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

Anascape, Ltd., Plaintiff, v. Microsoft Corp., and Nintendo of America, Inc., Defendants.	Civil Action No. 9:06-cv-158-RC

PROPOSED PRELIMINARY JURY INSTRUCTIONS[1]

Members of the jury, you've now been sworn as the jury to try this case; and as the jury, you will decide the disputed questions of fact. Now, as the judge, I'll decide all questions of law and procedure; and from time to time during the trial and at the end of the trial, I'll instruct you on the rules of law that you must follow in making your decision. This is a patent case. The patent involved in this case is United States Patent Number 6,906,700. This may be referred to as the "'700 patent" or the "patent-in-suit." The owner of this patent is Anascape, Ltd.

The '700 patent relates to video game controllers. Generally, video game controllers are used to input controls for video games played on a television or computer screen.

During the trial the parties will offer testimony to familiarize you with this technology; and at the end of these instructions, we'll distribute a glossary of some of the technical terms to which the parties may refer during the trial.

[1] Taken in substantial part from those given in *TGIP v. AT&T et. al.* and *Computer Acceleration Corp. v. Microsoft Corp.* Where the wording of the jury instructions is disputed, the parties have indicated Anascape's proposed instructions in underline and Defendants' proposed instructions in *italic*.

Patents are issued by the United States Patent and Trademark Office, which is part of our government. The United States Patent and Trademark Office is sometimes called the "P.T.O." The government is authorized by the United States Constitution to enact patent laws and issue patents to protect inventions. Inventions that are protected by patents may be of products, compositions, or of methods for doing something, or for using or making a product or composition.

The owner of a patent has the right, for the life of the patent, to prevent others from making, using, offering for sale, or selling the invention covered by the patent. A patent is granted for a set period of time. During the term of the patent, if another person makes, uses, offers to sell, or sells something that is covered by the patent, without the patent owner's consent, that person is said to infringe the patent. Now, the patent owner enforces a patent against persons believed to be infringers in a lawsuit in a Federal court such as in this case.

To be entitled to patent protection, an invention must be new and nonobvious. A patent cannot legally take away from people their right to use that which is known, or that which was obvious from what was known, before the invention was made. That which was already known at the time of the invention is called prior art. You'll hear about prior art relating to the patent-in-suit during the trial, and I'll give you more instructions about what constitutes prior art at the end of the case.

Now, we're now going to watch a short video prepared by the Federal Judicial Center entitled "An Introduction to the Patent System." This is a 17-minute video designed to be shown to jurors in patent jury trials and contains important background information intended to help jurors understand what patents are, why they are needed, how the inventors get them, the role of the Patent and Trademark Office and why disputes over patents arise.

The clerk will now pass out to you a sample patent. It's not the one at issue in this case. It is just a very simple make-believe patent for a stool, so you can see what a patent looks like, and it may be discussed a little bit in this video.

Let's start the video, please.

[Video Presentation to the Jury, "An Introduction to the Patent System" prepared by the Federal Judicial Center.]

Now, the plaintiff Anascape contends that the defendant Microsoft makes, uses, offers to sell, or sells a product within the United States that infringes claims 12-15, 19-20, 22-23, and 32-33 of the '700 patent and that defendant Nintendo makes, uses, offers to sell, or sells a product within the United States that infringes claims 14, 16-20, 22-23, and 32-33 of the '700 patent.

Anascape has brought this case against two defendants, Microsoft and Nintendo. There is no allegation that these Defendants acted or conspired together in performing the accused actions. Each of the Defendants is entitled to have the allegations against it considered separately. Thus, you should consider the allegations against each Defendant and the defenses raised by each Defendant separately.

Anascape has the burden of proving that each defendant infringes the '700 patent by a preponderance of the evidence. This means that Anascape must show that it is more likely than not that that Defendants' accused product, or products, infringe.

[Anascape:[2] There are two ways in which a patent claim can be directly infringed. First, a claim could be literally infringed; second, a claim can be infringed under what's called the doctrine of equivalents.]

To determine [Anascape: literal] infringement, you are going to have to compare the accused products with each claim that Anascape asserts is infringed.

It will be my job to define the technical words in each claim. You'll have that list of definitions. You must follow my definitions as to the meaning of those terms. Now, a patent claim is literally infringed only if a defendant's product contains each and every element of that

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[2] [Anascape: Defendants wrongly assert that Anascape has "waived" its doctrine of equivalents case. Although Anascape intends on proving that Defendants literally infringe the patent-in-suit, the same evidence at trial may support a favorable finding under the doctrine of equivalents. *See also* Anascape's Response to Defendants' Motion in Limine.]

particular claim. You must determine literal infringement with respect to each patent claim individually.

[Anascape: You may find that a Defendant's product infringes a claim of the '700 patent even if every element or step of that claim is not present in a Defendant's product. But, to do so, you must find that there is an equivalent structure or step in a defendant's product for each structure or step of the patent claim that is not literally present in the product. This is called infringement under the doctrine of equivalents. Anascape has the burden of proving by a preponderance of the evidence that Defendants' products contain an equivalent of each element of the claimed invention that is not literally present if Anascape is going under the doctrine of equivalents.]

When a party has the burden of proof on any claim by a preponderance of the evidence, it means you must be persuaded by the evidence that the claim is more probably true than not true. You should base your decision on all the evidence, regardless of which party presented it.

Defendants deny that they are infringing the '700 patent. Defendants also contend that the '700 patent is invalid because the inventions in the '700 patent are described in one or more prior art references [Anascape:[3] and because the written description of the invention is not adequate] [*Defendants:[4] and that the application for the '700 patent does not comply with the statutory requirement to describe the claims as issued in the '700 patent.]* [Anascape:[5] [6] Now, a patent is presumed to be valid, but] Invalidity is a defense to

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[3] [Anascape: Anascape has inserted a written description defense statement in response to Defendants' comment below. Defendants' written description instruction is too detailed for the preliminary instructions.]

[4] *[Defendants: Anascape fails to include Defendants' written description defense in this summary of the invalidity defenses.]*

[5] [Anascape: Defendants argue that *KSR* overruled the statutory presumption of validity and the requirement that invalidity be proved by clear and convincing evidence. It did not, as this Court has recognized in its Order on Limitations of Trial Time: "The jury will be instructed

infringement. Therefore, even though the P.T.O. examiner allowed the claims of the '700 patent and even though a patent is presumed valid, you, the jury, have the ultimate responsibility for deciding whether the claims of the '700 patent are valid.

[Anascape:[7] Defendants bear the burden of proving invalidity by clear and convincing evidence.] *[Defendants:[8] Defendants normally bear the burden of proving invalidity*

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that it will make the decision as to invalidity claims based on the evidence admitted under the clear and convincing standard approved by the appellate courts." (Docket No. 219) This Court has instructed the jury on the statutory presumption of validity in *TGIP* (final jury instructions, p. 15) and *Finisar* (final jury instructions, p. 13). *See also U.S. Surgical Corp. v. Ethicon, Inc.*, 103 F.3d 1554, 1564 (Fed. Cir. 1997) ("The jury was correctly instructed on the presumption of validity, and that Ethicon bore the burden of proving invalidity by clear and convincing evidence.").]

6 *[Defendants: Defendants object to instructing the jury as to both the presumption of validity and the burden of proof. "[T]he presumption [of validity] is one of law, not fact, and does not constitute 'evidence' to be weighed against a challenger's evidence." Avia Group Int'l Inc. v. L.A. Gear Cal., Inc., 853 F.2d 1557, 1562 (Fed. Cir. 1988). Moreover, the presumption of validity and the defendant's burden of proof for proving validity are "in reality different expressions of the same thing—a single hurdle to be cleared." Am. Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1360 (Fed. Cir. 1984). Instructing the jury about both the presumption of validity and the Defendants' burden of proof will cause the jury to incorrectly believe that there are two hurdles that must be overcome in proving the invalidity of Anascape's patents. This is both incorrect and unduly prejudicial. See Chiron Corp. v. Genentech, Inc., 363 F.3d 12476, 1258-59 (Fed. Cir. 2004) (affirming District Court decision to instruct as to the burden of proof and not on the presumption of validity). The Federal Circuit Bar Association Model Jury instructions (see B.4.1), the AIPLA Model Jury Instructions (see 4.), and the N.D, Cal. Model Patent Jury Instructions (see B.4.1) all instruct only as to the burden of proof and do not mention the presumption of validity.]*

7 [Anascape: *See* n.5, *supra*.]

8 *[Defendants: Defendants object to all instruction applying the clear and convincing standard to validity determinations. The Supreme Court in KSR International Co. v. Teleflex Inc., 127 S.Ct. 1727, 1745 (2007) acknowledged the statutory presumption of validity and noted that the rationale for the presumption of validity "seems much diminished" where the PTO did not consider the issues raised by the defendant. While this does not eliminate the statutory presumption of validity that results in the Defendants bearing the burden of proof of invalidity, it does call into question the appropriateness of requiring a heightened "clear and convincing" standard of proof for defenses not considered by the PTO. Defendants acknowledge this Court's Order that "[t]he jury will be instructed that it will make the decision as to invalidity based on the evidence admitted under the clear and convincing standard approved by the appellate courts."*

by clear and convincing evidence. However, where Defendants present a defense or evidence that was not considered by the P.T.O. this burden is diminished and invalidity may be shown by a mere preponderance of the evidence.] Proof by clear and convincing evidence is a higher burden than by preponderance of the evidence, but it does not require proof beyond a reasonable doubt. [Anascape:[9] Clear and convincing evidence is evidence that shows that it is highly probable that the claims are invalid.] *[Defendants:[10] Clear and convincing evidence is evidence that shows that something is highly probable.]* Again, you should base your decision on all of the evidence, regardless of which party presented it.

We are about to commence the opening statements in the case. Opening statements are the statements of the lawyers intended to assist you in understanding the evidence. What the lawyers say is not evidence. And after the opening statements, the parties will present their evidence. After all the evidence is completed, I will instruct you on the applicable law. Then the lawyers will again address you to make final arguments, and then you'll retire to deliberate on a verdict.

After the opening statements, Anascape goes first in calling witnesses and presenting exhibits. These witnesses will be questioned by Anascape's counsel in what is called direct examination. After the direct examination of a witness is completed, the opposing sides have an opportunity to cross-examine the witness. After Anascape has presented its witnesses, each defendant will call its witnesses, who will also be examined and cross-examined.

(Docket No. 219, at 1-2). However, Defendants must raise this issue here to assure that their rights are preserved for appeal.]

[9] [Anascape: The discussion here concerns clear and convincing evidence in the context of invalidity. Therefore, tying the "highly probable" language to the invalidity of claims is appropriate.]

[10] *[Defendants: For the reasons stated in Defendants' previous footnote, they object to applying the clear and convincing standard to proof that claims are invalid.]*

The parties may present the testimony of a witness by reading from his or her deposition transcript or playing a videotape of the witness' prior deposition testimony. A deposition is the sworn testimony of a witness taken before trial and it is entitled to the same consideration as if the witness had testified at trial.

The following things are not evidence, and you must not consider them as evidence in deciding the facts of this case: one, statements and arguments of the attorneys; two, questions and objections of the attorneys; three, testimony that I instruct you to disregard; and, four, anything you may see or hear when the Court is not in session, even if what you see or hear is done or said by one of the parties or one of the witnesses. In other words, the evidence you are to consider is evidence that comes from that stand and from exhibits that I admit into Court, not from any other source.

What is evidence? The evidence you are to consider in deciding what the facts are consists of: one, the sworn testimony of any witness; two, the exhibits which are received into evidence; and, three, any facts to which the lawyers stipulate.

Evidence may be direct or circumstantial. Direct evidence is direct proof of a fact, such as testimony by a witness about what that witness personally saw or heard or did. Circumstantial evidence is proof of one or more facts from which you could find another fact. You should consider both kinds of evidence. The law makes no distinction between the weight to be given to either direct or circumstantial evidence. It is for you to decide how much weight to give to any evidence.

The evidence is often introduced somewhat piecemeal. So you, as jurors, need to keep an open mind as the evidence comes in. Wait until all of the evidence comes in before you make any decision. In other words, keep an open mind throughout the entire trial. It is going to be up to you to decide which witness to believe, which witness not to believe, and how much of any witness' testimony to accept or reject. In making these decisions, I suggest that you ask yourself a few questions: Does the person impress you as honest? Does the witness have any particular reason not to tell the truth? Does the witness have a personal interest in the outcome

of the case? Does the witness have any relationship with either the plaintiff or the defendants? Does the witness seem to have a good memory? Did the witness clearly see or hear the things about which he or she is testifying? Does the witness have the opportunity and ability to understand the questions clearly and answer them directly? Does the witness' testimony differ from the testimony of other witnesses? These are a few of the considerations that will help you determine the accuracy of what each witness has said.

At times during the trial, a lawyer may make an objection to a question asked by another lawyer or to an answer by a witness. This simply means the lawyer is requesting I make a decision on a particular rule of law. Do not draw any conclusion from such objections or from my rulings on the objections. These relate to legal questions that I have to determine and should not influence your thinking. If I sustain an objection to the question, the witness may not answer it. Do not attempt to guess what the answer might have been if I had allowed the question to be answered. Similarly, if I tell you not to consider a particular statement, you should put that statement out of your mind. You may not refer to that statement in your later deliberations. That's hard to do. Don't think of pink elephants. Immediately, you think of them. But if I say do not consider something, then you need to put it out of your mind. Don't consider it later on. If an objection is overruled, treat the answer like any other.

During the course of the trial, I may ask a question of a witness. That's different than in state court. The judges there don't ask questions. If I do that, it doesn't indicate I have any opinion about the facts in the case. It's probably that I am just trying to make sure the record is clear so any other court or judge who wants to look at it can see exactly what was going on. I may be asking the lawyers or the witnesses to be clear about an exhibit they are talking about or something else.

Nothing I say or do should lead you to believe that I have any opinion about the facts nor should it be taken as indicating what your verdict should be. Now, during the trial I may have to interrupt the proceedings to confer with the attorneys about the rules of law which should apply here. Sometimes we'll talk up here at the bench. Sometimes these conferences

may take time so, as a convenience to you, I'll excuse you from the courtroom. I'll try to avoid such interruptions as much as possible, and I'll try to keep them short. I will have told the lawyers that if they think there is going to be a long conference, that needs to be done before we start in the morning, after we're finished in the evening or at lunchtime, not when you are in the box. But please be patient even if the trial seems to be moving slowly. Conferences outside your presence are sometimes unavoidable.

I'm going to say a few words about your conduct as jurors. During the course of the trial, don't talk with any witness or with any of the lawyers in the case. Please don't talk with them about any subject at all. And you may be unaware of the identity of everyone connected with the case; so, to avoid even the appearance of impropriety, do not engage in any conversation with anyone in or about the courtroom or the courthouse other than, of course, the gentlemen in the blue blazers.

Mr. _____, will you please stand? The court security officers, you can see they've got the badge. They are here to help you and get you to the jury room and so forth. You can talk with them or with my Deputy Clerk, but do not talk with anybody else. We actually had to have a mistrial declared because a juror was seen talking to a key witness. It might have just been about the weather, but who is going to trust that? So, don't talk with people around the courthouse, please. It is best that you remain in the jury room during breaks in the trial and don't linger in the halls. In addition, during the course of the trial, don't talk about the trial with anyone else, not your family, not your friends, not the people with whom you work. Don't call your friend the engineer or the scientist or the college professor and ask about patent law or video game controllers or anything like that. You're going to get the evidence right here and the exhibits in this courtroom. Don't go talking to anybody else about it or get on the net and try to research it. Now, you'll also understand if you're going down the hall and the lawyers aren't friendly to you it's because they have the same rules that you do. They are not allowed to talk to you. And believe me, if someone was to report to me a lawyer was talking to a juror, there would be all kinds of trouble for that lawyer. They can't. So, if you happen to wind up in

the hall or elevator together, you'll understand. They're not being rude; they're just not allowed to talk to you.

Don't discuss the case, even among yourselves back in the jury room, until I've instructed you on the law and you've gone to the jury room to make your decision at the end of the trial. Otherwise, without realizing it, you may start forming opinions before the trial is over; and that's not fair because you're going to hear one side's evidence first. You need to wait until you hear all of the evidence and hear my instructions before you make up your mind. Let me add that during the course of the trial, you will receive all the evidence you properly may consider to decide the case. And as I said before, don't try to do research on your own.

Now that the trial has begun, you must not read about it in the newspapers or watch or listen to television or radio reports of what is happening here. If you happen to see something on T.V. or hear on the radio or happen to see something in the paper, do not read or listen to it. I don't think that's likely to happen here, but if it does do not read it or listen to it. The reason for all these rules, as I'm certain you will understand, is that your decision in this case must be made solely on the evidence presented at trial.

As we go through the trial, I want you to remember four basic rules: One, you are the judges of the facts. I will explain to you the rules of law that apply in this case, and I also will give you definitions of the terms in the patent claims. You must follow my explanation of the law and the definitions I give you, whether you agree with me or not. Two, the only evidence you may consider will be testimony, exhibits, and stipulations admitted in this courtroom. Do not do any outside reading or research. Three, do not talk about this case, even among yourselves, until after my final instructions. And, four, do not let anybody else talk to you or question you about the case.

At this time I'm going to distribute the juror notebooks. In the notebook which you have is a copy of, at the front is the '700 patent. Then there is an area there for instructions, and you'll get those at the end of the trial. That's why it's left blank. In the next section that says "claims" is the actual written claims. What those are is a copy of the claims from the

patent. The same language is in the patent, but I put it out here in large print so it is easier for you to read. Those patents are written in tiny print. The claims that you have there in that claim section are the claims that the counsel and the witnesses will be talking about during the trial. The next section after that is "definitions," and these are claim phrases that are in those various claims. And then next to them is the definitions that I have given you, and those are the definitions you will use. If you want to know what "active tactile feedback" means, for example, there is your definition. Then there is a column that tells you where in the claims or what claim that definition is used. The next to last section we have is a glossary of patent terms in general. Some of those you heard on the video. Some of them you haven't heard yet. This way you will have a way of looking them up if something comes up and you have forgotten what it was. And then, finally, at the end is a stipulation of uncontested facts; and these are facts that you can take as given in this particular case. So, the lawyers and the witnesses don't have to put on evidence of this. These are things that are uncontested.

By the way, you can take notes. There is a notebook there for each of you, and there should be a pen or a pencil; and, so, you can take notes during the trial if you wish. I would encourage you not to get so taken up with note-taking that you miss what some witness is saying because a lot of times you can tell whether the witness is telling the truth by watching how he or she talks. If you've got your head buried in the notebook, you may miss it.

At this time we are going to have the opening arguments of counsel. Since plaintiff has the burden of proof in most areas, plaintiff can go first.

Go ahead, counsel.

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was filed electronically in compliance with Local Rule CV-5(a) on April 18, 2008. As such, this notice was served on all counsel who have consented to electronic service. Local Rule CV-5(a)(3)(A).

/s/ Steven Callahan
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