling party. Mere arm's-length cooperation between the parties is not enough to establish direct infringement.

For claims 28, 30, 31, 33 and 38 of the '947 patent, Bright Response must prove that it is more probable than not that Google, AOL, and/or Yahoo! exercises control or direction over every party among those who, in combination, perform all the limitations of the claim.

2.4 Infringement Limited to Activities within the United States

A claimed method is used within the United States only if every step of the claimed method is performed within the United States. Bright Response must prove that it is more probable than not that every step of the claimed method occurs within the United States for the claimed method to infringe.³

2.5 Comprising Claims

The asserted claims use the word "comprising." When a claim uses the word "comprising," "comprising" means "including" or "containing." A claim that uses the word

³ *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282 (Fed. Cir. 2005); *see also Uniloc USA, Inc. v. Microsoft Corp.*, 632 F. Supp. 2d 147, 156-57 (D.R.I. 2009).

“comprising” or “comprises” is not limited to products or methods having only the elements that are recited in the claim, but also covers products or methods that add additional elements.

Let’s take as an example a claim that covers a table. If the claim recites a table “comprising” a tabletop, legs, and glue, the claim will cover any table that contains these structures, even if the table also contains other structures, such as a leaf or wheels on the legs.

2.6 Claim Step Order

The steps of claim 26 must be performed in the order recited in the claim. In order for you to find that claim 26 of the ‘947 patent is infringed, you must first find that Google’s, AOL’s and/or Yahoo!’s products or services perform every step of the claim in order recited in the claim.

2.7 Dependent Claims

So far, my instructions on infringement have applied to what are known as independent claims. The ‘947 patent also contains dependent claims. An independent claim does not refer to any other claim of the patent. Thus, it is not necessary to look at any other claim to determine what an independent claim covers. Claim 26 of the ‘947 patent is an independent claim. A dependent claim refers to at least one other claim in the patent. A dependent claim includes each of the elements of the other claim to which it refers, plus additional elements recited in the dependent claim itself. Some dependent claims are dependent on other dependent claims, which are themselves dependent upon an independent claim.

Claim 28 of the ‘947 patent is a dependent claim that depends on claim 26. In order for you to find that claim 28 of the ‘947 patent is infringed, you must first find that claim 26 is infringed. If you find that independent claim 26 of the ‘947 patent is not infringed, you must find that dependent claim 28 is not infringed.

Claim 30 of the '947 patent is a dependent claim that depends on claims 26 and 28. In order for you to find that claim 30 of the '947 patent is infringed, you must first find that claims 26 and 28 are infringed. If you find that independent claim 26 of the '947 patent is not infringed, you must find that dependent claim 30 is not infringed. If you find that dependent claim 28 of the '947 patent is not infringed, you must find that dependent claim 30 is not infringed.

Claim 31 of the '947 patent is a dependent claim that depends on claims 26 and 30. In order for you to find that claim 31 of the '947 patent is infringed, you must first find that claims 26 and 30 are infringed. If you find that independent claim 26 of the '947 patent is not infringed, you must find that dependent claim 31 is not infringed. If you find that dependent claim 30 of the '947 patent is not infringed, you must find that dependent claim 31 is not infringed.

Claim 33 of the '947 patent is a dependent claim that depends on claims 26, 28, 30 and 31. In order for you to find that claim 33 of the '947 patent is infringed, you must first find that claims 26, 28, 30 and 31 are infringed. If you find that independent claim 26 of the '947 patent is not infringed, you must find that dependent claim 33 is not infringed. If you find that dependent claim 28 of the '947 patent is not infringed, you must find that dependent claim 33 is not infringed. If you find that dependent claim 30 of the '947 patent is not infringed, you must find that dependent claim 33 is not infringed. If you find that dependent claim 31 of the '947 patent is not infringed, you must find that dependent claim 33 is not infringed.

Claim 38 of the '947 patent is a dependent claim that depends on claim 26. In order for you to find that claim 38 of the '947 patent is infringed, you must first find that claim 26 is infringed. If you find that independent claim 26 of the '947 patent is not infringed, you must find that dependent claim 38 is not infringed.

3. INVALIDITY

3.1 Invalidity - Generally

Patent invalidity is a defense to patent infringement. Even though the Patent and Trademark Office has allowed the claims of a patent, you have the ultimate responsibility for deciding whether the claims of the patent are valid. Google, AOL and Yahoo! contend that the asserted claims of the '947 patent are invalid. Google, AOL and Yahoo! must establish by a preponderance of the evidence⁴ that the asserted claims of the '947 patent are not valid.

I will now instruct you on the invalidity issues you should consider. As you consider these issues, remember that Google, AOL and Yahoo! bear the burden of proving by a preponderance of the evidence that the claims of the '947 patent are invalid.

3.2 Written Description

Google, AOL and Yahoo! contend that claims 28, 30, 21, 33 and 38 of the '947 patent are invalid for failure to provide an adequate written description of the claimed invention in the '947 patent specification. Google, AOL and Yahoo! must prove by a preponderance of the evidence that these claims lacked an adequate written description.

A patent's specification must describe in full, clear, and exact terms the nature and extent of the claimed invention. The description must show that the alleged inventor actually invented the claimed invention. But merely showing invention is not sufficient; the ultimate question is

⁴ Consistent with Microsoft Corporation's Petition for a Writ of Certiorari in *Microsoft Corp. v. Z4 Technologies, Inc.* and the Supreme Court decision in *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1745 (2007), Defendants submit that, when a defense of invalidity rests on documentary evidence that was not considered by the U.S. Patent and Trademark Office, the factual predicates of the defense should not need to be proven by clear and convincing evidence.

whether the specification describes in full, clear, exact terms the nature and extent of the claimed invention.⁵

Claims can be deemed invalid for failing to meet the written description requirement when the entirety of the specification indicates that the invention is narrower than the claims. This occurs when a patentee claims an entire category, but only adequately discloses certain examples within that category. A patentee cannot claim an entire category with a generic statement of an invention's boundaries because the patent's claims cannot be broader than the information disclosed by the patent's specification.

If you find that one or more of the claims challenged by Google, AOL and Yahoo! lacked an adequate written description, you must find each such claim invalid.

3.3 Anticipation – Publicly Used, Known or Previously Published

The patent laws of the United States require that an invention must be new for a person to be entitled to a patent. Google, AOL and Yahoo! contend that claims 28, 30, 31, 33 and 38 of the '947 patent are invalid because they were not new or lacked novelty. For a claim to be invalid because it is not new, all of its requirements must have existed in a single device or method that predates the claimed invention, or must have been described in a single previous publication or patent that predates the claimed invention. In patent law, such previous device, method, publication or patent is called a "prior art reference." If a patent claim is not new, we say it is "anticipated" by a prior art reference.

The disclosure in the prior art reference does not have to be in the same words as the claim, but all of the requirements of the claim must be there, either stated or necessarily implied,

⁵ 35 U.S.C. 112, para. 1; *Evans v. Eaton*, 20 U.S. 356, 435 (1822).

so that someone of ordinary skill in the art of looking at that one reference would be able to make and use at least one embodiment of the claimed invention.

Anticipation also occurs when the claimed invention inherently, or necessarily, results from practice of what is disclosed in the written reference, even if the inherent disclosure was unrecognized or unappreciated by one of ordinary skill in the art of the invention.

Here is a list of the ways that Google, AOL and Yahoo! can show that a patent claim was not new because the invention described in such claim was publicly used, known or previously published:

- if the claimed invention was already publicly known or publicly used by others in the United States earlier than the date of the inventors' invention;
- if the claimed invention was already patented or described in a printed publication anywhere in the world earlier than the date of the inventors' invention. An electronic publication, including an on-line or internet publication, is a "printed publication" if it is at least reasonably accessible to those interested in the field, even if it is difficult to find; or
- if the claimed invention was already described in another published U.S. patent application or issued U.S. patent that was based on a patent application filed earlier than the date of the inventors' invention.

If a patent claim is not new, as explained above, you must find that claim to be invalid.

3.4 Anticipation – Statutory Bars

Google, AOL and Yahoo! contend that claims 28, 30, 31, 33 and 38 of the '947 patent are invalid because each claim failed to meet one of several statutory provisions in the patent laws.

These provisions are called "statutory bars." For a patent claim to be invalid because of a

statutory bar, all of its requirements must have been present in one prior art reference dated more than one year before the effective filing date of the patent application.

If Google, AOL and Yahoo! can show that the patent application was not filed within one year of the occurrence of any of the following events, then the patent application was not timely filed:

- if the claimed invention was already patented or described in a printed publication anywhere in the world earlier than one year before the effective filing date of the patent. An electronic publication, including an on-line or internet publication, is a “printed publication” if it is at least reasonably accessible to those interested in the field, even if it is difficult to find.
- if the claimed invention was already being publicly or commercially used in the United States earlier than one year before the effective filing date of the patent, and that use was not an experimental use controlled by the inventor to test whether the invention worked for its intended purpose;
- if a device or method using the claimed invention was sold or offered for sale in the United States, and that claimed invention was ready for patenting, earlier than one year before the effective filing date of the patent. The claimed invention is ready for patenting if it was actually built, or if the inventor had prepared drawings or other descriptions of the claimed invention that were sufficiently detailed to enable a person of ordinary skill in the art of the invention to make and use the invention based on them.

For a claim to be invalid because of a statutory bar, all of the claimed requirements must have been either (1) disclosed in a single prior art reference or (2) implicitly disclosed in a single prior art reference as viewed by one of ordinary skill in the art. The disclosure in a reference does not have to be in the same words as the claim, but all of the requirements of the claim must be described in enough detail, or necessarily implied by or inherent in the reference, to enable someone of ordinary skill in the art of the invention looking at the reference to make and use at least one embodiment of the claimed invention.

A prior art reference also invalidates a patent claim when the claimed invention necessarily results from practice of the subject of the prior art reference, even if the result was unrecognized and unappreciated by one of ordinary skill in the art of the invention.

If you find that all of a patent claim's requirements were present in a prior art reference dated more than one year before the effective filing date of the patent application, you must find the patent claim to be invalid.

3.5 Obviousness⁶

Google, AOL and Yahoo! also contend that claims 28, 30, 31, 33 and 38 of the '947 patent are invalid because the invention was obvious. A patent claim is invalid if the claimed invention would have been obvious to a person of ordinary skill in the field of the invention at the time the original patent application was filed. This means that even if all the requirements of the claim cannot be found in a single prior art reference that would anticipate the claim or constitute a statutory bar to that claim, a person of ordinary skill in the field of the invention who knew about all of the prior art would have come up with the claimed invention.

⁶ *KSR Intern. Co. v. Teleflex, Inc.*, 550 U.S. 398 (2007).

A patent claim composed of several requirements is not proved obvious merely by demonstrating that each of its requirements was independently known in the prior art. Although common sense directs one to look with care at a patent application that claims as innovation the combination of known requirements according to their established functions to produce a predictable result, it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the requirements in the way the claimed new invention does. This is so because inventions in most, if not all, instances rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be combinations of what, in some sense, is already known. Accordingly, you may evaluate whether there was some teaching, suggestion, or motivation to arrive at the claimed invention before the time of the claimed invention, although proof of this is not a requirement to prove obviousness. Teachings, suggestions, and motivations may be found in written references including the prior art itself.

Therefore, in evaluating whether such a claim would have been obvious, you should consider a variety of factors, including:

1. Whether Google, AOL and Yahoo! have identified a reason that would have prompted a person of ordinary skill in the field of the invention to combine the requirements or concepts from the prior art in the same way as in the claimed invention. There is no single way to define the line between true inventiveness on one hand (which is patentable) and the application of common sense and ordinary skill to solve a problem on the other hand (which is not patentable). For example, market forces or other design incentives may be what produced a change, rather than true inventiveness.
2. Whether the claimed invention applies a known technique that had been used to improve a similar device or method in a similar way.
3. Whether the claimed invention would have been obvious to try, meaning that the claimed innovation was one of a relatively small number of possible approaches to the problem with a reasonable expectation of success by those skilled in the art.

You should put yourself in the position of a person of ordinary skill in the field of the invention at the time the claimed invention was made, and you should not consider what is known today or what is learned from the teaching of the patent.

The ultimate conclusion of whether a claim is obvious should be based on your determination of several factual issues:

1. You must decide the level of ordinary skill in the field of the invention that someone would have had at the time the claimed invention was made.
2. You must decide the scope and content of the prior art. In determining the scope and content of the prior art, you must decide whether a reference is pertinent, or analogous, to the claimed invention. Pertinent, or analogous, prior art includes prior art in the same field of endeavor as the claimed invention, regardless of the problems addressed by the reference, and prior art from different fields reasonably pertinent to the particular problem with which the claimed invention is concerned. Remember that prior art is not limited to patents and published materials, but includes the general knowledge that would have been available to one of ordinary skill in the field of the invention.
3. You must decide what difference, if any, existed between the claimed invention and the prior art.

Finally, you should consider any of the following factors that you find have been shown by the evidence:

A. Factors tending to show nonobviousness:

1. commercial success of a product due to the merits of the claimed invention;
2. a long-felt, but unsolved, need for the solution provided by the claimed invention;
3. unsuccessful attempts by others to find the solution provided by the claimed invention;
4. copying of the claimed invention by others;
5. unexpected and superior results from the claimed invention;
6. acceptance by others of the claimed invention as shown by praise from others in the field of the invention or from the licensing of the claimed invention;

7. disclosures in the prior art that criticize, discredit, or otherwise discourage the claimed invention and would therefore tend to show that the invention was not obvious; and
8. other evidence tending to show nonobviousness.

B. Factors tending to show obviousness:

1. independent invention of the claimed invention by others before or at about the same time as the named inventor thought of it; and
2. other evidence tending to show obviousness.

You may consider the presence of any of the A.1-8 factors as an indication that the claimed invention would not have been obvious at the time the claimed invention was made. And you may consider the presence of the B.1-2 factors as an indication that the claimed invention would have been obvious at such time. Although you should consider any evidence of these factors, the relevance and importance of any of them to your decision on whether the claimed invention would have been obvious is up to you.

If you find that a claimed invention was obvious as explained above, you must find that claim invalid.

4. DAMAGES

4.1 Damages – Generally

I will now instruct you as to the calculation of damages should you find that Bright Response has met its burden on any of its claims. If you find that Google, AOL and/or Yahoo! have infringed any of the asserted claims of Bright Response's patent, and that these claims are valid, then you should consider the amount of money Bright Response should receive as damages – that is, you must determine a reasonable royalty. By instructing you on damages, I do not suggest that one or the other party should prevail. These instructions are provided to guide

you on the calculation of damages in the event you find infringement of a valid patent claim and thus must address the damages issue.

The amount of damages must be adequate to compensate Bright Response for the infringement, but it may not be less than a “reasonable royalty.” A reasonable royalty can be either a lump sum amount or a running royalty. Your damages determination must not include additional sums to punish Defendants or to set an example. You may award compensatory damages only for the loss that Bright Response proves was more likely than not caused by Defendants’ infringement.

4.2 Damages – Burden of Proof

Where the parties dispute a matter concerning damages, it is Bright Response’s burden to prove that it is more probable than not that its version is correct. Bright Response must prove the amount of damages with reasonable certainty, but need not prove the amount of damages with mathematical precision. However, Bright Response is not entitled to damages that are remote or speculative.

4.3 Damages – Limited to Activities within the United States

If you choose to award Bright Response damages, you must remember that Bright Response is entitled only to damages due to infringement occurring within the United States. In determining whether infringement occurs within the United States, you must determine whether each and every step of the claimed method is performed within this country.⁷ Bright Response must prove that it is more probable than not that compensatory damages are due to infringement occurring within the United States.

⁷ *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282 (Fed. Cir. 2005).

4.4 When Damages Began

If you find infringement of a valid claim of the '947 patent, Bright Response claims that you should assess damages beginning from July 2004 for Google, beginning from March 2006 for AOL, and beginning from April 2004 for Yahoo!.

4.5 Reasonable Royalty

A royalty is a payment made to a patent holder in exchange for rights to make, use or sell the claimed invention. A reasonable royalty is the payment that would have resulted from a hypothetical negotiation between a patent holder and the infringer.

If you choose to award Bright Response damages, you must decide what reasonable royalty would have resulted from a hypothetical negotiation between Bright Response and Google, between Bright Response and AOL, and between Bright Response and Yahoo!, taking place just before the time when the infringement first began.

In considering the nature of this negotiation, the focus is on what the expectations of the patent holder and the infringer would have been had they entered into an agreement at that time and acted reasonably in their negotiations. You must determine the amount that a licensor and a licensee would have agreed upon (at the time the infringement began) if both had been reasonably and voluntarily trying to reach an agreement – in other words, the amount which a prudent licensee -- who desired, as a business proposition, to obtain a license to manufacture and sell a particular article embodying the patented invention -- would have been willing to pay as a royalty and yet be able to make a reasonable profit, and the amount which would have been acceptable to a prudent patentee who was willing to grant a license. In addition, you must assume that the patent holder and the infringer were willing to enter into an agreement -- your role is to determine what that agreement would have been. The test for damages is what royalty

would have resulted from the hypothetical negotiation and not simply what either party would have preferred.

In determining the royalty that would have resulted from the hypothetical negotiation, you may consider real world facts including the following, to the extent they are helpful to you:

- The patent owner's licenses or offers to license the patent at issue in this case;
- The portion of the alleged infringer's profit that should be credited to the invention as distinguished from nonpatented features, improvements or contributions;
- The alleged infringer's licenses involving comparable patents;
- The licensing history of the parties;
- Licensing practices in the relevant industry;
- Whether the patent owner had an established policy of refusing to license the patent at issue;
- The duration of the patent and the term of the license;
- The relationship between the patent owner and alleged infringer, including whether or not they were competitors;
- The significance of the patented technology in promoting sales of the alleged infringer's other products; and
- Alternatives to the patented technology and advantages provided by the patented technology relative to the alternatives.

4.6 Entire Market Value

In determining a reasonable royalty, you may not award damages based on Google's, AOL's or Yahoo!'s entire revenue from all the accused products in the case. You may award damages based only on the portion of that revenue attributable to the infringing feature or features of the products you find to infringe valid patent claims. In addition, you may not award damages based on Google's, AOL's, or Yahoo!'s revenue from products that you do not find to have infringed.

4.7 The Amount of Profit a Reasonable Licensee Would Be Willing to Pay the Patentee

You have heard testimony regarding the amount of their profits that Defendants would have been willing to pay Bright Response as part of the hypothetical negotiation. You must keep in mind that in industries in which there are a lot of patents covering various nuances of technology, a hypothetical licensee is usually not willing to pay as much to any individual patentee because it is likely that other patentees will also come forward to demand a share of the licensee's profits.⁸ Therefore, if you find that the field of Internet advertising technology is crowded with many patents, you may find that Defendants would have paid less in their hypothetical negotiation than they would have paid in a non-crowded field.

4.8 Appportionment of Damages Based on the Contribution of the Patented Technology to the Infringing Products

You have heard testimony from the damages experts regarding the amount of benefit the Defendants realized from using the technology of the patent. Keep in mind that the reasonable royalty analysis must take into account the contribution of the patented technology as compared

⁸ See *Integra Lifesciences I, Ltd. v. Merck KGaA*, 331 F.3d 860, 872 (Fed. Cir. 2003) (reversed on other grounds).

to the contributions of non-patented technology or contributions of patents held by the Defendants or others.⁹

The patentee has the burden to establish this relative contribution.¹⁰ If you find that Bright Response's damages expert has not properly considered the value of the patent to the infringing products as compared to other technology, his testimony is not reliable and you must not consider it.

4.9 The Expert's Testimony Must Be Relevant and Reliable

The law strictly requires that you may consider the testimony of the damages experts only if such testimony is relevant and reliable. If you find that the testimony of any of the damages experts is not relevant and reliable, you may not consider it in deciding the amount of the reasonable royalty.¹¹

To be relevant and reliable, the testimony of the expert must be "tied to the facts of the case" and not simply general testimony that does not relate to the industry at issue or the parties in the case. Furthermore, to be considered reliable, the expert must be expressing more than simply his own speculation or subjective belief. If you find that his testimony is based only on speculation, you may not consider it.¹²

Expert testimony is not reliable if the expert cannot connect the data upon which he relies to his testimony in a concrete way.¹³ An expert must have "good grounds" for his opinion, and

⁹ *Cornell Univ. v. Hewlett-Packard Co.*, 2008 U.S. Dist. LEXIS 41848, at *6 (S.D.N.Y. May 27, 2008); *Riles v. Shell Exploration & Prod. Co.*, 298 F.3d 1302, 1311 (Fed. Cir. 2002).

¹⁰ *Garretson v. Clark*, 111 U.S. 120, 121 (1884); *Suffolk Co. v. Hayden*, 70 U.S. 315, 319-20 (1865); *Mowry v. Whitney*, 81 U.S. 6230, 651 (1871).

¹¹ *See Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579, 589 (1993).

¹² *DSU Medical Corp. v. JMS Co., Ltd.*, 471 F.3d 1293, 1309 (Fed. Cir. 2006).

¹³ *General Elec. Co. v. Joiner*, 552 U.S. 136 (1997).

his opinion must be closely tied to the facts in a case.¹⁴ Even though the law recognizes that the damages expert may need to approximate in some instances, his testimony must be based on sound economics and facts.¹⁵

4.10 The Expert's Testimony Must Be Based on Data from the Appropriate Time Period

As I explained earlier, in determining a reasonable royalty, you are to consider a hypothetical negotiation between the licensor and licensee at the time when infringement first began. Therefore, it is important that the damages expert base his opinions on data from the right time period. If you find that the damages experts did not base their opinions on data from the right time period, it is not reliable, and you must not consider it.¹⁶ If you find that the Internet advertising industry was a rapidly developing industry between the time of the hypothetical negotiation and the time of the data the expert used, it is particularly important that you not consider the expert's testimony.¹⁷

4.11 Laches

Google, AOL, and Yahoo! argue that Bright Response should be prevented from collecting certain damages in this suit because Bright Response unreasonably delayed in filing suit. The doctrine of laches may bar certain damages if: (1) Bright Response delayed filing suit for an unreasonable and inexcusable length of time from the time Bright Response knew or reasonably should have known of its claims against Google, AOL, and Yahoo!, and (2) that the

¹⁴ *Daubert*, 509 U.S. at 590.

¹⁵ *Cornell Univ. v. Hewlett-Packard Co.*, 2008 U.S. Dist. LEXIS 41848, at *2 (S.D.N.Y. May 27, 2008) (citing *Riles v. Shell Exploration & Prod. Co.*, 298 F.3d 1302, 1311 (Fed. Cir. 2002)).

¹⁶ *Riles v. Shell Exploration & Prod. Co.*, 298 F.3d 1302, 1313 (Fed. Cir. 2002).

¹⁷ *See Integra Lifesciences I, Ltd. v. Merck KGaA*, 331 F.3d 860, 872 (Fed. Cir. 2003) (reversed on other grounds).

delay prejudiced or injured Google, AOL, and Yahoo!. A finding of laches precludes collection of damages for infringement prior to the filing of this lawsuit.

Although the question of whether laches applies is one that I will decide, I will ask for your findings so that I can consider them in making my decision. You should make determinations on this issue as you would for any other issue in this case because I will consider them seriously in making my determination.

In considering whether Bright Response's delay in filing suit was unreasonable, the period of time in question begins when the patent holder knew or should have known of the infringement and ends when Bright Response filed this lawsuit on August 27, 2007. The time cannot begin before the issuance of the patent. A delay may be excusable with an adequate justification, such as involvement in another litigation, involvement in negotiations with Google, AOL, and Yahoo! during the delay, poverty or illness, wartime conditions, involvement in a dispute over the ownership of the '947 patent, or minimal amounts of allegedly infringing activity during the delay.

To show material prejudice, Google, AOL, and Yahoo! must demonstrate a change of economic position or loss of evidence. Economic prejudice may arise if Google, AOL, and Yahoo! will suffer the loss of monetary investments or incur damages which likely would have been prevented by an earlier suit. This prejudice refers to a change in the economic position of Google, AOL, and Yahoo! during the period of delay, which would not have occurred had Bright Response sued earlier. Evidentiary prejudice may arise by reason of Google's, AOL's, or Yahoo!'s inability to present a full and fair defense on the merits due to the loss of documents or other records, the death of a witness, or the unreliability of memories of past events.

5. FINAL INSTRUCTIONS – DELIBERATION

Nothing that I may have said or done during the course of this trial is intended to indicate any view of mine as to which party should, or should not, win this case. As I instructed you previously, the jury is the sole judge of the credibility of the testimony and the weight to be given the evidence. These instructions are given to you as a whole, and you are not to single out one instruction alone as stating the law, but must consider the instructions as a whole. You have heard all of the evidence in the case and you have heard the argument of counsel. The court has given you the charge in this case.

In a few moments you will retire to the jury room, select one of your members to act as foreperson, and begin performing the function for which you have been chosen and for which you have been empanelled, in accordance with the oath you took as jurors. You will remember that at the beginning of the trial, the court admonished you not to discuss the case with each other until it was submitted to you. Now is the time for you to begin your discussion, and you certainly may express an opinion from the evidence that you have heard and use any reasonable means to persuade other members of the jury to your convictions and to your honest opinion. In the course of your deliberations, do not hesitate to reexamine your own views, and change your opinion if convinced it is erroneous. But do not surrender your honest conviction as to the weight or effect of the evidence, solely because of the opinion of your fellow jurors, or for the mere purpose of returning a verdict.

You are to reach a verdict which speaks the truth, and which does justice to all parties without favor, bias, or prejudice in any particular way, either for or against any party to this lawsuit. The law does not permit jurors to be governed by sympathy or prejudice. A corporation and all other persons, including the plaintiff and defendants in this case, are equal before the law and must be treated as equals in a court of justice.

The verdict must represent the considered judgment of each juror. In order to return a verdict, it is necessary that each juror agree thereto. Your verdict must be unanimous. As soon as you have reached a verdict, you will let this fact be known to the officer who will be waiting upon you and he will report to the court.

Your verdict will be in the form of Questions for you to answer. You will take these Questions to the jury room, and when you have reached a unanimous agreement as to your verdict, you will have your foreperson fill in, date, and sign the form and then advise the court Security Officer that you have reached a verdict. During your deliberations, you may have any of the exhibits which have been offered into evidence, and the court will send them to you upon written request.

If you desire further instructions, your foreperson may make this known in writing, and the court will try to comply with your wishes. All communications with the court must be in writing, but at no time should you indicate to the court or to anyone else how the jury is divided in answering any particular Question.

Any notes that you have taken during this trial are only aides to memory. If your memory should differ from your notes, then you should rely on your memory and not on the notes. The notes are not evidence. A juror who has not taken notes should rely on his or her independent recollection of the evidence and should not be unduly influenced by the notes of other jurors. Notes are not entitled to any greater weight than the recollection or impression of each juror concerning the testimony.

I now hand the Questions to the court Security Officer. You will follow him to the jury room, select one of your members as foreperson, and begin your deliberations.