

# **EXHIBIT A**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
TYLER DIVISION**

**BEDROCK COMPUTER  
TECHNOLOGIES LLC,**

**Plaintiff,**

**v.**

**YAHOO! INC.,**

**Defendant.**

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**CASE NO. 6:09-CV-269-LED**

**JURY TRIAL DEMANDED**

**FIRST AMENDED JOINT PROPOSED FINAL JURY INSTRUCTIONS<sup>1</sup>**

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<sup>1</sup>The Parties reserve the right to modify or amend these proposed instructions prior to the Court's charge conference if so warranted.

## 1. INITIAL INSTRUCTIONS<sup>2</sup>

### MEMBERS OF THE JURY:

You have heard the evidence in this case. I will now instruct you on the law that you must apply. It is your duty to follow the law as I give it to you. On the other hand, you the jury are the judges of the facts. Do not consider any statement that I have made during the trial or make in these instructions as an indication that I have any opinion about the facts of this case.

After I instruct you on the law, the attorneys will have an opportunity to make their closing arguments. Statements and arguments of the attorneys are not evidence and are not instructions on the law. They are intended only to assist you in understanding the evidence and the parties contentions.

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

Answer each question from the facts as you find them. Do not decide who you think should win and then answer the questions accordingly. Your answers and your verdict must be unanimous.

In determining whether any fact has been proved in this case, you may, unless otherwise instructed, consider the testimony of all witnesses, regardless of who may have called them, and all exhibits received in evidence, regardless of who may have produced them.

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<sup>2</sup>From the Court's Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); *VirnetX, Inc. v. Microsoft Corp.*, Civil Action No. 6:07-CV-80; *i4i Limited Partnership v. Microsoft Corp.*, Civil Action No. 6:07-CV-113; *Mass Engineered Design, Inc. v. Ergotron, Inc.*, Civil Action No. 2:06-CV-272; *z4 Tech., Inc. v. Microsoft Corp., et al.*, No. 6:06-CV-142.

## 1.1 CONSIDERING WITNESS TESTIMONY<sup>3</sup>

By the Court allowing testimony or other evidence to be introduced over the objection of an attorney, the Court did not indicate any opinion as to the weight or effect of such evidence. You the jurors are the sole judges of the credibility of all witnesses and the weight and effect of all evidence.

When the Court sustained an objection to a question addressed to a witness, you must disregard the question entirely, and may draw no inference from the wording of it or speculate as to what the witness would have testified to, if he or she had been permitted to answer the question.

At times during the trial it was necessary for the Court to talk with the lawyers here at the bench out of your hearing, or by calling a recess. We met because often during a trial something comes up that does not involve the jury. You should not speculate on what was discussed during such times.

In determining the weight to give to the testimony of a witness, you should ask yourself whether there was evidence tending to prove that the witness testified falsely concerning some important fact, or whether there was evidence that at some other time the witness said or did something, or failed to say or do something, that was different from the testimony the witness gave before you during the trial.

You should keep in mind, of course, that a simple mistake by a witness does not necessarily mean that the witness was not telling the truth as he or she remembers it, because people may forget some things or remember other things inaccurately. So, if a witness has made a misstatement, you need to consider whether that misstatement was an intentional falsehood or simply an innocent lapse

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<sup>3</sup>Adapted from the Court's Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010).

of memory; and the significance of that may depend on whether it has to do with an important fact or with only an unimportant detail.<sup>4</sup>

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<sup>4</sup>*Id.*

## 1.2 HOW TO EXAMINE THE EVIDENCE<sup>5</sup>

Certain testimony in this case has been presented to you through a deposition. A deposition is the sworn, recorded answers to questions asked a witness in advance of the trial. Under some circumstances, if a witness cannot be present to testify from the witness stand, the witness testimony may be presented, under oath, in the form of a deposition. Some time before this trial, attorneys representing the parties in this case questioned this witness under oath. This deposition testimony is entitled to the same consideration and is to be judged by you as to credibility and weight as if the witness had been present and had testified from the witness stand in court.

While you should consider only the evidence in this case, you are permitted to draw such reasonable inferences from the testimony and exhibits as you feel are justified in the light of common experience. In other words, you may make deductions and reach conclusions that reason and common sense lead you to draw from the facts that have been established by the testimony and evidence in the case.

The testimony of a single witness may be sufficient to prove any fact, even if a greater number of witnesses may have testified to the contrary, if after considering all the other evidence you believe that single witness.

There are two types of evidence that you may consider in properly finding the truth as to the facts in the case. One is direct evidence such as testimony of an eyewitness. The other is indirect or circumstantial evidence—the proof of a chain of circumstances that indicates the existence or nonexistence of certain other facts. As a general rule, the law makes no distinction between direct

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<sup>5</sup>Adapted from the Court's Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); *Soverain Software LLC v. Newegg Inc.*, Civil Action No. 6:07-CV-511 (E.D. Tex. April 30, 2010) (Dkt. No. 436) (adapted).

and circumstantial evidence, but simply requires that you find the facts from a preponderance of all the evidence, both direct and circumstantial.

### 1.3 EXPERT WITNESSES<sup>6</sup>

When knowledge of a technical subject matter may be helpful to the jury, a person who has special training or experience in that technical field is called an expert witness and is permitted to state his or her opinion on those technical matters. However, you are not required to accept that opinion. As with any other witness, it is up to you to decide whether to rely upon it.

In deciding whether to accept or rely upon the opinion of an expert witness, you may consider any bias of the witness, including any bias you may infer from evidence that the expert witness has been or will be paid for reviewing the case and testifying, or from evidence that he or she testifies regularly as an expert witness and that income from such testimony represents a significant portion of the expert's income.

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<sup>6</sup>Adapted from the Court's Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); *Soverain Software LLC v. Newegg Inc.*, Civil Action No. 6:07-CV-511 (E.D. Tex. April 30, 2010) (Dkt. No. 436) (adapted).



## **2. PROPOSED SUMMARY OF CONTENTIONS**

I will first give you a summary of each side's contentions in this case. I will then tell you what each side must prove to win on these issues.

Plaintiff Bedrock Computer Technologies LLC, referred to as "Bedrock," contends that the Defendant Yahoo! Inc. has in the past and presently infringes Bedrock's United States patent, Patent No. 5,893,120, known as the '120 Patent, by making, using, selling, and/or offering for sale in the United States computer equipment configured with or utilizing software based on Linux version 2.4.29, 2.4.31, 2.6.9, 2.6.18, 2.6.22, 2.6.27, and 2.6.29. Bedrock contends the infringement was willful. Bedrock is seeking damages for Yahoo!'s alleged infringement. Bedrock bears the burden of proving infringement, willfulness, and damages.

Yahoo! denies that its Linux servers infringe claims 1 and 2 of the '120 patent. In addition, Yahoo! contends that Bedrock's patent is invalid. In particular, Yahoo! contends that certain prior art that existed before the filing of the '120 patent renders the '120 patent invalid. Invalid patents cannot be infringed. Yahoo! bears the burden of proving that the asserted claims of the patent are invalid.

Your job is to decide whether the asserted claims of Bedrock's '120 Patent have been infringed and whether any of the asserted claims of those patents are invalid. Invalidity is a defense to infringement. Therefore, even though the United States Patent and Trademark Office has allowed the claims of Bedrock's '120 Patent, you, the jury, must decide whether the claims of the patents are invalid.

### 3. INSTRUCTION ON THE BURDEN OF PROOF<sup>7</sup>

As I told you at the beginning of the trial, in any legal action, facts must be proved by a required amount of evidence, known as the “burden of proof.” In this patent case there are two different burdens of proof that are used. The first is the preponderance of the evidence standard and the second is the clear and convincing standard. The burden of proof in this case is on Bedrock for some issues and on Yahoo! for others.

The “preponderance of the evidence” standard means that the evidence persuades you that a claim or defense is more likely true than not true.

The clear and convincing standard means that the evidence produces in your mind a firm belief or conviction as to the matter at issue. The clear and convincing standard requires greater proof than is necessary for the preponderance of the evidence standard.

Bedrock has the burden of proving infringement and damages by a preponderance of the evidence. Yahoo! has the burden of proving invalidity by a preponderance of the evidence. Bedrock has the burden of proving willfulness by clear and convincing evidence. Infringement and validity determinations are made on a claim-by-claim basis. As an issued United States patent, Bedrock’s ’120 Patent is presumed to be valid.

In determining whether any fact has been proved by a preponderance of the evidence, you may, unless otherwise instructed, consider the stipulations, the testimony of all witnesses regardless

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<sup>7</sup>Adapted from the Court’s Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); *Acqis LLC v. IBM*, Civil Action No. 6:09-CV-148 (E.D. Tex. Feb. 23, 2011); *VirnetX, Inc. v. Microsoft Corp.*, Civil Action No. 6:07-CV-80; *i4i Limited Partnership v. Microsoft Corp.*, Civil Action No. 6:07-CV-113; *Mass Engineered Design, Inc. v. Ergotron, Inc.*, Civil Action No. 2:06-CV-272; *z4 Tech., Inc. v. Microsoft Corp., et al.*, No. 6:06-CV-142.

of who may have called them, and all exhibits received in evidence regardless of who may have produced them.

## 4. MEANING OF THE CLAIM TERMS<sup>8</sup>

### 4.1 PATENT CLAIMS

At the beginning of the trial, I gave you some general information about patents and the patent system and a brief overview of the patent laws relevant to this case. I will now give you more detailed instructions about the patent laws that specifically relate to this case. If you would like to review my instructions at any time during your deliberations, they will be available to you in the jury room.

The claims of a patent are the numbered sentences at the end of the patent. The claims describe the invention made by the inventor and describe what the patent owner owns and what the patent owner may prevent others from doing. Claims may describe products or apparatus **[Yahoo! proposes: system]**, such as a machine or processes for making or using a product. In this case, Bedrock has asserted apparatus **[Yahoo! proposes: system]** claims in the '120 Patent.

Claims are usually divided into parts or steps, called “limitations” or “elements.” For example, a claim that covers the invention of a table may recite the tabletop, four legs, and the glue that secures the legs to the tabletop. In this example, the tabletop, legs, and glue are each a separate limitation of the claim.

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<sup>8</sup>Adapted from the Court’s Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010).

## 4.2 INSTRUCTIONS ON CONSTRUCTION OF THE CLAIMS<sup>9</sup>

In deciding whether or not an accused product or apparatus **Yahoo! proposes: system** does or does not infringe a patent claim, the first step is to understand the meaning of the words used in the patent claims. The meaning of the words in the patent claim is the same for both the infringement and the validity determinations.

It is my job as Judge to determine what the patent claims mean and to instruct you about that meaning. You must accept the meanings I give you and use those meanings when you decide whether or not the patent claims are infringed, and whether or not they are invalid. I have interpreted the meaning of some of the language in the patent claims involved in this case. My interpretation of those claims appears in your juror notebook. The claim language I have not interpreted for you in your juror notebook is to be given its ordinary and accustomed meaning as understood by one of ordinary skill in the field of technology.

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<sup>9</sup>Adapted from the Court's Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010).

### 4.3 OPEN-ENDED OR “COMPRISING” CLAIMS

The beginning, or preamble, of Claim 1 of the '120 Patent uses the word ‘comprising.’ “Comprising” means “including but not limited to” or “containing but not limited to.”<sup>10</sup> Thus, if you decide that an accused product includes all the requirements in that claim, the claim is infringed. This is true even if the accused instrumentality includes components in addition to those requirements.

For example, a claim to a table comprising a tabletop, legs, and glue would be infringed by a table that includes a tabletop, legs, and glue, even if the table also includes wheels on the table’s legs.<sup>11</sup>

**[Defendant proposes: Similarly, if you decide that a prior art product includes all the requirements in that claim, the claim is invalid. This is true even if the prior art product includes components in addition to those requirements. For example, a claim to a table comprising a tabletop, legs, and glue would be invalidated by a prior art table that includes a tabletop, legs and glue, even if the table also includes wheels on the table’s legs.]**

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<sup>10</sup>Adapted from the Court’s Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010).

<sup>11</sup>Adapted from the Court’s Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010).

#### 4.4 INDEPENDENT AND DEPENDENT CLAIMS<sup>12</sup>

Patent claims may exist in two forms, referred to as independent claims and dependent claims. An independent claim does not refer to any other claim of the patent. It is not necessary to look at any other claim to determine what an independent claim covers. Claim 1 of the '120 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, as well as the additional elements recited in the dependent claim itself. In this way, the claim "depends" on another claim. To determine what a dependent claim covers, it is necessary to look both at the dependent claim and the other claim or claims to which it refers. Claim 2 of the '120 patent is a dependent claim.

When analyzing the alleged infringement of any dependent claim asserted by Bedrock, you must consider all limitations of both the dependant claim and the independent claim from which it depends. If you find that claim 1 is not infringed, then you must also find that dependant claim 2 is not infringed. If you find that independent claim 1 is infringed, then you must separately determine whether dependent claim 2 is also infringed.

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<sup>12</sup>Adapted from the Court's Final Jury Instructions in *Soverain Software LLC v. Newegg Inc.*, Civil Action No. 6:07-CV-511 (E.D. Tex. April 30, 2010) (Dkt. No. 436) (adapted); *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010).

#### 4.5 MEANS-PLUS-FUNCTION CLAIMS<sup>13</sup>

All of the asserted claims in this case include “means-plus-function” limitations. These claims describe one or more “means” for performing a function, rather than describing the structure that performs the function. For example, let’s say that a patent describes a table in which the legs are glued to the tabletop. One way an inventor may claim the table is to require the tabletop, four legs, and glue between the legs and the tabletop. Another way to claim the table is to require the tabletop and the legs, but instead of stating “glue,” the inventor states a “means for securing the legs to the tabletop.” This second type of claim requirement is called a “means-plus-function” limitation. It describes a means for performing the function of securing the legs to the tabletop, rather than requiring the glue.

When a claim requirement is in means-plus-function form, it covers the structures described in the patent specification for performing the function stated in the claim and also any structure equivalent to the described structures. It does not cover any other structure. In the ’120 patent, structures corresponding to the means-plus-function limitations are found in the figures, the written words of the specification, and in the pseudocode. In my example, the claim covers a table using glue to secure the legs to the tabletop, as described in the patent, and any equivalent structure to glue that performs the function of securing the legs to the tabletop.

I have interpreted the meaning of the means-plus-function limitations in claims 1 and 2 of the ’120 Patent and identified the structures corresponding to the means-plus-function limitations. My interpretation of the means-plus-function limitations can be found in your juror notebook.

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<sup>13</sup>NJIP Model Patent Jury Instructions § 3.9 (2009) (adapted)



## 5. INFRINGEMENT

### 5.1 DETERMINING INFRINGEMENT<sup>14</sup>

Any person or business entity that, without the patent owner's permission, makes, uses, sells, or offers to sell a device that is covered by at least one claim of a patent, before the patent expires, infringes the patent. In this case, Bedrock asserts that Yahoo! has infringed claims 1 and 2 of the '120 patent. Bedrock has the burden of proving infringement by a preponderance of the evidence.

Only the claims of a patent can be infringed. You must consider each claim individually. You must compare each of the asserted claims, as I have defined them, to Yahoo!'s accused devices, and determine whether or not there is infringement. In order to prove infringement, Bedrock must prove that Yahoo!'s Linux servers include or perform each and every limitation of the claim.

**[Defendant proposes: If any one of Yahoo!'s Linux servers do not include or perform even a single limitation recited in a claim, then you must find that the device does not infringe that claim.]**

**[Bedrock proposes: This case involves claims written to cover an apparatus that is capable of performing certain recited functions. An apparatus may be found to infringe if it includes the means for performing the recited functions regardless whether that means is activated or utilized by the Defendant in any way.]<sup>15</sup><sup>16</sup> [Defendant proposes: In addition, when**

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<sup>14</sup>Court's Charge given in *Soverain Software LLC v. Newegg Inc.*, Case No. 6:07-CV-00511-LED (E.D. Tex. April 30, 2010) (Dkt. No. 436) (adapted).

<sup>15</sup>***Fantasy Sports Properties, Inc. vs. SportsLine.com, Inc.*, 287 F.3d 1108, 1118 (Fed. Cir. 2002).**

<sup>16</sup>**Yahoo! objects to this instruction as being an inaccurate or incomplete statement of law under the facts of this case.**

a patentee defines a claim term by reference to functional characteristics as opposed to mere capability, the patentee must show that the accused product actually performs the operation set forth in the claim and not merely that the accused product is capable of performing the operation.<sup>17</sup> In this case, Bedrock must show that Yahoo!’s Linux servers actually have “linked lists” with at least one record and that at least one record “automatically expires” in Yahoo!’s systems. Bedrock must also show that Yahoo!’s Linux servers actually perform the steps of “utilizing,” “identifying,” “accessing,” and “removing.”<sup>18</sup>

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<sup>17</sup> *ACCO Brands, Inc. v. ABA Locks Mfr. Co.*, 501 F.3d 1307 (Fed. Cir. 2007); *Typhoon Touch Techs. v. Dell, Inc., et al.*, No. 6:07-CV-00546, Dkt. No. 437 (E.D. Tex. 2009) (Davis, J.); see also *Finjin, Inc. v. Secure Computing Corp.*, 626 F.3d 1197, 1204 (Fed. Cir. 2010); *Authentex, Inc. v. EMC Corp., et al.*, 2:10-CV-01251 (C.D. Cal. Feb. 16, 2011).

<sup>18</sup> Bedrock objects to Defendant’s proposed instructions as inaccurate or incomplete statements of law under the facts of this case.

## 5.2 DIRECT INFRINGEMENT – LITERAL INFRINGEMENT<sup>19</sup>

You must decide whether Yahoo! has made, used, sold or offered for sale within the United States apparatus **[Yahoo! proposes: system]** or instrumentalities covered by one or more of claims 1 and 2 of Bedrock's '120 Patent. You must compare each claim to Yahoo!'s accused instrumentalities to determine whether every requirement of the claim is included in the accused instrumentality.

To prove literal infringement, Bedrock must prove by a preponderance of the evidence that Yahoo!'s accused instrumentality includes every requirement in a single claim of Bedrock's '120 Patent. If Yahoo!'s product or instrumentality omits any requirement recited in a claim of Bedrock's '120 Patent, Yahoo! does not infringe that claim. In making your determination, you must consider each claim separately, and each accused instrumentality separately.

For literal infringement, Bedrock is not required to prove that Yahoo! intended to infringe or knew of the '120 Patent.

**[Yahoo! proposes: Claims 1 and 2 of the '120 patent are claims directed to systems. For a patented system to be considered infringed because it is being used under the patent laws, a defendant must put the system as a whole into service. In determining that Yahoo! puts the patented system into service, you must find that Yahoo! exercised control over the system and benefitted from the use of the system.]**<sup>20</sup>

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<sup>19</sup>Adapted from the Court's Final Jury Instructions in *Acqis LLC v. IBM*, Civil Action No. 6:09-CV-148 (E.D. Tex. Feb. 23, 2011); *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); The National Jury Instruction Project, MODEL PATENT JURY INSTRUCTIONS, Instruction 3.2 (June 17, 2009).

<sup>20</sup>***Centillion Data Sys., LLC v. Qwest Commu'ns Int'l, Inc.*, 631 F.3d 1279, 1284-85 (Fed. Cir. 2011).**

**For you to find that Yahoo! infringes the '120 patent by using the patented systems, you must find that Yahoo! put the patented system as a whole into service, and controlled the system and benefitted from the use of the system obtained.]<sup>21</sup>**

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<sup>21</sup>**Bedrock objects to Defendant's proposed instructions because they are inaccurate and/or incomplete statements of law.**

### **5.3 DIRECT INFRINGEMENT BY “LITERAL INFRINGEMENT” OF SECTION 112, PARAGRAPH 6 CLAIM REQUIREMENTS**

Claims 1 and 2 include requirements that are in means-plus-function form.

A product or instrumentality meets a means-plus-function requirement of a claim if: (1) it has a structure or a set of structures that performs the identical function recited in the claim, and (2) that structure or set of structures is either identical or “equivalent” to one or more of the described sets of structures that are defined on the claim chart as performing the function of the functional limitation. If the product or instrumentality does not perform the specific function recited in the claim, the “means-plus-function” requirement is not met, and the product or instrumentality does not literally infringe the claim. Alternatively, even if the product or instrumentality has a structure or set of structures that performs the function recited in the claim but the structure or set of structures is not either identical or “equivalent” to one or more of the sets of structures that I defined for you on the chart as being described in the ’120 Patent and performing this function, the product or instrumentality does not literally infringe the asserted claim.

Two structures are equivalent if a person of ordinary skill in the art would consider the differences between them to be insubstantial for performing the required function. One way to determine this is to look at whether or not the accused structure performs the identical function in substantially the same way to achieve substantially the same result. Another way is to consider whether people of ordinary skill in the art believed that the structure of the accused product and the structure in the patent were interchangeable at the time the patent was issued by the PTO.<sup>22</sup>

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<sup>22</sup>National Model Jury Instruction Project, Model Patent Jury Instructions, Instruction 3.9 (June 17, 2009).

**[Defendant proposes: Structures are substantially different, not interchangeable, and cannot be equivalents if they are opposites of one another.<sup>23</sup><sup>24</sup>**

In order to prove direct infringement by literal infringement of a means-plus-function limitation, Bedrock must prove the above requirements are met by a preponderance of the evidence.

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<sup>23</sup> **See *Planet Bingo v. GameTech, Int'l*, 472 F.3d 1338, 1344 (Fed. Cir. 2006) (holding that under the doctrine of equivalents, “before” can never be equivalent to “after”); *Wleklinski v. Targus, Inc.*, 258 Fed. Appx. 325, 329-330 (Fed. Cir. 2007) (unpublished) (“As the district court found, the Targus strap, which has an auxiliary strap means composed of a single unitary material made of the same fabric, is the fundamental opposite of the claimed invention, in which the auxiliary strap means requires separate sections made of different materials. Likewise, a finding of infringement under the doctrine of equivalents would impermissibly vitiate claim limitations.” (citing *Freedom Seating Co. v. Am. Seating Co.*, 420 F.3d 1350, 1358 (Fed. Cir. 2005) (“[A]n element of an accused product or process is not, as a matter of law, equivalent to a limitation of the claimed invention if such a finding would entirely vitiate the limitation.”)); *Asyst Techs., Inc. v. Emtrak, Inc.*, 402 F.3d 1188, 1195 (Fed. Cir. 2005) (“To hold that “unmounted” is equivalent to “mounted” would effectively read the “mounted on” limitation out of the patent.”); *Zodiac Pool Care v. Hoffinger Indus.*, 206 F.3d 1408, 1416 (Fed. Cir. 2000) (“In sum, we agree with the district court that no reasonable jury could find that a stop which extends to the peripheral edge of a disk is equivalent to one that is “substantially inward” of the very same disk. To use the words of our decision in *Ethicon Endo-Surgery*, 149 F.3d at 1319, 47 U.S.P.Q. 2d (BNA) at 1278, we agree that the two stops are “not even close.”).**

<sup>24</sup> **Bedrock objects to this instruction as an inaccurate statement of law.**

### **5.3 [YAHOO! PROPOSES: INFRINGEMENT OF MEANS-PLUS-FUNCTION CLAIMS<sup>25</sup>**

**If any person makes, uses, sells, or offers to sell what is covered by the claims of a patent without the patent owner’s permission, that person is said to infringe the patent. This type of infringement is called direct infringement. A patent claim is directly infringed only if the accused system or method includes each and every element in that patent claim. If you find that the accused system includes each element or step of the claim, then that system infringes the claim even if such system contains additional elements or steps that are not recited in the claim. If the accused system does not contain one or more of the limitations recited in the claim, then that system or method does not directly infringe that claim.**

**As I mentioned earlier, Bedrock has asserted Claims 1 and 2 of the ’120 patent against Yahoo!. All of these claims are means-plus-function claims. To directly infringe these means-plus-function claims, Bedrock must show that Yahoo!’s accused Linux servers meet each and every limitation of those claims. To establish literal infringement of a claim that includes means-plus-function requirements, Bedrock must prove two things:**

- 1. the relevant structure in the accused device performs the identical function I identified; and**
- 2. the accused device performs the recited function through structure that is the same as or equivalent to the corresponding structure disclosed in the specification.<sup>26</sup>**

**A structure or set of structures may be found to be “equivalent” to one of the sets of structures I have defined as being described in the ’120 Patent if a person having ordinary skill**

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<sup>25</sup>**Court’s Charge given in *Soverain Software LLC v. Newegg Inc.*, Case No. 6:07-CV-00511-LED (E.D. Tex. April 30, 2010) (Dkt. No. 436) (adapted).**

<sup>26</sup>***Baran v. Medical Device Technologies, Inc.*, 2010-1058 (Fed. Cir.) (Aug. 12, 2010).**

**in the field of technology of the '120 Patent either would have considered the differences between them to be insubstantial at the time the '120 Patent issued or if that person would have found the structures performed the function in substantially the same way to accomplish substantially the same result. In deciding whether the differences would be “insubstantial,” you may consider whether a person having an ordinary level of skill in the field of technology of the patent would have known of the interchangeability of the two structures or sets of structures. Interchangeability itself is not sufficient; in order for the structures to be considered to be interchangeable, the interchangeability of the two structures must have been known to persons of ordinary skill in that art at the time the patent issued. The fact that a structure or a set of structures is known now and is “equivalent” is not enough. The structure or set of structures must also have been available at the time the '120 Patent issued.**

**In order to prove direct infringement by literal infringement of a means-plus-function limitation, Bedrock must prove the above requirements are met by a preponderance of the evidence.]**



## 6. WILLFUL INFRINGEMENT<sup>27</sup>

In this case, Bedrock argues that Yahoo! willfully infringed the claims of Bedrock's '120 Patent.

The issue of willful infringement relates to the amount of damages Bedrock is entitled to recover in this lawsuit if Yahoo! is found to infringe. If you decide that Yahoo! willfully infringed the claims of Bedrock's patent, then it is my job to decide whether or not to award increased damages to Bedrock. **[Bedrock proposes: You should not take this factor into account in assessing the damages, if any, to be awarded to Bedrock.<sup>29</sup>]**

To prove willful infringement, Bedrock must persuade you by clear and convincing evidence that Yahoo! acted with **[Yahoo! proposes: objectively]** reckless disregard of the claims of Bedrock's patent.<sup>29</sup> **[Yahoo! proposes: This means that Bedrock has the burden of proving that it is highly probable that Yahoo! willfully infringed the '120 patent. This is a significantly higher burden of proof than for infringement, which was proof by a preponderance of the evidence.]** To show "reckless disregard," Bedrock must satisfy a two-part test: the first concerns Yahoo!'s conduct, the second concerns Yahoo!'s state of mind.

When considering Yahoo!'s conduct, you must decide whether Bedrock has proven by clear and convincing evidence that Yahoo!'s conduct was reckless; that is, that Yahoo! proceeded with the allegedly infringing conduct with knowledge of the patent, and in the face **[Bedrock proposes:**

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<sup>27</sup>Adapted from the National Jury Instruction Project Model Patent Jury Instructions § 4.1 (June 17, 2009).

<sup>28</sup>**From the National Jury Instruction Project Model Patent Jury Instructions § 4.1 (June 17, 2009).**

<sup>29</sup>***In re Seagate Tech. LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007).**

of an unjustifiably high risk<sup>30</sup>) [Yahoo! proposes: of an unjustifiably high likelihood] that it was infringing [Bedrock proposes: the claims of a valid patent] [Yahoo! proposes: the patent and that the patent was valid]. Because that is an objective issue, the state of mind of Yahoo! is not relevant to it. [Bedrock proposes: Legitimate or credible defenses to infringement, even if ultimately not successful, demonstrate a lack of recklessness.<sup>31</sup>] [Yahoo! proposes: Legitimate or credible defenses, even if Yahoo! lost on those defenses at trial, demonstrate a lack of recklessness.]

[Yahoo! proposes: Only] If you conclude that Bedrock has proven that a Yahoo!'s conduct was [Yahoo! proposes: objectively] reckless, [Bedrock proposes: then you need to consider the second part of the test.] [Yahoo! proposes: do you need to consider the second part of the test.] [Yahoo! proposes: If you found Yahoo! to be objectively reckless,] You must decide whether Bedrock proved [Bedrock proposes: by clear and convincing evidence] [Yahoo! proposes: it is highly probable] that the unjustifiably high [Bedrock proposes: risk] [Yahoo! proposes: likelihood] of infringement was known or so obvious that it should have been known to Yahoo!. In deciding whether Bedrock satisfied the state-of-mind part of the test, you should consider all facts surrounding the alleged infringement including, but not limited to, the following:

1. whether Yahoo! acted in a manner consistent with the standards of commerce for its industry;
2. whether Yahoo! intentionally copied without a reasonable basis a product of Bedrock covered by one or more claims of the patent, [Bedrock proposes: as distinguished

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<sup>30</sup> From the National Jury Instruction Project Model Patent Jury Instructions § 4.1 (June 17, 2009).

<sup>31</sup> From the National Jury Instruction Project Model Patent Jury Instructions § 4.1 (June 17, 2009).

**from trying to “design around” the patent by designing a product that Yahoo! believed did not infringe those claims.]**

- 3. [Yahoo! proposes: whether or not Yahoo! made a good-faith effort to avoid infringing the patent, for example, whether Yahoo! tried to “design-around” the patent by designing a product that Yahoo! believed did not infringe those claims; and**
- 4. whether or not Yahoo! had a reasonable basis to believe that it did not infringe or had a reasonable defense, such as the patent was not valid.]**

## 7. INVALIDITY

### 7.1 INVALIDITY – GENERALLY<sup>32</sup>

Patent invalidity is a defense to patent infringement. Even though the Patent Office examiner has allowed the claims of a patent, you have the ultimate responsibility for deciding whether the claims of the patent are valid.

The issuance of a patent by the Patent Office provides a presumption that the patent is valid. From the issuance of the patent, it is presumed that a claimed invention is “novel,” “useful,” “not obvious,” and satisfies the other legal requirements for a valid U.S. patent. Each claim of a patent is presumed valid independently of the validity of the other claims.

In making your determination as to whether a patent claim is valid or invalid, you must consider each patent and each of the claims of a patent separately and individually, as you did when you considered whether the claim was infringed or not. If a preponderance of the evidence demonstrates that a claim in a given patent fails to meet the requirements of the patent laws, then that patent is invalid. However, if you find that one or more claims of a patent fails to meet the requirements of the patent laws, it does not necessarily mean that the remaining claims of that patent are also deficient or invalid.

The presumption of validity remains intact and the burden of proof remains on the party challenging validity, throughout this litigation. In other words, the burden of proof never shifts to the patent owner to prove that its patents are valid.<sup>33</sup>

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<sup>32</sup>From the Court’s Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010).

<sup>33</sup>From the Court’s Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010).

I will now instruct you on the invalidity issues you should consider.

## 7.2 ANTICIPATION—PUBLICLY USED OR KNOWN, OR PREVIOUSLY PUBLISHED<sup>34</sup>

Yahoo! contends that the asserted claims of the '120 Patent are invalid because the claimed invention is not new.

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, 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. Yahoo! must prove by a preponderance of the evidence that the claim was anticipated.

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, so that someone of ordinary skill in the relevant field 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 (necessarily) results from the 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 field of the invention.

Here is a list of the ways that Yahoo! can show that a patent claim was not new:

- if the claimed invention was already publicly known or publicly used by others in the United States before the date of invention of the '120 Patent.

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<sup>34</sup>Adapted from the Court’s Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); The National Jury Instruction Project, MODEL PATENT JURY INSTRUCTIONS, Instruction 5.6 (June 17, 2009).

- if the claimed invention was already patented or described in a printed publication anywhere in the world before the date of invention. To qualify as a prior art reference, a “printed publication” must be at least reasonably accessible to those interested in the field, even if it is difficult to find. 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 described in another published U.S. patent application or issued U.S. patent that was based on a patent application filed before the patent holder’s filing date of date of invention.

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

### 7.3 ANTICIPATION—MADE OR INVENTED BY SOMEONE ELSE<sup>35</sup>

Yahoo! contends that all asserted claims of the '120 Patent are invalid as anticipated because the invention was first made or invented by someone else.

If someone other than the named inventor made or invented the invention described in one or more such patent claims involved in this lawsuit, then each such claim was “anticipated” by the other invention, and each such claim is invalid. Yahoo! must prove by a preponderance of the evidence that each such claim was anticipated by the other invention.

Here are two ways that Yahoo! can show that a patent claim was not new because the invention described in such claim was first made by someone else:

*First*, if the claimed invention was already made by someone else in the United States before the date of invention of the '120 Patent if that other person had not abandoned the invention or kept it secret; and

*Second*, if Bedrock and Yahoo! dispute who is a first inventor, the person who first conceived of the claimed invention and who first reduced it to practice is the first inventor; if one person conceived of the claimed invention first, but reduced it to practice second, that person is the first inventor only if that person (a) began to reduce the claimed invention to practice before the other party conceived of it and (b) continued to work with reasonable diligence to reduce it to practice from a time just before the other party's conception.

If the invention of a patent claim was first made or invented by someone else as explained above, you must find the patent claim invalid.

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<sup>35</sup> **From The National Jury Instruction Project, MODEL PATENT JURY INSTRUCTIONS, Instruction 5.6 (June 17, 2009).**



## 7.4 ANTICIPATION–STATUTORY BARS<sup>36</sup>

Yahoo! may prove that claims 1 and 2 of the '120 Patent are invalid by showing by a preponderance of evidence that each such 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 date of the patent application.

Here is a list of ways Yahoo! can show that the '120 Patent is invalid due to a statutory bar:

- if the asserted claims of the '120 Patent were already patented or described in a printed publication anywhere in the world one year before the effective filing date of the '120 Patent, January 2, 1997.

A reference is a “printed publication” if it is reasonably accessible to those interested in the field, even if it is difficult to find. 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 asserted claims of the '120 Patent were already being publicly or commercially used in the United States one year before the effective filing date of the '120 Patent application, January 2, 1997, and that use was not primarily an experimental use controlled by the inventor to test whether the invention worked for its intended purpose.

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 field of the invention. 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

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<sup>36</sup>Adapted from the Court’s Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); The National Jury Instruction Project, MODEL PATENT JURY INSTRUCTIONS, Instruction 5.6 (June 17, 2009); 35 U.S.C. § 102(b) and (d); *Pfaff v. Wells Elec. Inc.*, 525 U.S. 55 (1998); *Schering Corp. v. Geneva Pharms.*, 339 F.2d 1373 (Fed. Cir. 2003).

enable someone of ordinary skill in the field 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 field of the invention.

If you find a patent claim failed to meet a statutory bar, you must find the patent claim invalid.

## 7.5 OBVIOUSNESS<sup>37</sup>

In this case, Yahoo! contends that all asserted claims of the '120 Patent are invalid as 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 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.

But 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 also be

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<sup>37</sup>Adapted from the Court's Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); The National Jury Instruction Project, MODEL PATENT JURY INSTRUCTIONS, Instruction 5.6 (June 17, 2009); 35 U.S.C. § 103; *KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398, 425-28 (2007); *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

found within the knowledge of a person with ordinary skill in the art including inferences and creative steps that a person of ordinary skill in the art would employ. Additionally, teachings, suggestions, and motivations may be found in the nature of the problem solved by the claimed invention, or any need or problem known in the field of the invention at the time of and addressed by the invention.

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

1. Whether Yahoo! has 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.

But you must be careful not to determine obviousness using hindsight; many true inventions can seem obvious after the fact. 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. Bedrock proposes: You should consider any difference or differences between the prior art and the claim requirements.<sup>38</sup>

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

- A. Factors tending to show non-obviousness:
  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.

You may consider the presence of any of the list factors A.1-7 as an indication that the claimed invention would not have been obvious at the time the claimed invention was made.

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<sup>38</sup>National Jury Instructions Project Model Patent Jury Instructions § 5.12.

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.

You may consider the presence of the factor B.1 as an indication that the claimed invention would have been obvious at such time. Although you should consider any evidence of this factor, the relevance and importance of it to your decision on whether the claimed invention would have been obvious is up to you.

Yahoo! must prove by a preponderance of the evidence that a claimed invention was obvious. If you find that a claimed invention was obvious as explained above, you must find that claim invalid.

## 7.6 LEVEL OF ORDINARY SKILL

Several times in my instructions I have referred to a person of ordinary skill in the field of the invention. It is up to you to decide the level of ordinary skill in the field of the invention. You should consider all of the evidence introduced at trial in making this decision, including:

1. the levels of education and experience of persons working in the field;
2. the types of problems encountered in the field; and
3. the sophistication of the technology.<sup>39</sup>

Bedrock contends that a person of ordinary skill in the art of the '120 Patent would have a Bachelor of Science degree in Computer Science, where the degree program requires extensive training and practice in computer programming.

Yahoo! contends that a person of ordinary skill in the art of the '120 Patent would have a Bachelor of Science degree in computer science or computer engineering, including practical experience writing computer programs, or the equivalent.

Because it is your determination to make, you need not adopt either Bedrock's or Yahoo!'s contention of the level of ordinary skill in the art.

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<sup>39</sup>Adapted from the Court's Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); National Jury Instructions Project Model Patent Jury Instructions § 5.12.

## 7.7 CORROBORATION OF ORAL TESTIMONY

Oral testimony alone is insufficient to prove prior invention or that something is prior art or that a particular event or reference occurred before the filing date of the patents-in-suit. A party seeking to prove prior invention or prior art also must provide evidence that corroborates any oral testimony, especially where the oral testimony comes from an interested witness, or a witness testifying on behalf of an interested party. This includes any individual or company testifying that his or its invention predates the patents-in-suit, and also includes a patent owner seeking to prove an earlier date of invention than the effective filing date stated on the face of the patent. Documentary or physical evidence that is made contemporaneously with the inventive process provides the most reliable proof that the testimony has been corroborated, but corroborating evidence may also consist of testimony of a witness, other than an inventor, to the actual reduction to practice or it may consist of evidence of surrounding facts and circumstances independent of information received from the inventor. If you find that the party has not corroborated the oral testimony with other evidence, you are not permitted to find that the subject of that oral testimony qualifies as prior art or supports a prior date of invention.<sup>40</sup>

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<sup>40</sup>Adapted from the Court's Final Jury Instructions in *Soverain Software LLC v. Newegg Inc.*, Case No. 6:07-CV-00511-LED (E.D. Tex. April 30, 2010) (Dkt. No. 436) (adapted); *VirnetX, Inc. v. Microsoft Corp.*, Civil Action No. 6:07-CV-80; *i4i Limited Partnership v. Microsoft Corp.*, Civil Action No. 6:07-CV-113; *Mass Engineered Design, Inc. v. Ergotron, Inc.*, Civil Action No. 2:06-CV-272.



## **8. DAMAGES**

### **8.1 DAMAGES<sup>41</sup>**

I will now instruct you on damages. If you find that Yahoo! has infringed one or more valid claims of the '120 Patent, you must determine the amount of money damages to which Bedrock is entitled. 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 the patent holder for the infringement, but it may not be less than a reasonable royalty.<sup>42</sup> Your damages determination must not include additional sums to punish Yahoo! or to set an example. You may award compensatory damages only for the loss that Bedrock proves was more likely than not caused by Yahoo!'s infringement.

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<sup>41</sup>Adapted from the Court's Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); The National Jury Instruction Project, MODEL PATENT JURY INSTRUCTIONS, Instruction 6.1 (June 17, 2009); 35 U.S.C. § 284.

<sup>42</sup>Adapted from the Court's Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); The National Jury Instruction Project, MODEL PATENT JURY INSTRUCTIONS, Instruction 6.1 (June 17, 2009); 35 U.S.C. § 284.

## 8.2 DAMAGES–BURDEN OF PROOF<sup>43</sup>

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

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<sup>43</sup>Adapted from the Court’s Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); The National Jury Instruction Project, MODEL PATENT JURY INSTRUCTIONS, Instruction 6.1 (June 17, 2009); 35 U.S.C. § 284; *Wechsler v. Macke Intern. Trade, Inc.*, 486 F.3d 1286, 1293-94 (Fed. Cir. 2007); *Union Carbide Chems. & Plastics Tech. Corp. v. Shell Oil Co.*, 425 F.3d 1366, 1372-73 (Fed. Cir. 2005); *State Contracting & Eng’g Corp. v. Condotte Am., Inc.*, 346 F.3d 1057, 1072 (Fed. Cir. 2003).

### 8.3 REASONABLE ROYALTY–DEFINITION<sup>44</sup>

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 negotiation between a patent holder and the infringer taking place just before the time when the infringing sales first began. In considering the nature of this negotiation, the focus is on what the expectations of the patent holder and infringer would have been had they entered into an agreement at that time and acted reasonably in their negotiations. However, you must assume that both parties believed the patent was valid and infringed. In addition, you must assume that the patent holder and 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. You may consider expert opinions as to what the amount of reasonable royalty should be.

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:

- Licenses or offers to license the patent at issue in this case
- 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

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<sup>44</sup>Adapted from the Court’s Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); the National Jury Instruction Project, MODEL PATENT JURY INSTRUCTIONS, Instruction 6.6 (June 17, 2009); 35 U.S.C. § 284; *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116 (S.D.N.Y. 1970).

- 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 products and earning it profit
- Alternatives to the patented technology and advantages provided by the patented technology relative to the alternatives
- The portion of the alleged infringer's profit that should be credited to the invention as distinguished from nonpatented features, improvements or contributions
- Any other economic factor that a normally prudent businessperson would, under similar circumstances, take into consideration in negotiating the hypothetical license.<sup>45</sup> <sup>46</sup>

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<sup>45</sup> Adapted from the Court's Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010); the National Jury Instruction Project, MODEL PATENT JURY INSTRUCTIONS, Instruction 6.6 (June 17, 2009); 35 U.S.C. § 284; *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116 (S.D.N.Y. 1970).

<sup>46</sup> Yahoo! objects to this instructions as omitting a number of *Georgia-Pacific* factors, e.g., established royalty, nature and scope of licenses, duration of patent and term of hypothetical license, and expert opinion.

#### **8.4 [YAHOO! PROPOSES: REASONABLE ROYALTY – FACTORS<sup>47</sup> <sup>48</sup>**

**In deciding what is a reasonable royalty, you may consider the factors that Bedrock and Yahoo! would consider in setting the amount Yahoo! should pay. I will list for you a number of factors you may consider. This is not every possible factor, but it will give you an idea of the kinds of things to consider in setting a reasonable royalty.**

- (1) Any royalties received by Bedrock or its predecessors for the licensing of the patents-in-suit, proving or tending to prove an established royalty.**
- (2) Any rates paid by Yahoo! found to infringe for the use of other patents comparable to the patents-in-suit.**
- (3) The nature and scope of the license, as exclusive or nonexclusive; or as restricted or unrestricted in terms of territory, or with respect to the parties to whom the product may be sold.**
- (4) Whether or not Bedrock or any of its predecessors had an established policy and marketing program to maintain its patent exclusivity by not licensing others to use the inventions or by granting licenses under special conditions designed to preserve that exclusivity.**
- (5) The commercial relationship between the licensor and licensee, such as whether they are competitors in the same territory and the same line of business.**
- (6) The effect of selling the patented inventions in promoting sales of other products or inventions of Yahoo! found to infringe; the existing value of the inventions to Bedrock as a generator of sales of its non-patented items; and the extent of such derivative or convoyed sales.**
- (7) The duration of the patent and the term of the hypothetical license.**
- (8) The established profitability of the inventions; their commercial success; and their current popularity.**

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<sup>47</sup>**Court’s Charge given in *Soverain Software LLC v. Newegg Inc.*, Case No. 6:07-CV-00511-LED (E.D. Tex. April 30, 2010) (Dkt. No. 436) (adapted).**

<sup>48</sup>**Bedrock objects to this instruction as duplicative of the factors in the previous instruction, which is taken from the National Jury Instruction Project Model Patent Jury Instructions, Instruction 6.6, in the Court’s example of patent jury instruction.**

- (9) The utility and advantages of the patented inventions over the old modes or devices, if any, that had been used for achieving similar results.**
- (10) The nature of the patented inventions, the character of the commercial embodiment of the inventions as owned and produced by Bedrock, and the benefits to those who have used the inventions.**
- (11) The extent to which Yahoo! found to infringe has made use of the patented inventions and any evidence that shows the value of that use.**
- (12) The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow for the use of the inventions or analogous inventions.**
- (13) The portion of the profits that is due to the patented inventions, as compared to the portion of the profit due to other factors, such as unpatented elements or unpatented manufacturing processes, or features or improvements developed by Yahoo! found to infringe.**
- (14) Expert opinions as to what a reasonable royalty would be.**
- (15) The amount that a licensor such as Bedrock and a licensee such as Yahoo! would have agreed upon if both parties had been reasonably and voluntarily trying to reach an agreement.**

**In addition, it is proper for you to consider any economic or business factors that normally prudent business people would, under similar circumstances, reasonably take into consideration in negotiating the hypothetical license.]**

## **8.5 [YAHOO! PROPOSES: REASONABLE ROYALTY – EXPERT OPINION]<sup>49</sup>**

**You may consider expert opinions as to what the amount of a reasonable royalty should be. However, 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 reasonable royalty.**

**Expert testimony is not reliable if the expert cannot connect the data upon which he relies to his testimony in a concrete way. An expert must have “good grounds” for his opinion, and his opinion must be closely tied to the facts in a case. 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 fact.**

**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.]<sup>50</sup>**

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<sup>49</sup> **AIPLA Guide to Model Patent Jury Instructions, § 21 (1998) (modified); *Riles v. Shell Exploration & Prod. Co.*, 298 F.3d 1302, 1311 (Fed. Cir. 2002); see also “Reasonable Royalty (Relevant Factors) *supra*.**

<sup>50</sup> **Bedrock objects to this instruction on the grounds that it is an anachronism and an incorrect statement of the law. The instruction does not appear in the current version of the AIPLA Model Patent Jury Instructions.**

## 8.6 DAMAGES LIMITATION - NON-INFRINGEMENT ALTERNATIVES

In determining a reasonable royalty, you may consider whether or not Yahoo! found to infringe had commercially acceptable non-infringing alternatives to taking a license from Bedrock that were available at the time of the hypothetical negotiation and whether that would have affected the reasonable royalty the parties would have agreed upon. **[Yahoo! proposes: A non-infringing alternative need not have been used to be acceptable.<sup>51</sup> The difference in cost between a non-infringing alternative and the infringing instrumentality may serve as the basis for, or a limit on, the reasonable royalty. Common sense dictates that if Yahoo! could avoid patent infringement by choosing a non-infringing alternative, the amounts, if any, that it would cost Yahoo! to choose and implement that alternative are a relevant consideration in how much Yahoo! would be willing to pay for a royalty.<sup>52</sup><sup>53</sup>**

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<sup>51</sup> See FCBA Model Patent Jury Instruction (Feb. 2010); *Grain Processing Corp. v. American-Maize Prod.*, 185 F.3d 1341, 1349 (Fed. Cir. 1999).

<sup>52</sup> See *Grain Processing Corp. v. American-Maize Prod.*, 185 F.3d 1341, 1349 (Fed. Cir. 1999) (rejecting challenge to royalty where difference in cost of using the infringing process and noninfringing alternative had “effectively capped the reasonable royalty award”); *Zygo Corp. v. Wyko Corp.*, 79 F.3d 1563, 1571 (Fed. Cir. 1996) (rejecting calculation of royalty rate that did not take into account “stronger position” of alleged infringer in hypothetical negotiation due to available non-infringing alternative); see also *Lindeman Maschinenfabrik GmbH v. American Hoist & Derrick Co.*, 895 F.2d 1403 (Fed. Cir. 1990) (affirming award of nominal damages); *Middleton v. Wiley*, 195 F.2d 844 (8th Cir. 1952) (ordering district court to enter award of 75 cents per day based on daily cost to use infringing equipment).

<sup>53</sup> **Bedrock objects to this instruction as an inaccurate and/or incomplete statement of the law.**



## **8.7 [YAHOO! PROPOSES: DAMAGES LIMITATION – DESIGN AROUND**

**In determining a reasonable royalty, you may consider whether or not Yahoo! had available to it, could have created, or did create an alternative design that does not infringe the patent, otherwise known as a design-around. The cost of obtaining or making the design-around may be relevant to how much Yahoo! would have agreed to pay in the hypothetical negotiation.]<sup>54</sup>**

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<sup>54</sup>**Bedrock objects to this instruction as an inaccurate or incomplete statement of the law that is likely to mislead or confuse the jury.**

## 9. INSTRUCTIONS FOR DELIBERATIONS<sup>55</sup>

You must perform your duties as jurors without bias or prejudice to any party. The law does not permit you to be controlled by sympathy, prejudice, or public opinion. All parties expect that you will carefully and impartially consider all the evidence, follow the law as it is now being given to you, and reach a just verdict, regardless of the consequences.

It is your sworn duty as a juror to discuss the case with one another in an effort to reach agreement if you can do so. Each of you must decide the case for yourself, but only after full consideration of the evidence with the other members of the jury. While you are discussing the case, do not hesitate to re-examine your own opinion and change your mind if you become convinced that you are wrong. However, do not give up your honest beliefs solely because the others think differently, or merely to finish the case.

Remember that in a very real way you are the judges—judges of the facts. Your only interest is to seek the truth from the evidence in the case. You should consider and decide this case as a dispute between persons of equal standing in community, of equal worth, and holding the same or similar stations in life. All persons, including corporations, and other organizations stand equal before the law, regardless of size or who owns them, and are to be treated as equals.<sup>56</sup>

When you retire to the jury room to deliberate on your verdict, you may take this charge with you as well as exhibits which the Court has admitted into evidence. Select your Foreperson and conduct your deliberations. If you recess during your deliberations, follow all of the instructions that the Court has given you about/on your conduct during the trial. After you have reached your

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<sup>55</sup>FIFTH CIRCUIT PATTERN JURY INSTRUCTIONS – CIVIL, § 3.1 General Instruction for Charge

<sup>56</sup>Adapted from the Court’s Final Jury Instructions in *Mirror Worlds, LLC v. Apple, Inc.*, Civil Action No. 6:08-CV-88 LED (E.D. Tex. Oct. 1, 2010).

unanimous verdict, your Foreperson is to fill in on the form your answers to the questions. Do not reveal your answers until such time as you are discharged, unless otherwise directed by me. You must never disclose to anyone, not even to me, your numerical division on any question.

Any notes that you have taken during this trial are only aids 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 about the testimony. If you want to communicate with me at any time, please give a written message or question to the bailiff, who will bring it to me. I will then respond as promptly as possible either in writing or by having you brought into the courtroom so that I can address you orally. I will always first disclose to the attorneys your question and my response before I answer your question.

After you have reached a verdict, you are not required to talk with anyone about the case unless the Court orders otherwise. You may now retire to the jury room to conduct your deliberations.