

No. _____

In the Supreme Court of the United States

LEADER TECHNOLOGIES, INC.,
Petitioner,

v.

FACEBOOK, INC.,
Respondent.

*On Petition for Writ of Certiorari to the
United States Court of Appeals for the Federal Circuit*

PETITION FOR WRIT OF CERTIORARI

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APPENDIX A

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

2011-1366

[Filed May 8, 2012]

LEADER TECHNOLOGIES, INC.)
Plaintiff-Appellant,)
)
v.)
)
FACEBOOK, INC.)
Defendant-Appellee,)

)

Appeal from the United States District Court for the District of Delaware in Case No. 08-CV-0862, Judge Leonard P. Stark

DARYL L. JOSEFFER, King & Spalding, LLP, of Washington, DC, argued for plaintiff-appellant. With him on the brief was ADAM CONRAD. Of counsel on the brief were PAUL J. ANDRE and LISA KOBIALKA, Kramer Levin Naftalis & Frankel, LLP, of Menlo Park, California.

THOMAS G. HUNGAR, Gibson, Dunn & Crutcher, LLP, of Washington, DC, argued for defendant-appellee. With him on the brief were

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Before LOURIE, MOORE, and WALLACH, *Circuit Judges*. LOURIE, *Circuit Judge*.

Leader Technologies, Inc. (“Leader”) appeals from the district court’s final judgment in favor of Facebook, Inc. (“Facebook”). The judgment follows a jury trial in which the jury found that Facebook proved that claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31, and 32 (the “asserted claims”) of Leader’s U.S. Patent 7,139,761 (“the ‘761 patent”) were invalid under 35 U.S.C. § 102(b). After trial, the district court denied Leader’s motion for judgment as a matter of law or, in the alternative, for a new trial on the invalidity issues. *Leader Techs., Inc. v. Facebook, Inc.*, 770 F. Supp. 2d 686 (D. Del. 2011). Because substantial evidence supports the jury’s verdict that Leader offered for sale and publicly demonstrated the claimed invention prior to the critical date and because the district court did not abuse its discretion in denying Leader’s motion for a new trial, we *affirm*.

BACKGROUND

I.

This patent case relates to software that allows users on a network to communicate and collaborate on a large scale. Leader, a software company founded in the late 1990s, owns the ‘761 patent. Prior to filing the

application that issued as the ‘761 patent in December, 2003, Leader developed a product referred to as Leader2Leader®, and the central issue in this appeal is whether the Leader2Leader® product that was publicly used and on sale prior to December 10, 2002 fell within the scope of the asserted claims, thus rendering them invalid under 35 U.S.C. § 102(b).

The ‘761 patent discloses a system that manages data that may be accessed and created by multiple users over a network. Broadly, the patent improves upon conventional systems by associating data “with an individual, group of individuals, and topical content, and not simply with a folder, as in traditional systems.” ‘761 patent, col.3 ll.29–31.

The system achieves this improvement by having users collaborate and communicate through “boards” that are accessible through an Internet browser and appear as a webpage. For example, a board for a project might allow users affiliated with the project to set up meeting sessions with other users, *id.* col.15 ll.19–33, upload and share files, *id.* col.16 ll.54–64, vote on questions posted on the board, *id.* col.15 ll.46–49, or chat with other users, *id.* col.17 ll.39–56.

To facilitate those user-facing functions, the data management system employs metadata. *Id.* col.9 ll.50–61. The metadata are “tagged” to data being created to capture the association between the data and its context. *Id.* col.9 ll.53–56. By tagging the data to a particular context, the system allows users to access the data to communicate and collaborate. Thus, “[a]s users create and change their contexts, the data (e.g.,

files) and applications automatically follow.” *Id.* col.7 ll.46–49.

The ‘761 patent’s claims are drawn to aspects of the data management system that enable users to collaborate and communicate. Claim 9, reproduced below, is exemplary of the asserted claims:

9. A computer-implemented method of managing data, comprising computer-executable acts of:

creating data within a user environment of a web-based computing platform via user interaction with the user environment by a user using an application, the data in the form of at least files and documents;

dynamically associating metadata with the data, the data and metadata stored on a storage component of the web-based computing platform, the metadata includes information related to the user, the data, the application, and the user environment;

tracking movement of the user from the user environment of the web-based computing platform to a second user environment of the web-based computing platform; and

dynamically updating the stored metadata with an association of the data, the application, and the second user environment wherein the user employs at

least one of the application and the data from the second environment.

Id. col.21 ll.38–58. In relation to the Leader2Leader® product, Leader’s founder, Michael McKibben, testified that the ‘761 patent’s claims cover the “underlying engine,” J.A. 25585–86, which is referred to as Digital Leaderboard®, *Leader*, 770 F. Supp. 2d at 717.

The relevant case history begins in 1999. In August of that year, McKibben and Jeffrey Lamb conceived the invention claimed in the patent. Immediately after conceiving the idea, the inventors began developing software based on that idea with the goal of building a commercial product. In total, about fifteen to twenty people worked on the project. According to Lamb, Leader completed the project within “a couple of years . . . [m]aybe three,” *i.e.*, probably the “2002ish time frame.” J.A. 24829.

Around that time, Leader offered the Leader2Leader® product for sale and demonstrated the product to a number of companies. In January 2002, Leader presented a white paper to people at the Wright-Patterson Air Force Base offering 20,000 software licenses to the Leader2Leader® product. In the paper, Leader stated that it was “already commercializing” the product for “government, commerce and education,” J.A. 27203, and that the platform was “operational now with low user volumes,” J.A. 27207. Leader also represented that the Digital Leaderboard® software supplied under the Leader2Leader® brand had been “[f]ully developed.” J.A. 27204.

The white paper also discussed the functionality of Leader2Leader® powered by the Digital Leaderboard® system. The paper described the problem with the communications “glass ceiling,” in which data are aggregated into “silos,” and explained that Leader had “discovered and fixed a plethora of serious shortcomings and flaws in prevailing platform assumptions about mere aggregation vs. true integration of communications technologies.” J.A. 27202. Leader attached to the paper a sample “Big Board” that depicted analyst collaboration and information flow between various agencies and stated that the “Input & Display Collaboration Devices” for the system included a “Browser.” J.A. 27210.

In November 2002, McKibben demonstrated the Leader2Leader® software to senior staff members at Boston Scientific, a demonstration that he described as “flawless.” J.A. 34694. According to Leader’s Vice President of Technologies, to support its clinical trials communications, Boston Scientific needed “a very secure system” to support “full document management functions” and “collaborative meetings/conferences,” among other functionality. J.A. 34694. He summarized that “in a nutshell” Boston Scientific was looking for Leader2Leader®. J.A. 34694.

By December 8, 2002, Leader had demonstrated and offered Leader2Leader® to a number of other companies, including American Express and The Limited. In its interaction with The Limited, Leader described Leader2Leader® as the company’s “full suite of technology services,” J.A. 34692, and explained that the software had “potentially strong fits” in managing project resources and allowing collaboration, among

other areas, J.A. 27221. Regarding American Express, according to McKibben, the head of technology architecture at American Express described the Leader2Leader® product as “disruptive technology” that will “create its own market.” J.A. 34692. After seeing the software, American Express put on hold its collaborative computing initiative and was considering investing in Leader. J.A. 27216, 34692. McKibben similarly described Leader’s prospects as requiring functionality such as “knowledge management,” “new product design collaboration,” “client collaboration,” and “file sharing.” J.A. 27215–16.

At the same time, Leader was struggling financially and was eager to obtain Leader2Leader® customers. By December 3, 2002, Leader had deferred employee salaries and was facing an economic climate in which raising short term financing “ha[d] never been harder.” J.A. 27215. McKibben explained to Leader’s employees that a contract from Boston Scientific, The Limited, or American Express, among others, would change Leader’s valuation position with institutional investors. Indeed, according to McKibben, the “most significant factor” that would improve Leader’s negotiating position in valuation discussions was “the acquisition of ‘marquee’ paying customers.” J.A. 27216. At that time, Leader also enlisted its prospects’ executives to help it obtain venture capital funding. However, although Leader and the general economy faced “rocky financial times,” McKibben explained that “[t]he bottom line is that we have built the product we said we would build” and that Leader was making every effort to sell that product in the marketplace. J.A. 27217.

Leader filed a provisional patent application on December 11, 2002. On December 10, 2003, Leader filed an application that issued as the ‘761 patent.

II.

In 2008, Leader sued Facebook in the United States District Court for the District of Delaware, alleging infringement of various claims of the ‘761 patent. During discovery, Facebook served an interrogatory that asked Leader to identify all products and services that it contended practiced the claims of the ‘761 patent. Leader provided two responses that were at issue during the litigation. In its First Supplemental Response, Leader asserted that “Leader2Leader® powered by the Digital Leaderboard® engine is covered by the ‘761 patent.” *Leader*, F. Supp. 2d at 717. Thereafter, Leader amended its response to more specifically state that “Leader2Leader® powered by the Digital Leaderboard® engine is the only product or service provided by Leader which embodies, either literally or under the doctrine of equivalents, any of the asserted claims” of the ‘761 patent. *Id.* McKibben verified those interrogatory responses.

Facebook also deposed McKibben. In his deposition, McKibben could not identify any iteration of the Leader2Leader® product that did not fall within the scope of the claims of the ‘761 patent, testifying that “[t]hat was a long time ago. I – I can’t point back to a specific point.” *Id.* at 719.

The interrogatory responses and McKibben’s deposition testimony were a focus at trial. At trial, McKibben testified that the interrogatory and Leader’s

responses, by employing the present tense, were directed at whether Leader2Leader® practiced the ‘761 patent’s claims in 2009. McKibben also testified at trial that the Leader2Leader® product powered by the Digital Leaderboard® engine was covered by the asserted claims in 2007 and 2010, but not prior to December of 2002. Specifically, McKibben testified at trial that he “vividly remember[ed]” that the patented technology was not incorporated into the Leader2Leader® product “until days before” the December 11, 2002 filing of the provisional patent application. J.A. 25708–09; *see also Leader*, 770 F. Supp. 2d at 722 n.16. On cross-examination, Facebook played McKibben’s inconsistent deposition testimony before the jury.

After the parties argued their positions to the jury, the jury returned a verdict in favor of Facebook on the onsale and public use bars. First, the jury specifically found that the ‘761 patent was not entitled to the priority date of the provisional patent application, a finding that Leader does not challenge on appeal. The jury also specifically found that the asserted claims of the ‘761 patent were invalid on two independent grounds: (1) that the invention was subject to an invalidating sale; and (2) that the invention was subject to an invalidating public use.

The district court thereafter denied Leader’s post-trial motions for judgment as a matter of law or, in the alternative, for a new trial. Specifically, regarding whether the Leader2Leader® product embodied the asserted claims prior to the critical date, the district court concluded that McKibben’s discredited trial testimony coupled with the

interrogatory responses were sufficient evidence to support the jury's verdict of invalidity. *Leader*, 770 F. Supp. 2d at 716–22. In addition, the court pointed to Leader's offering of the Leader2Leader® product in the 2001 to 2002 time period as evidence supporting the jury's verdict. *Id.* at 722 n.16. Finally, after exercising its own assessment of the evidence, the court concluded that the jury's invalidity verdict was not against the great weight of the evidence. *Id.* at 727.

The district court entered judgment against Leader, from which it timely appealed. We have jurisdiction under 28 U.S.C. § 1295(a)(1).

DISCUSSION

I.

We apply the law of the regional circuit, here the Third Circuit, to review the district court's denial of Leader's motion for judgment as a matter of law or for a new trial. *Union Carbide Chem. & Plastics Tech. Corp. v. Shell Oil Co.*, 308 F.3d 1167, 1182, 1188 (Fed. Cir. 2002). Under Third Circuit law, we review *de novo* the denial of a motion for judgment as a matter of law, viewing the record in the light most favorable to the verdict winner and drawing all reasonable inferences in its favor. *Eddy v. V.I. Water & Power Auth.*, 369 F.3d 227, 230 (3d Cir. 2004). Under this review, “[a] court must not weigh evidence, engage in credibility determinations, or substitute its version of the facts for the jury’s.” *Pitts v. Delaware*, 646 F.3d 151, 155 (3d Cir. 2011). Instead, we may reverse the district court's denial of a motion for judgment as a matter law only if “the record is critically deficient of that minimum

quantity of evidence from which a jury might reasonably afford relief.” *Trabal v. Wells Fargo Armored Serv. Corp.*, 269 F.3d 243, 249 (3d Cir. 2001) (quoting *Powell v. J.T. Posey Co.*, 766 F.2d 131, 133–34 (3d Cir. 1985)).

We review the denial of a new trial for an abuse of discretion. *Foster v. Nat’l Fuel Gas Co.*, 316 F.3d 424, 429–30 (3d Cir. 2003). Considered “extraordinary relief,” *Marra v. Phila. Housing Auth.*, 497 F.3d 286, 309 n.18 (3d Cir. 2007), a new trial should be granted only if the great weight of the evidence cuts against the verdict and “where a miscarriage of justice would result if the verdict were to stand,” *Sheridan v. E.I. DuPont de Nemours & Co.*, 100 F.3d 1061, 1076 (3d Cir. 1996) (en banc). However, unlike a sufficiency of the evidence claim, a court in the motion for a new trial context “does not view the evidence in the light most favorable to the verdict winner, but instead exercises its own judgment in assessing the evidence.” *Marra*, 497 F.3d at 309 n.18.

Under 35 U.S.C. § 102(b), a patent is invalid if “the invention was . . . in public use or on sale in this country” more than one year prior to the date the patent application is filed. “Whether a patent is invalid for a public use or sale is a question of law, reviewed *de novo*, based on underlying facts, reviewed for substantial evidence following a jury verdict.” *Adenta GmbH v. OrthoArm, Inc.*, 501 F.3d 1364, 1369 (Fed. Cir. 2007). One of those underlying facts is “whether the subject of the barring activity met each of the limitations of the claim, and thus was an embodiment of the claimed invention.” *Scaltech Inc. v. Retec / Tetra, L.L.C.*, 178 F.3d 1378, 1383 (Fed. Cir. 1999); *see also*

Juicy Whip, Inc. v. Orange Bang, Inc., 292 F.3d 728, 736–37, 738 (Fed. Cir. 2002). Because we presume that an issued patent is valid, 35 U.S.C. § 282, the party challenging the validity of a patent must prove by clear and convincing evidence that the product used or on sale prior to the critical date was embodied by the claimed invention, *Juicy Whip*, 292 F.3d at 736–37, 738.

II.

In this case, Leader does not contest that a Leader2Leader® product was offered for sale and publicly used prior to December 10, 2002, the critical date. Nor, for the purposes of the on-sale bar, does Leader contest that the invention was “ready for patenting” prior to the critical date. *See Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 67–68 (1998). Instead, Leader argues that Facebook failed to offer clear and convincing evidence that the version of Leader2Leader® offered for sale or used prior to December 10, 2002 fell within the scope of the asserted claims. Specifically, Leader argues that Facebook failed to offer any evidence, such as expert testimony, source code, or schematics, to prove when Leader incorporated the patented technology into the Leader2Leader product. Indeed, Leader argues that the only evidence at trial was testimony that showed that Leader did not use or offer for sale the invention until after the critical date. Leader asserts that even if the jury found that testimony incredible, incredible testimony is not affirmative evidence of its opposite, *viz.*, that the invention was on sale or used prior to the critical date. Thus, argues Leader, Facebook failed as a matter of law to prove invalidity by clear and convincing

evidence. In the alternative, Leader argues that the district court abused its discretion in denying its request for a new trial because the verdict of invalidity was against the great weight of the evidence.

Facebook responds that the district court properly entered judgment on the jury's verdict of invalidity. Specifically, Facebook points to Leader's internal documents and correspondence to potential customers, Leader's interrogatory responses, and testimony by co-inventors Lamb and McKibben. Facebook also argues that the jury was permitted to weigh McKibben's lack of credibility against Leader in rendering a verdict. Thus, in light of this evidence, Facebook argues that the district court properly denied Leader's motion for judgment as a matter of law or for a new trial.

We agree with Facebook that legally sufficient evidence supported the jury's verdict that the version of Leader2Leader® demonstrated and offered for sale prior to the critical date was an embodiment of the asserted claims. Contrary to Leader's arguments, the record is not devoid of the minimum quantity of evidence to support the jury's verdict. First, Leader admitted in its interrogatory responses that Leader2Leader® powered by the Digital Leaderboard® engine "embodies" the asserted claims of the '761 patent. *Leader*, 770 F. Supp. 2d at 717. Leader argues that, by employing the present tense, its admissions were limited to only the instance of the Leader2Leader® powered by the Digital Leaderboard® engine that existed at the time Leader served its responses on Facebook. But Leader did not qualify its interrogatory responses in that manner. The responses

did not specify any date ranges nor did they identify versions or builds of the software—information that Leader appears to have tracked, J.A. 25761. Indeed, consistent with a broader reading of Leader’s responses untethered to the precise moments in which they were served, McKibben contended at trial that the Leader2Leader® powered by the Digital Leaderboard® engine not only fell within the scope of the asserted claims in 2009 when Leader served its responses, but also in 2007, before the lawsuit was initiated, and in 2010 during the trial. *Leader*, 770 F. Supp. 2d at 718. Moreover, in his deposition, McKibben could not identify a single instance of Leader2Leader® that did not fall within the scope of the ‘761 patent’s claims. *Id.* at 719.

Coupled with Leader’s admission, the record contains legally sufficient evidence linking the pre-critical date software to the software that Leader admitted fell within the scope of the asserted claims. In its offer to Wright-Patterson in January 2002, Leader offered for sale the exact software product that Leader admitted fell within the scope of the asserted claims—the Digital Leaderboard® engine supplied under the Leader2Leader brand—and described that software as “fully developed” and “operational.” J.A. 27204, 27207. Like Leader’s admissions, Leader did not identify a specific build or version of the software in the offer for sale. Moreover, in the offer, Leader depicted the fully developed system as powering a browser-accessible “Big Board” that allows analysts and agencies to collaborate and share information, J.A. 27210, a disclosure that matches the embodiments of the ‘761 patent in material respects, *e.g.*, ‘761 patent fig. 15, col.5 ll.14–17 (depicting a “screenshot of a

management tool window of a browser used as a user interface to facilitate user interaction with meeting information in accordance with the present invention”). This description is consistent with Leader’s other pre-critical date documents, which describe the software as facilitating the same type of user interaction described in the ‘761 patent’s embodiments, such as document management, *id.* col.4 ll.24–31, collaborative meetings, *id.* col.15 ll.19–33, and file sharing, *id.* col.16 ll.54–64. Those documents also state that, by December 3, 2002, Leader had “flawless[ly]” demonstrated the software, J.A. 34694, which contained the company’s “full suite of technology services,” J.A. 34692, and had been “built,” J.A. 27217.

In addition to Leader’s contemporaneous documents, Lamb’s trial testimony supports the jury’s finding that the Leader2Leader® product powered by the Digital Leaderboard® engine that was on sale and demonstrated prior to the critical date fell within the scope of the asserted claims. In particular, Lamb testified that, after conceiving the invention in August 1999, Leader immediately started to implement the patented technology and completed the project within “a couple of years . . . [m]aybe three.” J.A. 24829.

Finally, regarding the jury’s decision to discredit McKibben’s trial testimony that the pre-critical date Leader2Leader® did not fall within the scope of the asserted claims, we generally agree with Leader that “[n]ormally,” a witness’s “discredited testimony is not considered a sufficient basis for drawing a contrary conclusion.” *Bose Corp. v. Consumers Union of U.S., Inc.*, 466 U.S. 485, 512 (1984). However, as recounted above, the record contains substantial evidence that

the Leader2Leader® product that was on sale and in public use prior to the critical date fell within the scope of the asserted claims. At a minimum, McKibben's lack of credibility fortifies that conclusion and provides an independent basis for disbelieving his factual assertions.

In upholding the verdict, we recognize that as a general matter a computer scientist can easily modify and change software code and that two versions of the same software product may function differently. But, in this case, Leader fails to point to any contemporaneous evidence in the record that indicates that the Leader2Leader® powered by the Digital Leaderboard® engine that existed prior to the critical date was substantively different from the post-critical date software; indeed, the evidence points in the opposite direction. As for McKibben's testimony that Leader was constantly revising the software and just completed the final version right after the pre-critical date demonstrations and offers for sale, the jury was entitled to disbelieve such a transparently convenient assertion in light of all of the evidence before them. On appeal, we cannot reweigh the evidence or supplant the record. We are bound by the record developed below, viewed in the light most favorable to Facebook, and can only reverse the verdict if the record is critically deficient of the minimum quantity of evidence from which the jury might have reasonably rendered a verdict against Leader. *Trabal*, 269 F.3d at 249. Even if we may have reached a different verdict had we sat on the jury, it is not our role as an appellate court to overturn the jury's verdict when it was supported by substantial evidence.

Similarly, we agree with Facebook that the district court did not abuse its discretion in denying Leader's motion for a new trial. Facebook relied almost exclusively on Leader's own admissions to prove invalidity and those documents, on their face, do not support Leader's position. Thus, it was not in error to conclude that the verdict was not against the great weight of the evidence. Moreover, Leader fails to cogently explain on appeal why upholding the verdict would result in a miscarriage of justice.

CONCLUSION

We have considered Leader's remaining arguments and conclude that they are without merit. For the foregoing reasons, the judgment of the district court is

AFFIRMED

APPENDIX B

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

Civil Action No. 08-862-LPS

[Filed March 28, 2011]

LEADER TECHNOLOGIES, INC.,)
a Delaware corporation,)
Plaintiff-Counterdefendant,)
v.)
)
FACEBOOK, INC.,)
a Delaware corporation,)
Defendant-Counterclaimant.)

**ORDER FOR ENTRY OF FINAL JUDGMENT
UNDER FED. R. CIV. P. 54(b)**

For the reasons discussed at the March 23, 2011 hearing and set forth in papers and arguments presented by the parties, and the Court finding that there is no just reason to delay entry of final judgment as to fewer than all claims, and that there is no unfair prejudice to the parties,

IT IS HEREBY ORDERED AND ADJUDGED that final judgment be and is hereby entered pursuant to Federal Rule of Civil Procedure 54(b) on the First

Cause of Action in the Complaint for infringement of U.S. Patent No. 7,139,761 and Facebook's counterclaim for declaratory judgment as to invalidity of U.S. Patent No. 7,139,761. This Final Judgment shall include the jury's verdict entered on July 28, 2010, the Court's disposition of pre-trial and post-trial motions, and all findings, rulings, and orders of the Court made before entry of this Final Judgment pertaining to the First Cause of Action and Facebook's counterclaim for declaratory judgment as to invalidity of U.S. Patent No. 7,139,761, including without limitation: in favor of Leader Technologies, Inc. and against Facebook, Inc., that Facebook, Inc. literally infringes Claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31, and 32 of U.S. Patent No. 7,139,761 ("asserted claims"), that the asserted claims are not invalid due to anticipation or obviousness due to the Swartz, iManage, Hubert, or Ausems prior art references, and that the asserted claims are not indefinite; and in favor of Facebook, Inc. against Leader Technologies, Inc. that Facebook, Inc. does not infringe the asserted claims under the doctrine of equivalents, that Facebook does not infringe the asserted claims by contributory infringement or inducement, that Facebook does not control or direct the accused actions of Facebook end users or Facebook employees, that U.S. Provisional Patent Application No. 60/432,255 does not fully disclose each and every element of any asserted claim, and that the asserted claims are invalid under the on-sale bar and prior public use defenses.

IT IS FURTHER ORDERED AND DECREED that this Final Judgment under Fed. R. Civ. P. 54(b) does not include Facebook, Inc.'s defense and counterclaim

20a

for unenforceability of U.S. Patent No. 7,139,761 based
on inequitable conduct.

March 28, 2011
Date

/s/ _____
Hon. Leonard P. Stark

APPENDIX C

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

Civil Action No. 08-862-LPS

[Filed March 14, 2011]

LEADER TECHNOLOGIES, INC.,)
a Delaware corporation,)
 Plaintiff and Counterdefendant,)
v.)
)
FACEBOOK, INC.,)
a Delaware corporation,)
 Defendants and Counterclaimant.)
_____)

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March 14, 2011
Wilmington, Delaware

/s/ _____
Stark, District Judge:

This action was brought by Plaintiff Leader Technologies, Inc. (“Leader”) against Defendant Facebook, Inc. (“Facebook”) alleging that Facebook’s website, available at www.facebook.com, infringes claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31, and 32 of U.S. Patent No. 7,139, 761 (the “761 patent”). A seven-day jury trial was held, and the jury returned a verdict finding that Facebook literally infringed each asserted claim of the ‘761 patent, but did not control or direct either its employees or its end users. The jury also concluded that the ‘761 patent was not invalid based on anticipation and obviousness, but was invalid based on the on sale bar and public use bar. Following the jury’s verdict, Facebook filed four Renewed Motions For Judgment As A Matter Of Law (D.I. 628,629,630, 631) and completed briefing on a Motion For Summary Judgment Of Invalidity Of Claims 1, 4, 7, 21, 23, 25,31 And 32 Of U.S. Patent No. 7,139,761 [Summary Judgment Motion No. 1] (D.I. 382) in accordance with the Court’s instructions. In addition, Leader filed one Renewed Motion For Judgment As A Matter Of Law Or A New Trial (D.I. 626).

For the reasons discussed, Facebook's Renewed Motion For Judgment As A Matter Of Law Of No Indirect Infringement (D.I. 630) will be granted and Facebook's remaining Motions will be denied to the extent they seek judgment as a matter of law and denied as moot to the extent they seek a new trial. In addition, Leader's Renewed Motion For Judgment As A Matter Of Law Or A New Trial (D.I. 626) will be denied.

LEGAL STANDARDS

I. Motion For Judgment As A Matter Of Law

To prevail on a renewed motion for judgment as a matter of law following a jury trial, the moving party "must show that the jury's findings, presumed or express, are not supported by substantial evidence or, if they were, that the legal conclusions implied [by] the jury's verdict cannot in law be supported by those findings." *Pannu v. Iolab Corp.*, 155 F.3d 1344, 1348 (Fed. Cir. 1998) (quoting *Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888, 893 (Fed. Cir. 1984)); accord *Price v. Delaware Department of Correction*, 40 F. Supp. 2d 544, 549 (D. Del. 1999). In assessing the sufficiency of the evidence, the court must give the non-moving party, "as [the] verdict winner, the benefit of all logical inferences that could be drawn from the evidence presented, resolve all conflicts in the evidence in his favor, and in general, view the record in the light most favorable to him." *Williamson v. Consolidated Rail Corp.*, 926 F.2d 1344, 1348 (3d Cir.), *reh'g en banc denied*, 1991 U.S. App. LEXIS 16758 (3d Cir. 1991); see also *Perkin-Elmer Corp.*, 732 F.2d at 893. The court may not evaluate the

credibility of the witnesses, may not weigh the evidence, and may not substitute its view of the evidence for the jury's view. *See Price*, 40 F. Supp. 2d at 550. Rather, the court must determine whether the evidence reasonably supports the jury's verdict. *See Dawn Equip. Co. v. Kentucky Farms, Inc.*, 140 F.3d 1009, 1014 (Fed. Cir. 1998); *Gomez v. Allegheny Health Servs. Inc.*, 71 F.3d 1079, 1083 (3d Cir. 1995) (describing standard as "whether there is evidence upon which a reasonable jury could properly have found its verdict"); 9A Wright & Miller, *Federal Practice & Procedure* § 2524 at 249-66 (3d ed. 1995) ("The question is not whether there is literally no evidence supporting the party against whom the motion is directed, but whether there is evidence upon which the jury properly could find a verdict for that party.").

II. Motion For A New Trial

In pertinent part, Federal Rule of Civil Procedure 59(a) provides:

A new trial may be granted to all or any of the parties and on all or part of the issues in an action in which there has been a trial by jury, for any of the reasons for which new trials have heretofore been granted in actions at law in the courts of the United States.

Among the most common reasons for granting a new trial are: (1) the jury's verdict is against the clear weight of the evidence, and a new trial must be granted to prevent a miscarriage of justice; (2) newly discovered evidence exists that would likely alter the outcome of

the trial; (3) improper conduct by an attorney or the court unfairly influenced the verdict; or (4) the jury's verdict was facially inconsistent. *See Zarow-Smith v. New Jersey Transit Rail Operations*, 953 F. Supp. 581, 584 (D.N.J. 1997).

The decision to grant or deny a new trial is committed to the sound discretion of the district court. *See Allied Chemical Corp. v. Darjlon, Inc.*, 449 U.S. 33, 36 (1980); *Olefins Trading, Inc. v. Han Yang Chern. Corp.*, 9 F.3d 282 (1993) (reviewing district court's grant or denial of new trial motion under deferential "abuse of discretion" standard). However, where the ground for a new trial is that the jury's verdict was against the great weight of the evidence, the court should proceed cautiously, because such a ruling would necessarily substitute the court's judgment for that of the jury. *See Klein v. Hollings*, 992 F.2d 1285, 1290 (3d Cir. 1993).

Although the standard for grant of a new trial is less rigorous than the standard for grant of judgment as a matter of law in that the court need not view the evidence in the light most favorable to the verdict winner, a new trial should only be granted where "a miscarriage of justice would result if the verdict were to stand," the verdict "cries out to be overturned," or where the verdict "shocks [the] conscience." *Williamson*, 926 F.2d at 1352; *see also Price*, 40 F. Supp. 2d at 550.

DISCUSSION**I. Facebook's Renewed Motion For Judgment As A Matter Of Law Of No Direct Infringement (D.I. 628) [Motion No. 1 of 4]****A. Parties' Contentions**

By its Motion, Facebook contends that the asserted claims of the '761 patent can only be infringed by Facebook through the combination of actions by Facebook and its end users. At trial, the jury concluded that Leader did not establish, by a preponderance of the evidence, that Facebook "controls or directs the actions of Facebook end users and/or Facebook employees." (D.I. 610, Question #3) As a result of the jury's finding on this specific question and in light of Federal Circuit case law, Facebook contends that it is entitled to judgment as a matter of law on the issue of direct infringement.

In response, Leader contends that Facebook's Motion rests on the erroneous application of the standard for joint infringement. According to Leader, it asserted joint infringement as an alternative theory of liability with respect to only the method claims (claims 9, 11, and 16) of the '761 patent. Because sufficient evidence supports the jury's verdict that Facebook directly infringed the method claims of the patent on its own accord, without regard to the actions of its end users or employees, Leader maintains that application of the joint infringement theory is not relevant to support the jury's verdict on the method claims. As for the system and computer-readable media claims (claims 1, 4, 7, 21, 23, 25, 31, and 32), Leader

contends that it never advanced a joint theory of infringement, because that theory only applies to method claims. Leader maintains that the system and computer-readable media claims are product claims and, therefore, do not require user performance.

Accordingly, Leader contends that the jury's verdict that Facebook directly infringes the '761 patent should be upheld, and Facebook's Motion should be denied.

B. Legal Principles For Direct Infringement

"[D]irect infringement requires a single party to perform every step of a claimed method." *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 2010 WL 5151337 (Fed. Cir. Dec. 20, 2010). Liability for direct infringement cannot be avoided by having someone else carry out one or more of the claimed steps. *See BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1378-79 (Fed. Cir. 2007). Thus, liability for direct infringement may be established under a joint infringement theory. As the Federal Circuit has explained:

[W]here the actions of multiple parties combine to perform every step of a claimed method, the claim is directly infringed only if one party exercises "control or direction" over the entire process such that every step is attributable to the controlling party, i.e., the "mastermind." . . . At the other end of this multi-party spectrum, mere "arms-length cooperation" will not give rise to direct infringement by any party.

Muniauction, Inc. v. Thomson Corp., 532 F.3d 1318, 1329 (Fed. Cir. 2008) (internal citations omitted).

C. Whether Facebook Is Entitled To Judgment As A Matter Of Law Of No Direct Infringement

Reviewing the jury's verdict in the light most favorable to Leader, as the verdict winner, the Court concludes that sufficient evidence exists to support the jury's verdict that Facebook alone performed each and every element of the asserted method claims (claims 9, 11 and 16) for purposes of establishing direct infringement. In full, independent claim 9 recites:

A computer-implemented method of managing data, comprising computer-executable acts of:

creating data within a user environment of a web-based computing platform via user interaction with the user environment by a user using an application, the data in the form of at least files and documents;

dynamically associating metadata with the data, the data and metadata stored on a storage component of the web-based computing platform, the metadata includes information related to the user, the data, the application, and the user environment;

tracking movement of the user from the user environment of the web-based computing

platform to a second user environment of the web-based computing platform; and

dynamically updating the stored metadata with an association of the data, the application, and the second user environment wherein the user employs at least one of the application and the data from the second environment.

(emphasis added)

According to Facebook, the underlined elements require user interaction, while the remaining elements describe operations performed by a “web-based computing platform.” Thus, Facebook maintains that at least two actors are required to infringe claim 9. In the Court’s view, however, Facebook’s reading of the claim fails to consider its full context. As recited in the preamble, the method asserted in claim 9 is comprised of “computer-executable acts.” Thus, there is no requirement of user interaction recited in the claim. Rather, claim 9 claims the back-end process performed by the source code. *See Fantasy Sports Props., Inc. v. Sportline.com, Inc.*, 287 F.3d 1108, 1118 (Fed. Cir. 2002) (“[A]lthough a user must activate the function programmed into a piece of software by selecting those options, the user is only activating means that are already present in the underlying software.”).

At trial, Leader presented sufficient evidence to demonstrate that Facebook’s source code performs each element of the claimed method. As to the “creating data” step highlighted by Facebook, Leader presented substantial evidence that the system creates a data file

containing a copy of the data being uploaded. Similarly, Leader presented substantial evidence that the source code performs the dynamically updating step. Leader's expert, Dr. Vigna, testified extensively regarding these issues and engaged in a detailed step-by-step analysis of the manner in which the source code carries out the claimed methods. The jury was free to credit Dr. Vigna's testimony over the contrary testimony of Facebook's expert. Accordingly, the Court concludes that sufficient evidence was presented to sustain the jury's verdict that Facebook directly infringes claim 9, the independent method claim and, therefore, that Facebook also directly infringes dependent method claims 11 and 16.

As for the remaining system and computer-readable media claims (claims 1, 4, 7, 21, 23, 25, 31, and 32), the Court concludes that Facebook's joint infringement argument is irrelevant. The Court instructed the jury on the alternate theory of joint infringement only with respect to the asserted method claims of the '761 patent. (Tr. 1923:21-1924:2 ("For Facebook to be liable for the acts of third parties, Leader must have proven, by a preponderance of the evidence, that Facebook controls or directs the activity of those parties who perform the steps *of the method claims.*") (emphasis added); D.I. 601 (Final Jury Instructions) at 28 (same)) Consistent with this instruction, the verdict sheet framed the question of direction or control as applying only to method claims 9, 11 and 16. (D.I. 610 (Verdict) at 2)

Facebook points out that it objected to limiting the control or direction question to claims 9, 11, and 16, and contends that Federal Circuit case law applies the

control or direction requirement to both method and system claims. In support of its argument, Facebook directs the Court to *Golden Hour Data Sys., Inc. v. emsCharts, Inc.*, 614 F.3d 1367 (Fed. Cir. 2010), for the proposition that “the Federal Circuit in *Golden Hour* recently affirmed judgment as a matter of law in favor of an accused infringer as to both method and system claims when, as here, the plaintiff failed to show ‘control or direction.’” (D.I. 632 at 5) In the Court’s view, however, *Golden Hour* does not support Facebook’s position. As the Federal Circuit explained in *Golden Hour*, the parties agreed to submit the asserted claims to the jury “only on a joint infringement theory.” 614 F.3d at 1381. As a result, the Federal Circuit recognized that the jury’s finding of infringement could be sustained only if there was control or direction. In this case, Leader limited application of its joint theory of infringement to the asserted method claims as an alternative argument. Moreover, Federal Circuit case law suggests that the expansion of liability arising from joint infringement more often applies to method claims, rather than system claims. *See Muniauction, Inc.*, 532 F.3d at 1329 (holding that “where the actions of multiple parties combine to perform every step of a claimed method, the claim is directly infringed only if one party exercises ‘control or direction’ over the entire process”) (emphasis added); *Akamai Technologies, Inc.*, 2010 WL 515133 7, at * 5 (discussing joint infringement in context of method claims and stating that “the ‘control or direction’ test of *BMC Resources* established a foundational basis on which to determine liability for *direct infringement of method claims by joint parties*”) (emphasis added).

At trial, Leader presented evidence in the form of Facebook's documents, source code, and testimony from Facebook's employees to establish that the Facebook system meets each element of the asserted system and computer-readable media claims. (Tr. 587:9-19; 588:2-8; 655:17-656:4; 666:17-667:7; 670: 17-22; 674:6-12; 817:10-818:20; 819: 1-12; *see also* Hopkins Decl. Ex. 29 at 1-96; 150-322) The Court concludes that the evidence presented by Leader is sufficient to sustain the jury's verdict that Facebook directly infringes the system and computer readable media claims.¹ To the extent Facebook suggests that the system and computer-readable media claims require user interaction to create data, the Court does not understand these claims to require user interaction and instead concludes that they pertain to the functionality of the back-end of the claimed systems.² Accordingly, the Court will deny Facebook's Renewed Motion For Judgment As A Matter Of Law Of No Direct Infringement.³

¹ *See infra* Section II.A of this Memorandum Opinion addressing Facebook's Motion For Judgment As A Matter Of Law Of No Literal Infringement (D.I. 629).

² Facebook has filed a separate motion for judgment as a matter of law seeking to invalidate the system and computer-readable media claims on the basis that the claims improperly merge both an apparatus and a method. The Court will provide additional discussion concerning this issue in the context of adjudicating that motion. *See infra* Section V of this Memorandum Opinion.

³ In its opposition brief, Leader also raises an argument for judgment as a matter of law on the issue of whether Facebook directs or controls its employees and end users. This argument is reiterated in Leader's Renewed Motion For Judgment As A Matter

II. Facebook's Renewed Motion For Judgment As A Matter Of Law Of No Literal Infringement And No Infringement Under The Doctrine of Equivalents (D.I. 629) [Motion No. 2 of 4]

A. Literal Infringement

1. Parties' Contentions

By its Motion, Facebook contends that it is entitled to judgment as a matter of law on Leader's claim of literal infringement, because the Facebook website lacks at least two elements of each of the asserted claims of the '761 patent. Using claim 1 of the '761 patent as an example,⁴ Facebook contends that its

Of Law, and the Court will discuss it fully in that context. *See infra* Section VI.B of this Memorandum Opinion.

⁴ In full, Claim 1 of the '761 patent provides:

A computer-implemented network-based system that facilitates management of data, comprising:

a computer-implemented context component of the network-based system for capturing context information associated with user-defined data created by user interaction of a user in a first context of the network-based system, the context component dynamically storing the context information in metadata associated with the user-defined data, the user-defined data and metadata stored on a storage component of the network-based system; and

a computer implemented tracking component of the network-based system for tracking a change of the user from the first context to a second context of the

website does not perform the elements requiring: (1) “storage of metadata in a first context, environment or workspace, followed by updating of *that same metadata* in a second context, environment or workspace,” and (2) “that this same metadata be updated ‘dynamically,’ which the Court construed to mean automatically and in response to the user’s movement to a second context, environment or workspace.” (D.I. 633 at 1) Facebook contends that “[b]ecause Leader could not establish that Facebook satisfied either of these elements at trial, it made improper legal arguments to the jury that contradicted the Court’s claim construction.” (*Id.* at 2)

In response, Leader contends that Facebook’s arguments are an attempt to revisit and distort the Court’s claim construction. Leader contends that Facebook’s argument regarding “updating the stored metadata” is an attempt to recapture the narrow definition of “metadata” proposed by Facebook during claim construction and rejected by the Court. Leader also contends that the Court adopted Facebook’s proposed definition for the term “dynamically” and, therefore, Facebook cannot now seek modification of that term. Apart from already decided claim construction issues, Leader contends that Facebook’s motion rests on a factual challenge to the credibility of Leader’s expert, Dr. Vigna, and the manner in which Dr. Vigna applied the Court’s claim constructions to the Facebook website. Because Leader presented

network-based system and dynamically updating the stored metadata based on the change, wherein the user accessed the data from the second context.

substantial evidence to support the jury's verdict that Facebook infringes the '761 patent, Leader contends that Facebook is not entitled to judgment as a matter of law.

2. Legal Principles For Literal Infringement

Infringement is a two step inquiry. Step one requires the Court to construe the disputed terms of the patent as a matter of law. *See Bayer AG v. Elan Pharm. Research Corp.*, 212 F.3d 1241, 1247 (Fed. Cir. 2000). Step two is a factual inquiry that requires the properly construed claims to be compared to the accused device. *See Bai v. L & L Wings, Inc.*, 160 F.3d 1350, 1353 (Fed. Cir. 1998). "Literal infringement of a claim exists when every limitation recited in the claim is found in the accused device, i.e., when the properly construed claim reads on the accused device exactly." *Amhill Enters., Ltd. v. Wawa*, 81 F.3d 1554, 1564 (Fed. Cir. 1996). This determination requires an element-by-element basis; if an element of the claim is not present in the accused device, then the device does not literally infringe the claim. *See Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1310 (Fed. Cir. 2005). The party asserting infringement has the burden of proof and must meet its burden by a preponderance of the evidence. *See SmithKline Diagnostics, Inc. v. Helena Lab. Corp.*, 859 F.2d 878, 889 (Fed. Cir. 1988).

3. Whether Facebook Is Entitled To Judgment As A Matter Of Law Of No Literal Infringement

After reviewing the evidence presented to the jury in the light most favorable to Leader, as the verdict winner, the Court concludes that substantial evidence supports the jury's verdict that Facebook literally infringes the asserted claims of the '761 patent. Facebook contends that the phrase "stored metadata" used throughout claim 1 of the '761 patent refers back to the same metadata that was stored in the first context. In support of its argument, Facebook directs the Court to claim construction principles concerning the meaning of the definite article, "the." Facebook contends that the claim does not differentiate between "the stored metadata" in each of the two contexts described by the claim, e.g., the first context and the second context, and, therefore, the reference to "the stored metadata" must refer back to the "metadata stored on a storage component." Thus, Facebook maintains that Leader was required to prove two things to establish literal infringement: "(1) that metadata is stored in the first context, environment or workspace, and that (2) this *same* stored metadata is then updated in the second context, environment or workspace." (D.I. 633 at 5)

Although Facebook denies that its argument is an attempt to reargue claim construction and contends that its position is consistent with the Court's definition of the term "metadata," the Court disagrees. During claim construction, Facebook sought to define "metadata" by reference to the user context as "a stored item of information associated with the user's data that

identifies at least the context, user workspace or user environment in which the user and the data currently reside.” (D.I. 191 at 15) The Court rejected this definition and concluded that “metadata” should be construed in accordance with its plain and ordinary meaning. The Court will not allow Facebook to recapture post-trial what it lost during claim construction.

At trial, Dr. Vigna testified that the Facebook website captures context information about an uploaded file and stores this information in metadata. (Tr. 785:19-786:1) Dr. Vigna was unequivocal that the “context information” of the Facebook website is part of the metadata stored on the storage component. (Tr. 788: 19-789:9; *see also* Tr. 776:20-21; 779:3-5; 781:24-782:4; 784:6-9) Dr. Vigna went on to explain several examples of the manner in which the Facebook website updates the metadata by adding entries to tables or other data components within the metadata as a user accesses data provided in a first context from a second context. For example, Dr. Vigna explained that a user can access his own profile picture by writing on the wall of another user or can access his profile picture by joining a group or fanning a page. (Tr. 593:10-604:8, 605:14-607:21, 631:9-634:11, 644:2-16) In both instances, the Facebook website updates metadata by adding entries to the Minitable of the user, the wall table of the target, and/or the table of the group or page that the user is joining.

Facebook contends that Dr. Vigna’s testimony, at most, demonstrates features of the Facebook website that result “in the generation of new and unrelated metadata.” (D.I. 633 at 5) In this regard, Facebook

maintains that Dr. Vigna never identified any instance in which the same metadata was ever modified or changed after it was stored. For example, if a user uploads a photo to Facebook and moves to another page, such as a user profile, and writes on another user's wall, this is a change from the first context to a second context which results in the creation of new metadata. However, Facebook contends that this new metadata has nothing to do with the originally uploaded photo. According to Facebook, the context information about the photo was never modified or changed in any way after it was stored. (*Id.*)

In the Court's view, Facebook's argument is deficient for two reasons. First, the term "updating" was never construed to mean "modifying or changing" existing data, as is required to support Facebook's current argument. Although Facebook initially requested the Court to construe the term "updating" to mean "modifying existing data to make current," Facebook withdrew that proposed construction and agreed to the ordinary meaning of the term "updating." (D.I. 191 at 40; D.I. 219) Moreover, Facebook never proposed that the Court construe the entire term "updating the stored metadata." Thus, Facebook's arguments rest on claim construction arguments which have been waived⁵ and, therefore, they cannot be used

⁵ See *Enovsys LLC v. Nextel Comm., Inc.*, 614 F.3d 1333, 1334 (Fed. Cir. Aug. 3, 2010) (holding that claim construction arguments raised for first time post-trial are considered waived); see also *Broadcom Corp. v. Qualcomm, Inc.*, 543 F.3d 683, 694 (Fed. Cir. 2008); *Eli Lilly & Co. v. Aradigm Corp.*, 376 F.3d 1352, 1360 (Fed. Cir. 2004).

to overturn the jury's verdict. Second, the claims of the '761 patent do not require the context information to be updated as Facebook contends. Rather, the claims only require that the metadata be updated, and Dr. Vigna's testimony more than amply supports a finding that this claim element is met in the accused Facebook website.

Facebook also contends that Leader failed to prove, by a preponderance of the evidence, that the Facebook website has a tracking component that dynamically updates stored metadata based on the user's movement. In making this argument, Facebook recognizes that the Court construed the term "dynamically" to mean "automatically and in response to the preceding event," but contends that Leader improperly argued to the jury that the term "preceding event" could be a preceding event in the accused system, rather than the preceding event described in the claim. (D.I. 633 at 7) Facebook contends that Leader's argument – that the "preceding event" may be any event in the system – was precluded by Judge Farnan's claim construction order. (*Id.* at 8) According to Facebook, "[f]or purposes of the 'dynamically updating' element of each asserted claim, the only 'identified action by the user' that could correspond to 'the preceding event' was the user's movement from a first context to a second." (*Id.*) If the phrase "preceding event" referred to some event taken at a later time by the user of the accused system, Facebook contends that Judge Farnan would have construed the term "dynamically" to mean "automatically and in response to any preceding event, or any event in the system, rather than us[ing] the term 'the preceding event,' with the only frame of reference being the language of the claims." (*Id.*)

In the Court's view, Facebook's argument is an attempt to further limit the Court's construction of the term "dynamically" to include limitations that were not proposed by Facebook during claim construction. As Leader points out, Facebook's argument rests on construing the term "dynamically" to mean "automatically and in response to the change of the user from the first context to a second context." (D.I. 643 at 11) However, the Court adopted the construction of the term "dynamically" proposed by Facebook and, therefore, the Court is persuaded that Facebook is estopped from seeking modifications of a construction the Court adopted at Facebook's insistence. *See Interactive Gift Express, Inc. v. CompuServe Inc.*, 256 F.3d 1323, 1347-48 (Fed. Cir. 2001) (holding that party is precluded from offering claim construction not previously raised that broadens or narrows scope of claim); *see also Loral Fairchild Corp. v. Victor Co.*, 911 F. Supp. 76, 80-81 (E.D.N.Y. 1996) (holding that party is estopped from proposing alternative claim construction that broadens scope of claim after close of discovery).

At trial, Dr. Vigna applied the Court's construction of the term dynamically and explained, through numerous examples, that the Facebook website infringed the tracking component of the claims. According to Dr. Vigna, "the moment the users share in the how are you message in response to that event, automatically a story is created in the metadata. Now this story is based on the fact that you change from one profile to another." (Tr. 664:12-19) He went on to explain:

[T]his is an important aspect of the system, the fact that what you do is based on how you change your access in the system. You go to one profile to another, the fact that you found the Giants' page and not the Philadelphia Eagles is taken into account. So the metadata is based on this particular change in access.

(Tr. 665:6-13) Dr. Vigna explained that the Facebook website tracks user movement from one environment to another. As the user performs an action in the second environment, the Facebook website then updates the metadata with the tracking information based on the user's change to the second context. (Tr. 665:14-666:16) Dr. Vigna's testimony is supported by the source code. (Tr. 594:14-19; 637:18-640:12) To the extent Facebook disagrees with Dr. Vigna's application of the Court's claim construction to its website, that disagreement amounts to a factual dispute which was within the province of the jury to resolve.

In sum, the Court concludes that the jury's verdict of literal infringement is supported by substantial evidence. Accordingly, the Court will deny Facebook's Motion to the extent it seeks judgment as a matter of law on the issue of literal infringement of the asserted claims of the '761 patent.

B. Doctrine Of Equivalents

Facebook next contends that it is entitled to judgment as a matter of law on infringement under the doctrine of equivalents, if the Court determines that a new trial on infringement is appropriate. The jury found that Facebook literally infringed the '761 patent

and, therefore, concluded that Facebook could not be liable for infringement under the doctrine of equivalents. The Court has concluded that this verdict is supported by substantial evidence and, for the reasons discussed below, a new trial is not warranted. Accordingly, the Court will deny as moot Facebook's Motion to the extent it seeks judgment as a matter of law on the doctrine of equivalents.

C. New Trial On Infringement

In the alternative, Facebook requests the Court to order a new trial on infringement. Specifically, Facebook contends that: (1) Dr. Vigna's trial testimony exceeded the scope of his expert report; (2) the jury was improperly presented with the claim construction dispute concerning the meaning of the term "preceding event," which should have been clarified by the Court in the first instance; and (3) the jury's verdict was against the clear weight of the evidence.

As Facebook recognizes, an invalid patent cannot be infringed. *See, e.g. Richdel, Inc. v. Sunspool Corp.*, 714 F.2d 1573, 1580 (Fed. Cir. 1983). Thus, Facebook's argument for a new trial on infringement is only relevant "[i]f the Court were nonetheless to enter judgment in favor of Leader, or grant Leader a new trial on any issue on which Facebook prevailed" at trial. (D.I. 633 at 14) For the reasons discussed *infra*, the jury's verdict on invalidity based on the application of the on sale bar and public use bar will not be disturbed. Accordingly, the Court will deny as moot Facebook's Motion to the extent it seeks a new trial on infringement.

III. Facebook's Renewed Motion For Judgment As A Matter Of Law Of No Indirect Infringement (D.I. 630) [Motion No. 3 of 4]

A. Parties' Contentions

By its Motion, Facebook requests judgment as a matter of law with respect to Leader's claims for indirect infringement based on alleged inducement of infringement and contributory infringement. In support of its request, Facebook points out that the Court refused to instruct the jury on either inducement or contributory infringement.

In response, Leader contends that Facebook's motion for judgment as a matter of law is procedurally improper precisely because the Court never allowed the jury to consider the issue. Because there is no verdict to challenge, Leader contends that Facebook cannot maintain its motion. Although Leader recognizes that the Court decided the issue of indirect infringement in favor of Facebook, Leader clarifies that it "has not abandoned its indirect infringement claim" and maintains that "[t]he trial record includes sufficient evidence that Facebook indirectly infringes the '761 patent." (D.I. 644 at 2)

B. Whether Facebook Is Entitled To Judgment As A Matter Of Law Of No Indirect Infringement

Following the conclusion of the parties' presentation of the evidence before the jury, the Court held a prayer conference with the parties. With respect to the issue of indirect infringement, the Court stated:

. . . I'm not going to be instructing the jury on theories of indirect infringement. I'm only instructing on direct infringement, so I'm not including any instruction on induced infringement or contributory infringement.

I don't believe there has been evidence from which the jury could find that any third party other than Facebook is the direct infringer, nor do I think there is any evidence of Facebook's knowledge of the '761 patent at this trial.

(Tr. 1884:13-24)

Following the Court's comments and prior to submitting the case to the jury, Facebook filed a Motion For Judgment As A Matter Of Law Under Federal Rule of Civil Procedure 50(a) seeking, among other things, judgment as a matter of law on Leader's indirect infringement claims. Rule 50(a)(1) provides:

(1) ***In General***. If a party has been fully heard on an issue during a jury trial and the court finds that a reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue, the court may:

(A) resolve the issue against the party; and

(B) grant a motion for judgment as a matter of law against the party on a claim or defense that, under the controlling law, can be maintained or defeated only with a favorable finding on that issue.

(2) ***Motion***. A motion for judgment as a matter of law may be made at any time before the case is submitted to the jury. The motion must specify the judgment sought and the law and facts that entitle the movant to the judgment.

The Court's comments at the prayer conference were intended to be a finding that a reasonable jury would not have a legally sufficient basis to find in favor of Leader on its indirect infringement claims. Accordingly, the Court concludes that Facebook is entitled to judgment as a matter of law on Leader's claims of contributory infringement and induced infringement and, therefore, the Court will grant Facebook's Motion For Judgment As A Matter Of Law Of No Indirect Infringement.

**IV. Facebook’s Renewed Motion For Judgment
As A Matter Of Law Of Invalidity (D.I. 631)⁶
[Motion No. 4 of 4]**

A. Anticipation

1. Parties’ Contentions

By its Motion, Facebook contends that it is entitled to judgment as a matter of law that the ‘761 patent is invalid as anticipated by three prior art references: U.S. Patent No. 6,236,994 (“Swartz”), iManage Desk Site 6.0 User Reference Manual (“iManage”), and/or European Patent Application No. EP 1 087 306A2 (“Hubert”). Facebook contends that it provided clear and convincing evidence from its expert, Dr. Greenberg, that each of these prior art references discloses each limitation of the ‘761 patent. Facebook contends that Leader’s expert, Dr. Herbsleb, offered unsupported opinions that the references lack the “context component” and “tracking component” set forth in the ‘761 patent and, therefore, Leader failed to rebut Facebook’s proof of invalidity.

⁶ Facebook also seeks judgment as a matter of law that the apparatus claims of the ‘761 patent are invalid based on the Federal Circuit’s decision in *IPXL Holdings, L.L.C. v. Amazon.com*, 430 F.3d 1377 (Fed. Cir. 2005). This issue has been fully briefed by the parties in Facebook’s Motion For Summary Judgment Of Invalidity Of Claims 1, 4, 7, 21, 23, 25, 31 And 32 Of U.S. Patent No. 7,139,761 [Summary Judgment Motion No. 1] (D.I. 382), and will be addressed by the Court in the context of that Motion. *See infra* Section V of this Memorandum Opinion.

In response, Leader contends that the parties' arguments rest on the respective opinions of their expert witnesses, and the jury was entitled to credit the testimony of Leader's expert. Because the Court may not re-weigh the jury's factual determinations, Leader requests that the Court deny Facebook's Motion.

2. Legal Principles For Anticipation

"Anticipation is a factual determination that is reviewed for substantial evidence when decided by a jury." *Koito Mfg. Co., Ltd v. Turn-Key-Tech, LLC*, 381 F.3d 1142, 1149 (Fed. Cir. 2004). An invention is anticipated under 35 U.S.C. § 102(b) if it "was patented or described in a printed publication in this or a foreign country . . . more than one year prior to the date of the application for patent in the United States." "A patent is invalid for anticipation if a single prior art reference discloses each and every limitation of the claimed invention." *Schering Corp. v. Geneva Pharm.*, 339 F.3d 1373, 1377 (Fed. Cir. 2003). Such disclosure can be explicit or inherent in the prior art. *See Continental Can Co. v. Monsanto Co.*, 948 F.2d 1264, 1268 (Fed. Cir. 1991). However, mere disclosure of each and every limitation of a claim is not enough for anticipation. "An anticipating reference must enable that which it is asserted to anticipate." *Abbott Labs. v. Sandoz, Inc.*, 544 F.3d 1341, 1345 (Fed. Cir. 2008). Furthermore, a single prior art reference must also disclose the limitations as arranged in the claim. *See Net Moneyin, Inc. v. Verisign, Inc.*, 545 F.3d 1359, 1371 (Fed. Cir. 2008) ("[U]nless a reference discloses within the four corners of the document not only all of the limitations claimed but also all of the limitations arranged or

combined in the same way as recited in the claim, it cannot be said to prove prior invention of the thing claimed and, thus, cannot anticipate under 35 U.S.C. § 102.”). As with all challenges to the validity of a patent, the party seeking to invalidate a patent bears the burden of proving anticipation by clear and convincing evidence. *See Hybritech Inc., v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1375 (Fed. Cir. 1986).

3. Whether Facebook Is Entitled To Judgment As A Matter Of Law That The ‘761 Patent Is Invalid As Anticipated

After reviewing the evidence presented at trial, the Court concludes that substantial evidence supports the jury’s verdict in favor of Leader on the issue of anticipation. The parties’ arguments rested on a classic “battle of the experts.” Dr. Greenberg, on behalf of Facebook, and Dr. Herbsleb, on behalf of Leader, both offered testimony regarding the prior art and whether it disclosed each element of the ‘761 patent. In particular, Dr. Herbsleb testified that each of the prior art references discloses a document centric system which tracks the movement of and/or changes made to a document, but does not track the movements of a user from different contexts or environments. For example, in the case of the iManage prior art,⁷ Dr. Herbsleb testified that the iManage User Manual discloses a system that keeps a history of what

⁷ Leader also contends that the iManage User Manual is not enabling prior art. Given the Court’s conclusion that the iManage reference does not disclose each element of the ‘761 patent, the Court need not address the adequacy of the evidence concerning the enablement issue.

happens to the document. (Tr. 1796:6-1800:6) Although Dr. Greenberg relied on Figure 3.26 of the User Manual to support his argument that it tracks user movement, Dr. Herbsleb countered this testimony by explaining that, in his opinion, Figure 3.26 shows a history of a particular document and tracks the changes to the document, not the movements of a user. (Tr. 1797:8-15, 19-20; DTX 1010 at 83, Fig. 3.26) Directing the jury's attention to Figure 3.26, Dr. Herbsleb stated, "as you can see here, these are all entries [sic] of documents. So it doesn't track users at all." (Tr. 1797:3-20)

Similarly, regarding the Hubert reference, Dr. Herbsleb testified that Hubert lacks any user movement. (Tr. 1814:1-5) The Hubert reference explains that it discloses a metadocument that tracks actions performed on the document and its location, not user movement. (DTX 922, ¶ 0011) In this regard, Dr. Herbsleb testified that Hubert "doesn't have any sense of users doing anything except it's recorded in history of a document. So again it's just sort of keeping a document history." (Tr. 1809:10-19; 1814:14-22) Dr. Greenberg directed the jury to Figure 2 in Hubert to support his contention that Hubert tracks a user, but Dr. Herbsleb countered Dr. Greenberg's testimony, explaining that in Dr. Herbsleb's opinion Figure 2 shows the transfer of a metadocument from one user (source) to another over the Internet.⁸ (Tr.

⁸ Indeed, a close examination of Dr. Greenberg's testimony reveals that, what he describes as "tracking the movement" is actually a record of the movement of the document not, of the user. (Tr. 1548:12-16 ("And it says a record of the fact that the meta-document 20 was received at Source 32 is stored as

1812:16-1813:24) As Dr. Herbsleb explained, Figure 2 shows no user movement, let alone tracking of the movement, because “it’s just a document being sent from one user to the next.” (Tr. 1813:23-24)

Lastly, regarding Swartz, Dr. Herbsleb testified that Swartz does not disclose user movement but instead tracks the steps that go into creating a report. (Tr. 1824:23-1825:4) Dr. Greenberg relied on portions of Swartz directed to the steps used to create the reports to support his opinion that user movement is tracked. (DTX 919, col. 6:22-25; Tr. 1452:9-1459:22) However, Dr. Herbsleb explained that, in his opinion

[Swartz is] talking about tracking what’s going on in this regulatory compliance scheme, what’s being done to the documents, what’s being done to the data. There’s no sense at all of it tracking people, or tracking users or having even workspaces for users. So this is a completely different type of thing.

(Tr. 1829:16-23) As succinctly stated by Dr. Herbsleb, Swartz “doesn’t care about users.” (Tr. 1824:19-20, 1825:7-8)

In addition to his testimony concerning the lack of user tracking, Dr. Herbsleb further testified that each of the prior art references offered by Facebook also lacks the context, user environment, or user workspace element claimed in the ‘761 patent. (Tr. 1811:7-11

processing information and processing information is part of the metadata. So this is tracking movement.”))

(Hubert); 1797:24-1799:13 (iManage); Tr. 1829:4-21 (Swartz)) Although Dr. Greenberg offered contrary testimony, the jury was free to credit Dr. Herblseb's testimony over Dr. Greenberg's testimony.

In sum, the Court concludes that the record contains ample evidence to support the jury's finding that Swartz, iManage, and Hubert lack the user tracking and context elements of the '761 patent. The jury was entitled to weigh the credibility of the parties' competing experts on anticipation and conclude that Dr. Herblseb's testimony was more reliable. Accordingly, the Court finds no reason to disturb the jury's verdict, which is supported by substantial evidence, and, therefore, the Court will deny Facebook's Motion to the extent that it seeks judgment as a matter of law with regard to invalidity based on anticipation.

B. Obviousness

1. Parties' Contentions

By its Motion, Facebook also contends that the '761 patent is obvious in light of U.S. Patent No. 5,434,403 ("Ausems") and the Swartz, iManage, and/or Hubert references, taken alone or in combination. Facebook contends that these references disclose the use of a portable wireless device in connection with the disclosed systems and methods. Facebook further maintains that Dr. Greenberg's testimony was sufficient to establish, by clear and convincing evidence, that the invention claimed in the '761 patent would have been obvious to one skilled in the art.

In response, Leader contends that because the asserted references lack the tracking and context elements, for the reasons already discussed in connection with anticipation, they cannot render the '761 patent obvious. Leader also contends that Facebook failed to engage in an element-by-element analysis of the prior art and, as a result, Facebook's evidence was insufficient to allow a determination of which elements would be obvious to combine from which prior art reference. Leader further maintains that Facebook offered only conclusory testimony from Dr. Greenberg that it would have been obvious to combine the Ausems reference with iManage, Hubert, or Swartz. In addition, Leader maintains that the secondary considerations of non-obviousness fully support the jury's verdict.

2. Legal Principles For Obviousness

A patent is invalid for obviousness "if the difference between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." 35 U.S.C. § 103(a). "Obviousness is a question of law based on underlying findings of fact." *In re Kubin*, 561 F.3d 1351, 1355 (Fed. Cir. 2009). The relevant factual inquiries are derived from the Supreme Court's decision in *Graham v. John Deere Co.*, 383 U.S. 1 (1966), and are referred to as the *Graham* factors. The *Graham* factors include: (1) the scope and content of the prior art; (2) the differences between the claimed invention and the prior art; (3) the level of ordinary skill in the art; and (4) secondary considerations of non-

obviousness, such as commercial success, long felt but unresolved need, failure of others, acquiescence of others in the industry that the patent is valid, and unexpected results. “An obviousness determination [under § 103] is not the result of a rigid formula disassociated from the consideration of the facts of a case. Indeed, the common sense of those skilled in the art demonstrates why some combinations would have been obvious where others would not.” *Leapfrog Enters., Inc. v. Fisher-Price, Inc.*, 485 F.3d 1157, 1161 (Fed. Cir. 2007). The party challenging a patent’s validity based on obviousness must demonstrate by clear and convincing evidence that the invention described in the patent would have been obvious to a person of ordinary skill in the art at the time the invention was made. *See Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1359-60 (Fed. Cir. 2007).

3. Whether Facebook Is Entitled To Judgment As A Matter Of Law That The ‘761 Patent Is Invalid As Obvious

As discussed in the context of anticipation, the Court concludes that sufficient evidence exists to support a finding that the prior art references lack the tracking and context elements of the ‘761 patent. Without these elements, the prior art patents identified by Facebook cannot render the claimed invention obvious.⁹ Moreover, the Court finds ample evidence of

⁹ Facebook adds the Ausems reference to support its obviousness argument with respect to claim 16. Leader contends that there is no reason to combine Ausems with the other references. Motivation to combine is not an absolute requirement to establish obviousness. *See KSR Intern. Co. v. Teleflex*, 550 U.S. 398, 402

non-obviousness which supports the jury's verdict, including that the Facebook website is a commercial success, as stipulated by Facebook. (D.I. 601 at 47) Dr. Herblseb further testified that the '761 patent addressed a long felt need in the industry. (Tr. 1847:4-1848:20) Although Dr. Greenberg testified to the contrary, the jury was free to reject his testimony and credit the testimony of Dr. Herbsleb regarding the secondary considerations of non-obviousness, as well as the absence of the context and tracking elements in the prior art as already discussed. Accordingly, the Court will deny Facebook's Motion to the extent that it seeks judgment as a matter of law with regard to invalidity based on obviousness.

C. New Trial On Invalidity

In the alternative, Facebook requests the Court to order a new trial on invalidity. Specifically, Facebook contends that a new trial on anticipation and/or obviousness in light of the Swartz reference is warranted, because Leader's counsel improperly and prejudicially implied, and then stated to the jury, the false contention that the Swartz reference was considered by the PTO during the prosecution of the '761 patent.

(2007). Nevertheless, claim 16 is a dependent claim, stemming from claim 9 and, according to Facebook, Ausems must still be combined with either Hubert or Swartz, which are both lacking essential elements required by claim 9. Thus, the addition of the Ausems reference does not assist Facebook's obviousness argument.

Facebook's argument regarding a new trial on invalidity is only relevant "[i]f the Court were . . . inclined to enter judgment in favor of Leader for any reason or grant any request by Leader for a new trial on the prior use and on sale bar defenses." (D.I. 635 at 17) Because the jury's verdict of invalidity based upon the prior use and on sale bar defenses will not be disturbed, *see infra*, the Court need not address Facebook's alternative argument for a new trial. Accordingly, the Court will deny as moot Facebook's Motion to the extent it seeks a new trial on invalidity based on anticipation and/or obviousness in light of Swartz.

V. Facebook's Motion For Summary Judgment Of Invalidity Of Claims 1, 4, 7, 21, 23, 25, 31, And 32 Of U.S. Patent No. 7,139,761 (D.I. 382) (Summary Judgment Motion No. 1]

A. Parties' Contentions

By its Motion, Facebook contends that claims 1, 21, and 23 of the '761 patent are invalid as indefinite under the Federal Circuit's decision in *IPXL Holdings, L.L.C. v. Amazon. com, Inc.*, 430 F.3d 1377 (Fed. Cir. 2005). According to Facebook, these claims are indefinite, because they impermissibly claim both an apparatus and a method of using that apparatus. Specifically, Facebook contends that claims 1 and 23 cover an apparatus or system for facilitating data management and a method for using that system through which "the user accesses the data from the second" context or workspace. Facebook also contends that claim 21 covers both a computer readable medium, such as a DVD, and a method of using that medium in

which “the user employs the application and data from the second user workspace.” Because, in Facebook’s view, independent claims 1, 21, and 23 are invalid, Facebook further contends that dependent claims 4, 7, 25, 31, and 32 are also invalid.

In response, Leader contends that Facebook waived its indefiniteness argument under *IPXL* by offering a claim construction for each of the disputed terms that supports its indefiniteness argument. Leader further contends that both parties’ experts fully understood the disputed claims and, therefore, the claims cannot be indefinite as a matter of law.¹⁰

B. Applicable Legal Principles

An issued patent is presumed valid and, therefore, invalidity must be proven by clear and convincing evidence. 35 U.S.C. § 282; *Metabolite Labs, Inc. v. Laboratory Corp. of America Holdings*, 370 F.3d 1354, 1365 (Fed. Cir. 2004). “A claim is considered indefinite if it does not reasonably apprise those skilled in the art of its scope.” *IPXL*, 430 F.3d at 1384. The Federal Circuit has taken a narrow approach to indefiniteness:

We have not insisted that claims be plain on their face in order to avoid condemnation for indefiniteness; rather, what we have asked is

¹⁰ Leader, as well, contends that genuine issues of material fact preclude summary judgment on the question of indefiniteness. Because this case has been tried to a jury and the issue of indefiniteness has been renewed in the context of Facebook’s Motion For Judgment As A Matter Of Law, the question of indefiniteness is ripe for determination by the Court.

that the claims be amenable to construction, however difficult that task may be. If a claim is insolubly ambiguous, and no narrowing construction can properly be adopted, we have held the claim indefinite. If the meaning of the claim is discernible, even though the task may be formidable and the conclusion may be one over which reasonable persons will disagree, we have held the claim sufficiently clear to avoid invalidity on indefiniteness grounds.

Exxon Research & Engineering Co. v. United States, 265 F.3d 1371, 1375 (Fed. Cir. 2001). Because a method and an apparatus represent two different statutory classes of invention, the combination of the two classes into a single claim creates ambiguity. *See id.* For example, when the two claims are combined, “a manufacturer or seller of the claimed apparatus would not know from the claim whether it might also be liable for contributory infringement because a buyer or user of the apparatus later performs the claimed method of using the apparatus.” *Id.* Thus, this type of hybrid claim “is not sufficiently precise to provide competitors with an accurate determination of the ‘metes and bounds’ of protection involved” and, therefore, such claims are invalid as indefinite under 35 U.S.C. § 112, ¶ 2. The determination that a claim is indefinite is “a legal conclusion that is drawn from the court’s performance of its duty as the construer of patent claims.” *Exxon Research*, 265 F.3d at 1376.

**C. Whether Facebook Is Entitled To Judgment
As A Matter Of Law That The ‘761 Patent Is
Invalid As Indefinite**

As a threshold matter, Leader contends that Facebook waived its indefiniteness argument by proposing claim constructions for the claim terms that support its argument; specifically, the terms: (1) “wherein the user accesses the data from the second context” (claim 1); (2) “the user employs the application and data from the second user workspace” (claim 21); and (3) “wherein the user accesses the data from the second user workspace” (claim 23). Because Facebook provided proposed claim constructions for these terms, Leader contends that Facebook cannot now argue that the same terms are indefinite.

In support of its argument, Leader cites to the Federal Circuit’s decision in *Microprocessor Enhancement Corp. v. Texas Instruments, Inc.*, 520 F.3d 1367 (Fed. Cir. 2008). That case, however, did not address the question of waiver. Rather, as Leader recognizes in its parenthetical explanation of the case, *Microprocessor Enhancement* stands for the well-settled principle that “a claim that is amenable to construction is not invalid on the ground of indefiniteness.” *Id.* Leader offers no case law supporting its waiver argument, and the Court is aware of none. Indeed, the case law supports Facebook’s position that the submission of a proposed construction for a claim term does not amount to a waiver of a later indefiniteness challenge. *See, e.g., Harrah’s Entertainment, Inc. v. Station Casinos, Inc.*, 321 F. Supp. 2d 1173, 1176 (D. Nev. 2004). Accordingly,

the Court concludes that Facebook did not waive its indefiniteness argument.

With respect to the substance of Facebook's indefiniteness argument, the sole issue for the Court's determination is whether claims 1, 21, and 23 incorporate a method step directed to using the claimed apparatus or structure. In full, the disputed claims provide:

1. A computer-implemented network-based system that facilitates management of data, comprising:

a computer-implemented context component of the network-based system for capturing context information associated with user-defined data created by user interaction of a user in a first context of the network-based system, the context component dynamically storing the context information in metadata associated with the user-defined data, the user-defined data and metadata stored on a storage component of the network-based system; and

a computer-implemented tracking component of the network-based system for tracking a change of the user from the first context to a second context of the network-based system and dynamically updating the stored metadata based on the change, wherein the user accesses the data from the second context.

* * *

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21. A computer-readable medium for storing computer-executable instructions for a method of managing data, the method comprising:

creating data related to user interaction of a user within a user workspace of a web-based computing platform using an application;

dynamically associating metadata with the data, the data and metadata stored on the web-based computing platform, the metadata includes information related to the user of the user workspace, to the data, to the application and to the user workspace;

tracking movement of the user from the user workspace to a second user workspace of the web-based computing platform;

dynamically associating the data and the application with the second user workspace in the metadata such that the user employs the application and data from the second user workspace; and

indexing the data created in the user workspace such that a plurality of different users can access the data via the metadata from a corresponding plurality of different user workspaces.

* * *

23. A computer-implemented system that facilitates management of data, comprising:

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a computer-implemented context component of a web-based server for defining a first user workspace of the web-based server, assigning one or more applications to the first user workspace, capturing context data associated with user interaction of a user while in the first user workspace, and for dynamically storing the context data as metadata on a storage component of the web-based server, which metadata is dynamically associated with data created in the first user workspace; and

a computer-implemented tracking component of the web-based server for tracking change information associated with a change in access of the user from the first user workspace to a second user workspace, and dynamically storing the change information on the storage component as part of the metadata, wherein the user accesses the data from the second user workspace.

(emphasis added)

Claim 1 recites an apparatus described as a “computer-implemented network-based system,” and claim 23 recites an apparatus described as a “computer-implemented system.” Both the apparatus of claim 1 and the apparatus of claim 23 further comprise two components: a context component and a tracking component. The parties’ dispute centers on the language “wherein the user accesses the data from the second context.” With respect to claim 21, the claim recites an apparatus described as a “computer-readable medium for storing computer-executable instructions.”

The disputed language in claim 21 is similar to that contained in claims 1 and claim 23 and provides, “such that the user employs the application and data from the second user workspace.”

Facebook contends that the “user accesses the data” step in claims 1 and 23 and the “user employs the application and data” step in claim 21 are steps that must be performed by the user of the earlier claimed apparatuses. Thus, Facebook maintains that the claims commingle an apparatus and a method, rendering the claims invalid.

Leader contends that the language referenced by Facebook is not language describing a method. Rather, in Leader’s view, the disputed language is functional language that describes the features of the apparatuses claimed.

Reviewing the disputed claim language in the context of the claim, the Court is not persuaded that the claims impermissibly mix an apparatus and a method. A “patent applicant is free to recite features of an apparatus either structurally or functionally.” *In re Schreiber*, 128 F.3d 1473, 1478 (Fed. Cir. 1997). Functional language describes something by means of what it does, not by means of what it is. *See id.*; *see also Ricoh Co. v. Katun Corp.*, 486 F. Supp. 2d 395, 402 (D.N.J. 2007). In the Court’s view, the disputed language is functional in nature, because there is nothing in the claims that requires the user to perform certain steps or take certain actions for the claim elements to be satisfied. Rather, the disputed language only describes the type of tracking components claimed and the type of computer instructions claimed. With

respect to claims 1 and 23, both claims are directed toward back-end components of a network-based system and neither claim requires the user to use the system described. For example, Claim 1 of the '761 patent describes a tracking component that "dynamically updat[es] the stored metadata based on the change, wherein the user accesses the data from the second context." (Col. 21, ll. 10-12) Similarly, claim 23 describes a tracking component that "dynamically stor[es] the change information on the storage component as part of the metadata, wherein the user accesses the data from the second user workspace." Thus, the Court understands these claims to provide functional language describing the tracking components without the requirement of any actual user action and, therefore, the Court does not understand the claims to combine a method with the described apparatus.

Although claim 21 recites a different apparatus, the same analysis applies. Claim 21 describes computer instruction for a computer program. These instructions include "dynamically associating the data and the application with the second user workspace in the metadata such that the user employs the application and data from the second user workspace." ('761 patent, col.22, ll. 60-63) Thus, so long as a component in the system contains the functionality described, the component satisfies this claim element. Again, user action is not required to establish infringement of these claims. Accordingly, the Court concludes that claim 21 does not combine a method with the described apparatus.

In sum, the Court concludes that claims 1, 21, and 23 are purely functional in nature and do not impermissibly combine an apparatus with a method.¹¹ Accordingly, the Court concludes that *IPXL* does not apply to invalidate the claims as indefinite and, therefore, the Court will deny Facebook's Motion For Summary Judgment.

VI. Leader's Motion For Judgment As A Matter Of Law Or A New Trial) (D.I. 626)

A. Public Use And On Sale Bars

1. Parties' Contentions

By its Motion, Leader contends that the jury's verdict that the '761 patent is invalid based on the on sale bar and public use bar is not supported by substantial evidence. As a threshold matter, Leader contends that the jury improperly determined that the critical date for purposes of these bars was December 10, 2002. Instead, Leader maintains that the correct critical date is December 11, 2001, one year prior to the filing of the provisional application, because the provisional application fully supported the claims of the '761 patent. In addition, Leader contends that

¹¹ The Court is aware of the Federal Circuit's recent decision in *In re Katz Interactive Call Processing Patent Litigation*, 2009-1450, -1451, -1452, -1468, -1469, 2010-1017 (Fed. Cir. Feb. 18, 2011), applying *IPXL*. (See D.I. 681 (Notice of Supplemental Authority); D.I. 682 (Leader's response)) While *Katz* lends additional support to Facebook's argument, the Court is not persuaded, in the circumstances of this case, that *Katz* mandates a conclusion of invalidity.

Facebook failed to establish that the claimed invention was ready for patenting and publicly used or subject to an offer for commercial sale more than one year before the filing of the earliest patent application. To the extent that Facebook demonstrated an offer for sale or public use, Leader contends that any such public use or offer for sale of its Leader2Leader product was for experimental purposes, and all public demonstrations were covered by non-disclosure agreements.

In response, Facebook contends that Leader's Motion is procedurally barred because Leader failed to make an adequate pre-verdict motion to preserve the grounds asserted in its Motion. In addition, Facebook contends that it presented sufficient evidence to establish each of the elements required for both the on sale bar and the public use bar. Facebook further contends that much of the evidence related to the on sale bar and public use bar turned on the credibility of Mr. McKibben. Facebook maintains that Mr. McKibben's trial testimony was contradictory to his deposition testimony, and the jury was entitled to discount his contradictory trial testimony.

2. Legal Principles For The On Sale Bar And Public Use Bar

In pertinent part, 35 U.S.C. § 102(b) states that "[a] person shall be entitled to a patent unless . . . the invention was in the public use or on sale in this country, more than one year prior to the date of application for patent in the United States." Both the on sale bar and the public use bar are derived from the same policy considerations. Both are meant to discourage the removal of existing knowledge from the

public. *See Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55, 64 (2005). Whether a patent is invalid based on the on sale bar or the public use bar is a question of law based on underlying factual findings. *See Netscape Communications Corp. v. Konrad*, 295 F.3d 1315, 1320 (Fed. Cir. 2002).

Both the on sale bar and public use bar require the invalidating device to “fully anticipate[] the claimed invention or . . . render[] the claimed invention obvious by its addition to the prior art.” *Allen Engineering Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1352 (Fed. Cir. 2002) (discussing on sale bar); *Netscape*, 295 F.3d at 1321 (discussing public use bar and stating that “Section 102(b) may bar patentability by anticipation if the device used in public includes every limitation of the later claimed invention, or by obviousness if the differences between the claimed invention and the device used would have been obvious to one of ordinary skill in the art”). Therefore, an accused infringer must show that the product offered for sale “embodied all of the limitations of that claim or would have rendered that claim obvious.” *Allen Engineering*, 299 F.3d at 1352.

With respect to the public use prong of Section 102(b), a bar to patentability arises if, more than one year before the filing of the earliest patent application (the “critical date”), the invention is ready for patenting and was publicly used “by a person other than the inventor who is under no limitation, restriction or obligation of secrecy to the inventor.” *New Railhead Mfg., LLC v. Vermeer Mfg. Co.*, 298 F.3d 1290, 1297 (Fed. Cir. 2002). The test for application of the public use bar requires the Court to consider “whether the

purported use: (1) was accessible to the public; or (2) was commercially exploited.” *In vitro* Corporation v. Biocrest Manufacturing, L.P., 424 F.3d 1374, 1380 (Fed. Cir. 2005). As the Federal Circuit has explained, “[c]ommercial exploitation is a clear indication of public use, but it likely requires more than, for example, a secret offer for sale.” *Id.* In determining whether a use is public, the Court must consider “evidence relevant to experimentation, as well as inter alia, the nature of the activity that occurred in public; public access to the use; confidentiality obligations imposed on members of the public who observed the use; and commercial exploitation.” *Id.* This evidence is distinct from the evidence required to establish the “ready for patenting” requirement of the public use bar. *Id.* The “ready for patenting” requirement “may be satisfied in at least two ways: by proof of reduction to practice before the critical date; or by proof that prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention.” *Pfaff*, 525 U.S. at 67-68.

With respect to the on sale bar prong of Section 102(b), a bar to patentability arises if, before the critical date, (1) the product was the subject of a commercial offer for sale, and (2) the invention was ready for patenting. *See id.* at 67. To determine if the product was the subject of a commercial offer for sale, the Court must apply traditional contract law principles. *See Allen Engineering*, 299 F.3d at 1352. As with the public use bar, an invention is ready for patenting if it is reduced to practice before the critical date, or the inventor prepared drawings or other descriptions of the invention that were specific enough

to enable a person skilled in the art to practice the invention. *See Pfaff*, 525 U.S. at 67-68.

Evidence that the public use or sale of the patented device was for experimentation purposes can negate both the public use bar and the on sale bar. *See id.* at 64; *EZ Dock, Inc.*, 276 F.3d at 1352 (“In *Pfaff*, the Supreme Court expressly preserves the experimental use or sale negation of the section 102 bars.”). “[A]n inventor who seeks to perfect his discovery may conduct extensive testing without losing his right to obtain a patent for his invention—even if such testing occurs in the public eye. The law has long recognized the distinction between inventions put to experimental use and products sold commercially.” *Pfaff*, 525 U.S. at 64. Evidence of experimentation includes “tests needed to convince [the inventor] that the invention is capable of performing its intended purpose in its intended environment.” *Gould Inc. v. United States*, 198 USPQ 156, 167 (1978). In determining whether a use or sale is for experimental purposes rather than commercial gain, the Court must consider several factors, including: (a) the need for public testing; (b) the degree of control over the experiment retained by the inventor; (c) the nature of the invention; (d) the length of the testing period; (e) whether payment was made; (f) whether a secrecy obligation existed; (g) whether records of the experiment were retained; (h) the identity of the person conducting the experiment; (i) the degree of commercial exploitation during testing; (j) whether the invention reasonably requires evaluation under actual conditions of use; (k) whether testing was performed systematically; (l) whether the inventor continually monitored the invention during the testing period; and (m) the nature of the contacts

made with potential customers. *See Electromotive Div. of General Motors Corp. v. Transportation Systems Div. of General Elec., Co.*, 417 F.3d 1203, 1213 (Fed. Cir. 2005).

Once a defendant demonstrates a prima facie case of invalidity based on the public use or the on sale bar, the patent holder must “come forward with convincing evidence to counter that showing.” *TP Laboratories, Inc. v. Professional Positioners, Inc.*, 724 F.2d 965, 971 (Fed. Cir. 1984). However, the ultimate burden of persuasion regarding patent invalidity always rests on the party challenging validity. *See Hycor Corp. v. Schlueter Co.*, 740 F.2d 1529, 1536 (Fed. Cir. 1984).

3. Whether Leader’s Motion Is Procedurally Barred

As a threshold matter, Facebook contends that Leader’s Motion is procedurally barred because Leader’s pre-verdict Rule 50(a) oral motion was inadequate to preserve the grounds raised in the current Motion. Although Facebook acknowledges that Leader subsequently filed a written submission under Rule 50(a) asserting specific grounds for relief, Facebook contends that this subsequent motion was improper because it was filed after the jury rendered its verdict.

Rule 50(a) provides, in pertinent part: “A motion for judgment as a matter of law may be made at any time before the case is submitted to the jury. The motion must specify the judgment sought and the law and facts that entitle the movant to the judgment.” Fed. R.

Civ. Proc. 50(a)(2). Pursuant to Rule 50(b), “[i]f the court does not grant a motion for judgment as a matter of law made under Rule 50(a), the court is considered to have submitted the action to the jury subject to the court’s later deciding the legal questions raised by the [Rule 50(a)] motion.” Fed. R. Civ. Proc. 50(b). Rule 50(b) then provides that a renewed motion for judgment as a matter of law may be made following a jury verdict (and such renewed motion may include an alternative or joint request for a new trial under Rule 59). *See id.*

Four conditions must be satisfied, then, in order for Leader’s Rule 50(b) motion to be procedurally proper: (i) Leader must have filed a Rule 50(a) motion for judgment as a matter of law before the case was submitted to the jury; (ii) Leader’s Rule 50(a) motion must have “specif[ied] the judgment sought and the law and facts that entitle [Leader] to the judgment;” (iii) the Court must not have granted Leader’s Rule 50(a) motion; and (iv) Leader must have renewed its motion for judgment as a matter of law in a timely fashion following the verdict or discharge of the jury.

The only one of these four conditions that Facebook challenges is condition (ii). There is no dispute that Leader made a motion for judgment as a matter of law, on the issues of on sale bar and public use bar, before the case was submitted to the jury. In particular, after the Court indicated to the parties that judgment would be reserved on all motions (Tr. 1711:10-11), Leader orally moved for judgment as a matter of law, stating:

Number three, judgment as a matter of law that the invention covered by any of the asserted

claims of U.S. Patent Number 7,139,761 was not in public use or on sale by Leader Technologies more than one year prior to the effective filing date and the asserted claims of U.S. Patent Number 7,139,761 are therefore not invalid for that reason.

(Tr. 1714:3-10)¹² As already noted, the Court reserved judgment on Leader's motion, so the motion has not been granted. Following trial, Leader renewed its motion in a timely manner.

Under the circumstances presented here, the Court concludes that Leader's Rule 50(a) also satisfied the specificity condition. "A motion for judgment as a matter of law pursuant to Rule 50(b) must be preceded by a Rule 50(a) motion *sufficiently specific* to afford the party against whom the motion is directed with an opportunity to cure possible defects in proof which might otherwise make its case legally insufficient." *Lightning Lube*, 4 F.3d at 1173; *see also Williams v. Runyon*, 130 F.3d 568, 571-72 (3d Cir. 1997) ("[F]ailure to raise an issue in a Rule 50(a)(2) motion with sufficient specificity to put the [other party] on notice waives the [moving party's] right to raise the issue in their Rule 50(b) motion."). As the Third Circuit has expressly stated in connection with motions for judgment as a matter of law, "the communicative content, specificity and notice-giving function of an

¹² Leader made oral Rule 50(a) motions with respect to other issues in the case, but the quoted portion of the transcript is the only pre-verdict Rule 50(a) statement Leader made concerning the public use and on sale bars.

assertion should be judged in context.” *Acosta v. Honda Motors Co., Ltd.*, 717 F.2d 828, 832 (3d Cir. 1983) (internal quotation marks omitted).

In context, Leader’s oral motion was sufficiently specific to afford Facebook an opportunity to cure any possible defects in proof which might otherwise have made its invalidity case on the public use and on sale bars legally insufficient. As will be described in detail below in connection with analyzing the merits of Leader’s motion, it is clear (from the arguments counsel made to the jury as well as to the Court), that both parties well understood that the adequacy of Facebook’s showing relating to the public use and on sale bars turned largely on the combination of Leader’s interrogatory responses and Mr. McKibben’s credibility. That remains the essence of the parties’ dispute on the merits in connection with Leader’s Rule 50(b) Motion.

In assessing the sufficiency of the specificity of Leader’s oral Rule 50(a) motion, it is also important to understand that Leader proceeded in a manner explicitly approved of by the Court. After Leader made its oral Rule 50(a) motions, Facebook orally moved for judgment as a matter of law as well. Facebook also requested the Court to allow the filing of “a written submission that would be submitted at the close of all evidence.” (Tr. 1720:8-11) The Court indicated that this procedure was “preferable to making the jury wait.” (Tr. 1720: 13-14) Thereafter, Facebook filed its written submission prior to the jury returning a verdict, but Leader did not. Instead, counsel for Leader addressed the Court, stating:

Just real quick, Your Honor. I'm a little paranoid. I saw that Facebook made a filing this morning on Rule [50(a)]¹³. Some objections. I just want to make sure our objections to the jury are noted and the Rule [50(a)] motion can come in sometime after the jury verdict, perhaps within ten days. Is that acceptable, Your Honor?

(Tr. 1898:10-17) The Court responded that this procedure was acceptable. (Tr. 1898:18-19) Subsequently, six days after the jury verdict was entered, Leader filed a written Rule 50(a) motion, which contained greater specificity as to the basis for Leader's public use and on sale bar contentions. (D.I. 612 at 2-3)¹⁴

Under these circumstances, to the extent there is any doubt as to whether Leader's oral pre-verdict Rule 50(a) motion was sufficiently specific, those doubts are erased by Leader's subsequent filing of its written Rule 50(a) motion, which was filed consistent with the

¹³ Although the copy of the transcript provided to the Court says "Rule 58," the Court understands the parties' discussion, in context, to have referred to Rule 50(a).

¹⁴ To the extent Facebook is contending that the Court's acquiescence in this procedure was improper, the Court views such contention to have been waived by Facebook's failure to object at the time the Court agreed to it. Such an objection would have put Leader on notice that it needed to be more specific in its presentation prior to submission of the case to the jury. Even if Facebook's objection were viewed as non-waived and meritorious, the Court would still permit Leader's Rule 50(b) Motion, as any other result would be manifestly unfair to Leader, given Leader's careful compliance with the procedures approved by the Court.

timing allowed by the Court. Facebook presented no objection to this procedure when the Court approved it. Nor has Facebook identified any evidence that it would have sought to introduce if only Leader had filed its written Rule 50(a) motion prior to the submission of the case to the jury. “Rule 50(b) is essentially a notice provision,” *Acosta*, 717 F.2d at 831, and Facebook had sufficient notice of the bases for Leader’s public use and on sale bar contentions.

Additionally, the Court is unable to discern any prejudice to Facebook from the Court permitting Leader to proceed in the manner it did. This is particularly so given that, as explained below, the Court is denying Leader’s Rule 50(b) Motion on the merits. By upholding the jury’s verdict, there is no risk of the Court “substituting itself for the trier of fact and of preventing the adverse party from employing evidentiary cure, if necessary.” *Lowenstein v. Pepsi-Bottling Co.*, 536 F.2d 9, 12 n.6 (3d Cir. 1976). Furthermore, and for the same reason, the Court’s ruling does nothing to offend Facebook’s constitutional rights to a jury trial. *See generally Mallick v. Int’l Bhd of Elec. Workers*, 644 F.2d 228, 233 (3d Cir. 1981).

Accordingly, the Court will proceed to consider the merits of Leader’s Motion with respect to the public use and on sale bars.

4. Whether Leader Is Entitled To Judgment As A Matter Of Law That The '761 Patent Is Not Invalid Based On The On Sale Bar Or Public Use Bar

Reviewing the evidence in the light most favorable to Facebook, as the verdict winner on the issue of invalidity based on the on sale bar and public use bar, the Court concludes that the jury's verdict is supported by substantial evidence. In reaching this conclusion, the Court finds that substantial evidence supports the jury's determination that the '761 patent is not entitled to the priority date of the provisional application. The Court further finds that substantial evidence supports each of the requirements of the on sale bar and public use bar, including that the Leader2Leader product subject to the bars embodied all the elements of the claimed invention and was ready for patenting; that the Leader2Leader product was offered for commercial sale and publicly demonstrated to a third party without an obligation for secrecy; and that the offer for sale and public use of the Leader2Leader product were not intended for experimental purposes.

a. Priority Date

With respect to the threshold issue of priority date, claims are entitled to the earlier filing date of the provisional application only if the prior application describes the invention in sufficient detail so that one skilled in the art can clearly conclude that the inventor invented the claimed invention as of the filing date sought. *See Lockwood v. Am. Airlines*, 107 F.3d 1565,

1572 (Fed. Cir. 1997). The patentee bears the burden of proof on this issue by a preponderance of the evidence. *See Power Oasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299, 1304-06 (Fed. Cir. 2008).

In this case, Leader contends that its expert, Dr. Herbsleb, demonstrated that each element of the asserted claims was supported by the provisional application. However, Dr. Herbsleb also admitted at trial that the source code in the provisional application on which he relied to support the presence of numerous claim elements was only a “pseudo code.” According to Dr. Herbsleb, “pseudo code” is not a real programming language and cannot function if compiled into an executable program. (Tr. 1855:1-1863:15) Leader contends that one of Dr. Herbsleb’s students, Dr. Cataldo, built an implementation of an embodiment of the ‘761 patent based on the provisional application; however, Dr. Herbsleb testified this embodiment did not actually work and, in any event, it did not rely on the code disclosed in the provisional application because that code, again, was incomplete pseudo code. (Tr. 1868: 11-1869:3) Moreover, the co-inventor of the ‘761 patent, Jeff Lamb, testified that certain elements were missing from the provisional application, such as the tracking movement of users and the associating metadata with user created content elements. (Tr. 1182:1-1183:14)

Accordingly, the Court concludes that the evidence was sufficient to support the jury’s conclusion that the asserted claims of the ‘761 patent are not entitled to the priority date of the provisional application. Consequently, the appropriate critical date for purposes of applying the on sale bar and public use bar

is December 10, 2002, which is one year prior to the filing date of the '761 patent.

b. Embodiment of the Asserted Claims

Leader next contends that Facebook did not establish that the Leader2Leader product subject to the public use and on sale bars embodied the asserted claims of the patent. Specifically, Leader contends that Facebook failed to engage in an element by element analysis of the product compared with the claims of the '761 patent.

“That the offered product is in fact the claimed invention may be established by any relevant evidence, such as memoranda, drawings, correspondence, and testimony of witnesses.” *Sonoscan, Inc. v. Sonotek, Inc.*, 936 F.2d 1261, 1263 (Fed. Cir. 1991) (quoting *RCA Corp. v. Data Gen. Corp.*, 887 F.2d 1056, 1060 (Fed. Cir. 1989)). An admission by the patentee that a particular product practices the claimed invention is sufficient to satisfy the defendant’s burden that the product anticipates the claim for purpose of applying the on sale bar and public use bar. *See e.g. Vanmoor v. Wal-Mart Stores, Inc.*, 201 F.3d 1363, 1366 (Fed. Cir. 2000) (“Although [defendants] bore the burden of proving that the cartridges that were the subject of the pre-critical date sales anticipated [the patent], that burden was satisfied by the patentee’s allegation that the accused cartridges infringe [the patent].”).

At trial, Facebook presented Leader’s interrogatory responses, in which Leader admitted that “Leader2Leader® powered by the Digital

Leaderboard® engine is covered by the “761 Patent.” (Ex. B (DTX0963-R) at 4; Ex. C (DTX0969-R) at 46) Leader contends that its interrogatory responses, given in 2009, were limited to products offered for sale in 2009, and that earlier versions of the product, including those that were the subject of the contested offers for sale prior to the December 10, 2002 critical date, did not embody the claimed invention. Notably, however, Leader stated no such qualifications in its actual interrogatory responses. *See generally Cummings v. Adidas*, 716 F. Supp. 2d 323, 332 (S.D.N.Y. 2010) (rejecting argument by plaintiff that defendant’s requests for admissions did not specify model of product being accused of infringement where plaintiff’s interrogatory admission did not qualify response).

Leader’s interrogatory responses received substantial attention at trial (*See, e.g.*, Tr. 1236-42) The specific interrogatory at issue, and the two responses to it that were admitted into evidence, read as follows:

INTERROGATORY NO. 9:

For each claim of the ‘761 Patent that [Leader] contends is practiced by any product(s) and/or services of [Leader], identify all such product(s) and/or service(s) and provide a chart identifying specifically where each limitation of each claim is found within such product(s) and/or service(s).

FIRST SUPPLEMENTAL RESPONSE TO INTERROGATORY NO.9:

Leader2Leader® powered by the Digital Leaderboard® engine is covered by the '761 patent.

THIRD SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 9:

Leader2Leader® powered by the Digital Leaderboard® engine is the only product or service provided by Leader which embodies, either literally or under the doctrine of equivalents, any of the asserted claims of the '761 Patent. Leader2Leader® powered by the Digital Leaderboard® engine embodies the following asserted claims of the '761 Patent: 1-17, 21, 23-26, 29, and 31-34.[¹⁵]

At trial, under examination by Facebook, counsel directed Mr. McKibben to this Interrogatory No.9 and Leader's First Supplemental Response to it, which had

¹⁵ (DTX0963) (Leader Technologies, Inc.'s First Supplemental Responses to Facebook, Inc.'s Interrogatories Nos. 3 and 9 (Apr. 17, 2009) at 4); (DTX0969) (Leader Technologies, Inc.'s Second Supplemental Response to Facebook, Inc.'s Interrogatory No. 1, First Supplemental Responses to Facebook's Interrogatory Nos. 4, 11-17 and Third Supplemental Response to Facebook's Interrogatory No.9 (Oct. 28, 2009) at 46) The portions of the interrogatory and responses quoted above are the entirety of the interrogatories and responses that were presented to the jury. The remainder of what appeared in the interrogatories and responses as the parties actually served them on one another was redacted and never seen by the jury.

been verified by Mr. McKibben. (Tr. 1237:17-24, 1238:5-1240:11) Mr. McKibben gave the following testimony:

Q. The statement says Leader2Leader powered by the digital Leader board engine is covered by the '761 patent. Do you see that?

A. I do see that.

Q. And that was a true and correct statement; correct?

A. In answer to Interrogatory Number 9, yes.

(Tr. 1240:4-11)

Mr. McKibben was then asked, similarly, about Leader's Third Supplemental Response to Interrogatory No.9. Mr. McKibben testified as follows:

Q. And it says Leader2Leader powered by the digital Leader board engine embodies the following asserted claims of the '761 patent. Do you see that?

A. I do.

Q. And do you understand that was a statement that was made from your side to our side during the conduct of the litigation?

A. Based on what you just asked me, is that –

Q. Yes.

A. Okay. I understand that.

(Tr. 1239:22-24, 1240:1-9)

Unsurprisingly, counsel for Leader returned to the interrogatories in her examination of Mr. McKibben. Mr. McKibben was asked the following questions and gave the following responses (with objections and rulings on them omitted):

Q. . . . So, Mr. McKibben, is it correct to say you were asked, “For each claim of the ‘761 patent that LTI contends is practiced by any products and/or services of LTI, identify all such products and/or services and provide a chart specifying where each limitation of each claim is found within the product.” Is that correct?

A. That’s what I read.

Q. And what did you understand you were being asked with respect to that interrogatory?

* * *

A. I recall. It’s being asked what aspects of our products and/or services today practice the ‘761 patent today.

Q. Today. So what do you mean by today?

A. Well, I mean, the question had to have occurred – they’re asking about the ‘761 patent, which did not issue until November

82a

23, 2006. So this question had to refer to whatever our products and services were after November 23, 2006, and so that was the answer I gave.

Q. If we go down to the response where it says "Leader2Leader powered by Digital Leaderboard engine is covered by the '761 patent." Do you see that?

A. I do.

Q. Was that an accurate statement when you answered that response?

A. It is because we did do Leader2Leader powered by Digital Leaderboard, and we did use the technology after December 23, 2006.

Q. Is that a true statement today in 2010?

A. Yes, it is.

Q. And is that a true statement in 2008?

A. Yes, it was.

Q. And would it have been a true statement in 2007?

A. Yes, I believe so.

Q. Would that have been a true statement prior to December of 2002?

A. No, it could not have because that technology of the '761 patent did not exist at that time.

(Tr. 1330:4-16, 1331:5-24, 1332:1-19)

When counsel for Facebook again questioned Mr. McKibben, he began with questions about the interrogatory responses and the topic of whether, and when, Leader2Leader became an embodiment of the '761 patent. (Tr. 1373:19-1374:22) Mr. McKibben reiterated his testimony that "[a]ny time before December 11, 2002," Leader2Leader "couldn't have" been an embodiment of the '761 patent, because the technology of the '761 patent "didn't exist." (Tr. 1374:17-24) Immediately after this testimony, counsel for Facebook played a portion of Mr. McKibben's videotaped deposition, showing that at the time of his deposition, Mr. McKibben could not remember when Leader2Leader came to embody the '761 patent:

Q: Did you have any technique for identifying differences between various iterations of Leader2Leader product?

A: As I'm speaking here today, I believe that our developers kept track of that. But the name they gave to it, I don't remember.

Q: Can you identify any iteration of the Leader2Leader product that, in your opinion, did not implement what's claimed in the '761 patent?

A. That was a long time ago. I – I can't point back to a specific point.

(Tr. 1377:8-19)

Much of Facebook's argument in response to Leader's post-trial Motion, just like much of its argument to the jury, relies on the contrast between Mr. McKibben's failure at his deposition to recall when Leader2Leader embodied the '761 invention and his crystal clear recollection at trial that the date in question was right around December 11, 2002. At trial, Mr. McKibben's testimony was as follows:

Q. . . . So prior to December 11, 2002, was there any technology in Leader2Leader that could permit someone to move from one work space to another work space?

A. No, it wasn't done yet.

Q. Or move from board to board within the system?

A. No, that technology was not done until a few days before December 11, 2002.

Q. You couldn't track any movement obviously since you didn't have that movement; right?

A. It was not finished until right before 2002. That is correct.

Q. At some point, you had a version of the software; right? Is that correct?

A. Yeah, right around that time December 11th.

(Tr. 1327:7-10; *see also* Tr. 1382:18-22 (Mr. McKibben reiterating that “the ‘761 technology . . . didn’t exist until a few days before . . . December 11, 2002”)

If believed, Mr. McKibben’s trial testimony supports Leader’s argument that any offers for sale or public uses by Leader of the Leader2Leader product prior to December 11, 2002 could not invalidate the patent, because the product did not at that time embody the claimed invention. However, even if the jury disbelieved Mr. McKibben, Leader contends that his discredited testimony does not amount to affirmative proof that early versions of the Leader2Leader product embodied the claims of the ‘761 patent. (D.I. 626) (citing *Bose Corp. v. Consumers Union of US., Inc.*, 466 U.S. 485, 512 (1984), which recognized that jury may disregard testimony that is not believed, but noted that “[n]ormally discredited testimony is not a *sufficient* basis for drawing a contrary conclusion”) (emphasis added)

The Court does not agree with Leader. Even on its face, the legal proposition stated in *Bose* is not a hard and fast rule. The circumstances here are not “normal” – the issue of when Leader2Leader embodied the patent claims is an issue particularly within the knowledge of Mr. McKibben, who is not only a named inventor, but also the founder and CEO of Leader Technologies. Nor is this an ambiguous situation, in which the evidence permitted the jury multifaceted options. Here, the options for the jury were only two: if the jury believed Mr. McKibben when he testified that the invention was not ready for patenting before

December 2002, then Leader did not make an impermissible offer for sale; if, however, the jury disbelieved Mr. McKibben when he testified that the invention *was* not ready for patenting before December 2002, the only logical conclusion that can follow from such a finding is that the invention was ready for patenting before December 2002. In this respect, the Court believes that the jury's evident finding that Mr. McKibben was not testifying credibly does, under the circumstances of this case, constitute affirmative evidence that the invention was ready for patenting prior to the critical date.

Another reason *Bose* does not carry the day for Leader is that neither the jury, the Court, nor Facebook is treating Mr. McKibben's testimony, alone, as "sufficient" to draw this conclusion. Rather, it is the combination of Mr. McKibben's trial testimony (which the jury found non-credible), plus his seemingly conflicting deposition testimony (presented to the jury at trial), plus the interrogatory responses (which can reasonably be interpreted as an admission that the invention was ready for patenting prior to the critical date) that, together, are "sufficient" to satisfy Facebook's evidentiary burden. There is nothing impermissible about such an analysis. *See generally United States v. Urban*, 404 F.3d 754, 782 (3d Cir. 2005) (stating, in criminal context, there is no question that factfinder is entitled to consider a party's dishonesty about a material fact as affirmative evidence of guilt"); *Wilson v. United States*, 162 U.S. 613, 620-21 (1896) (stating that there could be no "question that, if the jury were satisfied, from the evidence, that false statements in the case were made by defendant, or on his behalf, at his instigation, they

had the right, not only to take such statements into consideration, in connection with all the other circumstances of the case, in determining whether or not defendant's conduct had been satisfactorily explained by him upon the theory of his innocence, but also to regard false statements in explanation or defense, made or procured to be made, as in themselves tending to show guilt"); *United States v. Jovic*, 207 F.3d 889, 893 (7th Cir. 2000) ("When a defendant decides to testify and deny the charges against him and the finder of fact thinks he is lying, his untruthful testimony becomes evidence of guilt to add to the other evidence.").

This conclusion is bolstered, in the instant case, when one looks at how the case was argued, by both sides, to the jury. Although lawyer argument, of course, is not evidence, it helps elucidate how the jury could have reasonably reached the factual conclusions it did based on the evidentiary record that was put before it. Leader's interrogatory responses, and the credibility of Mr. McKibben's testimony relating to the on sale and public use bars, was a primary focus of the closing arguments of both parties.

Counsel for Leader, in his initial closing argument to the jury, made plain that, in Leader's view, the interrogatory response was in no way evidence of Leader2Leader embodying the invention of the '761 patent before the critical date:

They have to show that Leader2Leader contained that technology of the '761 patent prior to December 2002. That would be a neat trick. It wasn't invented until December 2002.

....

What evidence did Facebook [use to] try to prove [this]? That Leader2Leader had the patented technology. This is the sole piece of evidence they showed you in this litigation, written by the lawyers. They asked us for each claim of the '761 patent, identify the product that is covered by the patent. We identified Leader2Leader, powered by Digital LeaderBoard is covered by the '761 patent. That is their sole piece of evidence.

What is the date of this? April 17, 2009. April 17, 2009. The '761 technology was in Leader2Leader, powered by the Digital LeaderBoard. It wasn't there in December 2002, and they didn't try to prove it. That's their sole piece of evidence. Nothing else.

...

. . . When you're talking about the Leader2Leader before December 2002, it didn't have the '761 in it. They didn't try to prove it. They didn't take the engineers' testimony. They didn't show you documents or anything other than the interrogatory response from 2009.

(Tr.1988:10-14, 19-24; 1989:1-11; 1990:19-24)

In response, Facebook's counsel discussed the interrogatory responses in his closing:

. . . [Y]es, I asked them before trial, did Leader2Leader practice the invention, and they said, yes.

But now what they say is, you didn't ask the question correctly. You didn't ask me about the version in 2002, even though the purpose of asking the question is to figure out whether it did, so now they're dancing. Now they're dancing. This is 2009. Why? Because that's when I asked them the question, in 2009, and he swore to it under penalty of perjury.

Mr. McKibben, when he comes to court, he has a really good recollection, doesn't he? At some point, you had it, I had it, on the December 11. At his deposition before trial, we asked him a real simple question: Can you think of any iteration of Leader2Leader, the product, that did not practice the patent? He's the inventor. Can you think of any one that does not practice the patent? Did they also practice it? This year's version. Simple question. Can you think of any iteration that didn't practice the patent?

(Tr. 2052:7-24; 2053:1-5) Counsel then read the deposition question quoted earlier in this opinion, and Mr. McKibben's answer, "That was a long time ago. I can't point back to a specific point." (Tr. 2053:7-12) Then counsel observed, "He can point . . . to [a] specific point now though in court." (Tr. 2053:13-14)

In his rebuttal argument, Leader's counsel returned to the topic, placing the jury's focus in connection with the on sale bar squarely on Mr. McKibben's credibility:

They propose to call Mr. McKibben a liar because they show a videotape under two solid days of his deposition. They spent almost all their time on this on-sale issue because they have nothing else. They can't beat the technology. There's no evidence of it.

Mr. McKibben was on the stand. You saw him live. You judge the credibility of the man.

It's their burden of proof to show that there were these sales. What did they show? They didn't try. They didn't even try to show that the '761 patented technology was in Leader2Leader.

(Tr. 2063:24; 2064:1-13) Later, as his final point before ending his argument, Leader's counsel chose again to address the interrogatory responses:

On Facebook's burden of proof about invalidity, which is much heavier, it's clear and convincing, they didn't give you anything. They give you innuendo. They said since Leader2Leader has '761 in it in 2009, it was there. Come on. We know, don't we?

Not true. There's no evidence. This is about truth, finding out what the truth is, and that's based on evidence. They didn't give you any.

(Tr. 2070:13-22)

Contrary to Leader's argument to the jury, there was evidence to support a finding of patent invalidity due to the on sale bar. This is what the jury found

happened. There is no basis to disturb the jury's finding.¹⁶

¹⁶ While the parties focus on the evidentiary weight of Leader's interrogatory responses and the portions of Mr. McKibben's testimony excerpted above, the trial record contains additional evidence to support the jury's finding, by clear and convincing evidence, that Leader offered for sale a version of Leader2Leader that embodied the '761 patent prior to the critical date of December 10, 2002. This evidence includes: Mr. McKibben's testimony that he and co-inventor Mr. Lamb conceived of the '761 invention in 1999 (Tr. 1382:3-5); Mr. Lamb's deposition testimony and Mr. McKibben's testimony that Leader2Leader was demonstrable in August 2002 (Tr. 1168:4-16; 1222:13-1223:4); Leader's offering document submitted to Wright-Patterson Air Force Base in January 2002 describing Leader2Leader as "operational" (D.I. 627, Exh. 13 (DTX0179) at LTI_048198, 203); and a November 2002 communication to shareholders indicating that Mr. McKibben "was demo'ing the [Leader2Leader] functionality" and the "demo was flawless" (Tr. 2055:7-9; D.I. 627, Exh. 21 (DTX0776)). Mr. McKibben testified several times at trial that "the '761 technology that's a plug-in to Leader2Leader" "wasn't done until days before the December 11, 2002, filing" of the provisional patent application. (Tr. 1325:1-5; *see also* Tr. 1361:8-12) However, even if the jury accepted Mr. McKibben's testimony, the jury could still have found the claims invalid based upon the offers for sale discussed during that brief window of time in December 2002. Specifically, Facebook introduced an e-mail dated December 8, 2002, in which Mr. McKibben was following up on what he called "numerous developments on the sales front." (D.I. 651, Exh. F (DTX0766); Tr. 1304:1-1306:21) In this email, Mr. McKibben referenced the Limited offer for sale stating that "[w]e have confirmation *now* from both the COO, Len Schlessinger, and the CIO, Jon Ricker [of the Limited], that we will acquire a significant contract in January for their implementation of Leader2Leader®" (D.I. 651, Exh. F (DTX0766)) Thus, the jury could have reasonably concluded that Leader offered to sell the patented technology in the few days preceding December 11, 2002,

c. Ready for patenting

With respect to the “ready for patenting” requirement of both the on sale bar and the public use bar, Leader contends that Facebook failed to elicit any evidence that the invention was reduced to practice before the critical date or that prior to the critical date the inventor prepared drawings or descriptions of the invention that were sufficiently specific to enable one skilled in the art to practice the invention. At trial, Leader presented evidence that the invention claimed in the ‘761 patent was conceived before January 1, 2000. From this baseline, Facebook then presented evidence in the form of testimony and Leader documents demonstrating that the Leader2Leader product was reduced to practice and operational prior to the critical date.

For example, Mr. McKibben testified at his deposition that the technology claimed in the patent was implemented as early as 2001:

Q. At some point there came a time when you had a product implemented; correct?

A. Well, as was – software is never finished, so even version one of a product is not implemented in the sense that it’s perfect. But we were confident of a fairly stable design by ‘98 and then we starting coding and now these are rough time frames, but I

a time at which Mr. McKibben acknowledged that the ‘761 technology was first incorporated into Leader2Leader.

would say we were coding well, we haven't stopped coding, so a fairly stable collaborative environment was working by I'm going to say 2001/2002 time frame.

(Tr. 1200:6-17) (emphasis added) Mr. McKibben's testimony is confirmed by Leader's January 9, 2002 proposal to Wright-Patterson Air Force Base ("Wright-Patterson"), which states that "the Leader2Leader™ platform is **operational now** with low user volumes." (D.I. 651, Exh. D (DTX0179) at LTI_048203) (emphasis added)) In this same document, Leader acknowledges that the Digital Leaderboard system of the Leader2Leader product was "**[f]ully developed** at private expense." (*Id.* at LTI_048200) (emphasis added) Further, Facebook introduced substantial evidence that Leader demonstrated the functionality of the Leader2Leader product to third parties as early as December 8, 2001, and throughout 2002.

In the Court's view, this evidence is sufficient to clearly and convincingly establish that the product was reduced to practice before the critical date and, therefore, the Court concludes that the jury's finding in this regard is supported by substantial evidence.¹⁷

¹⁷ Leader contends that Facebook "effectively conceded that the invention was not ready for patenting by December 10, 2002, when it argued that the provisional application, which contained the actual source code, filed on December 11, 2002, did not provide support for each claim of the '761 patent." (D.I. 626 at 12) As the Court noted in discussing the priority date issue, the testimony and evidence supports Facebook's position that the source code contained in the provisional application was incomplete pseudo

d. Commercial offer for sale

With respect to the on sale bar, Leader contends that Facebook failed to establish by clear and convincing evidence that Leader commercially offered the Leader2Leader product for sale. To be considered a commercial offer for sale, “the offer must meet the level of an offer for sale in the contract sense, one that would be understood as such in the commercial community.” *Group One, Ltd v. Hallmark Cards, Inc.*, 254 F.3d 1041, 1046 (Fed. Cir. 2001). “Only an offer which rises to the level of a commercial offer for sale, one which the other party could make into a binding contract by simple acceptance (assuming consideration), constitutes an offer for sale under 102(b).” *Id.* at 1048. The Federal Circuit has instructed courts to look to the language used by the parties to determine whether an offer was intended:

In any given circumstance, who is the offeror, and what constitutes a definite offer, requires closely looking at the language of the proposal itself. Language suggesting a legal offer, such as “I offer” or “I promise” can be contrasted with language suggesting more preliminary negotiations, such as “I quote” or “are you interested.” Differing phrases are evidence of

code. That Leader may have chosen to file an incomplete provisional application does not mean the Leader2Leader software was not ready for patenting at that time.

differing intent, but no one phrase is necessarily controlling.

Id.

In addition to the language used by the parties, it is also appropriate to consider the circumstances surrounding the making of the offer, including the context of any prior communications or course of dealing between the parties; whether the communication was private or made to the general public; whether the communication comes in reply to a specific request for an offer; and whether the communication contains detailed terms. *See, e.g., Fisher-Price, Inc. v. Safety 1st, Inc.*, 109 Fed. Appx. 387, 392 (Fed. Cir. 2004) (citing 1 *Corbin on Contracts* § 2.2 at pp. 1-2 (Joseph M. Perillo, Rev. ed. 1993) and *Restatement (Second) of Contracts* § 26, cmt. c (1981)). Actual acceptance of the offer is not required to implicate the on sale bar. *See Scaltech*, 269 F.3d at 1328. That the offer, even if accepted, might not have ultimately led to an actual sale of the invention is also irrelevant. *See id.* at 1329.

In this case, Facebook offered evidence of three offers for sale of the Leader2Leader product: one to Wright-Patterson, one to The Limited, and one to Boston Scientific. Leader contends that none of these offers contained material terms constituting a definite contract and, therefore, they are insufficient to establish an offer.

Viewing the evidence in the light most favorable to Facebook, as the verdict winner, the Court concludes that substantial evidence supports the jury's finding

that the Leader2Leader product was the subject of at least one commercial offer for sale. In particular, the Court concludes that the written submissions to Wright-Patterson and The Limited are sufficiently detailed so as to constitute offers for sale in the commercial contract sense.¹⁸ In the case of the Wright-Patterson proposal, Leader is identified as the offeror, and the proposal outlines the number of licences to be sold, the price for the licenses, and the time frame for implementation. (D.I. 651, Exh. D (DTX0179) at LTI_048202, 204-205) The Limited written offer contains similar language, including the use of the word “offer” and detailed descriptions of the number of licenses to be provided, the terms of the licenses, and the price. (*Id.*, Ex. G (DTX0185)) That further negotiations might be needed or further refinement of the features of the device might be needed to tailor the device to the specific requirements of Wright-Patterson or The Limited does not preclude these events from being considered valid, commercial offers for sale. *See Honeywell Intern., Inc. v. Nikon Corp.*, 672 F. Supp. 2d 638, 643-644 (D. Del. 2009) (holding that Bidder’s Offer which included, among other things price and delivery terms – constituted commercial offer for sale, despite possible need for further negotiations and or refinement of the system to

¹⁸ The evidence offered by Facebook on the Boston Scientific “offer” is an October 2002 e-mail stating that Leader “verbally committed to selling a system” to Boston Scientific. (Exh. H (DTX0184)) The Court need not determine whether this constitutes an “offer” in the contract sense. In any event, the jury was free to accept this e-mail as further evidence that Leader intended to commercially sell its product and was, in fact, engaged in commercial sales.

meet the demands of the consumer), *aff'd without opinion*, 2010 WL 4386966 (Fed. Cir. Nov. 1, 2010).

Leader suggests that these written proposals do not demonstrate its intent to enter into a contract for sale of the Leader2Leader product; however, Mr. McKibben's contemporaneous e-mails suggest the opposite. For example, in a November 3, 2002 e-mail, Mr. McKibben wrote: "We had a phenomenal selling week last week. The Limited www.limited.com just committed to contracting with Leader for Leader Phone® and Leader2Leader(tm)." (D.I. 651, Exh. I (DTX0186))

Accordingly, the Court concludes that substantial evidence supports the jury's conclusion that Leader intended to make, and made, a commercial offer for sale of the patented invention.

e. Public use without a secrecy obligation

With respect to the public use bar, Leader contends that all of its demonstrations of the Leader2Leader device were covered by nondisclosure agreements ("NDAs"). Thus, Leader maintains that none of these demonstrations are sufficient to establish a public use.

Even a single disclosure to a third party may constitute a public use if the third party was not under a legal obligation to maintain the secrecy of the disclosure. (D.I. 601 at 39; *see also, e.g., Egbert v. Lippmann*, 104 U.S. 333, 336 (1881); *A. Schrader's Sons, Inc. v. Wein Sales Corporation*, 9 F.2d 306, 308 (2d Cir. 1925)) At trial, Facebook presented evidence

that Mr. McKibben provided a demonstration of the Leader2Leader device to Boston Scientific on November 25, 2002, but did not have a signed NDA from Boston Scientific until the next day. (Tr. 1297:6-1299:19; D.I. 651, Exh. M (DTX0736); Exh. N (DTX0776)) Importantly, the NDA that was executed did not reference the demonstration conducted the day before. (D.I. 651, Exh. M (DTX0736)) Mr. McKibben testified that other individuals at Boston Scientific had signed earlier NDAs; however, those early NDAs were never identified nor introduced into evidence during trial. (Tr. 1300:2-11; 1363:20-1364:7)

In addition, Mr. McKibben testified that he had more than a thousand meetings with third parties discussing the Leader2Leader device. (Tr. 1289:3-1291:17) Although Mr. McKibben testified that he was “paranoid” about getting NDAs signed (Tr. 1334:1-5), that he had over 2,400 signed NDAs (Tr.1334:6-14), and that he always had NDAs signed before disclosing any business or trade secrets (Tr. 1290:5-16), the jury was free to find that his testimony lacked credibility, particularly in light of: (1) the Boston Scientific NDA, which was executed subsequent to Mr. McKibben’s demonstration of the Leader2Leader product and made no reference to protecting the previous day’s disclosures; and (2) the absence of any previous NDA entered into evidence pertaining to Boston Scientific.

Accordingly, the Court concludes that substantial evidence was presented to support the jury’s finding that Leader publicly demonstrated the Leader2Leader device to third parties without legal obligation on those parties to maintain the secrecy of the presentation.

f. Experimentation

Leader contends that it negated the public use and on sale bars with evidence that its offers for sale and public disclosures were experimental uses. In support of its argument, Leader contends that its contacts with Wright-Patterson, The Limited, and Boston Scientific were for the purpose of beta testing, an essential stage of software development.

“Experimentation conducted to determine whether [a product] would suit a particular customer’s purposes does not fall within the experimental use exception.” *Allen Engineering Corp.*, 299 F.3d at 1355. In the case of the Wright-Patterson offer, Leader acknowledges that “the whole point of the project was to jointly **develop** solutions to allow intelligence agencies to share data more easily.” (D.I. 626 at 12 (citing Tr. 1345:9-19)) It was not unreasonable for the jury to consider this evidence to be consistent with tailoring the product to meet the needs of Wright-Patterson. Further, Facebook demonstrated that Leader’s offers for sale to Wright-Patterson and The Limited were for commercial gain, in that they included payment provisions for substantial sums, including \$8.4 million for Leader2Leader licenses in the case of the Wright-Patterson offer and \$1.5 million in the case of The Limited offer. (D.I. 651, Exh. D (DTX0179) at LTI048204; Exh. G (DTXO 185); *see also Allen Engineering Corp.*, 299 F .3d at 1355 (holding that amounts to be paid are relevant in considering whether transaction is purely commercial)) Indeed, even Leader’s employees recognized the commercial nature of these offers and its transactions with Boston Scientific in their communications, stating that they

had committed to “selling” Leader2Leader. Likewise, Mr. McKibben, as has already been noted, wrote an email stating Leader has had a “phenomenal selling week.” (DJ. 651, Exh. H (DTX0184), Exh. I (DTX0186)) Taken in the light most favorable to Facebook, the Court concludes that this evidence is sufficient to support the jury’s conclusion that Leader’s public use and offers for sale were undertaken for commercial exploitation and not for an experimental purpose.

g. Summary

In sum, the Court concludes that substantial evidence supports the jury’s verdict that Leader publicly used and offered for sale a product embodying the invention claimed in the ‘761 patent prior to the critical date for commercial purposes and not for the purpose of experimentation, such that the ‘761 patent is invalid based on the on sale bar and public use bar. Accordingly, the Court will deny Leader’s Motion to the extent it seeks judgment as a matter of law on the validity of the ‘761 patent.

B. Direction And Control Of Employees And Users

Leader next contends that it is entitled to judgment as a matter of law that Facebook directs or controls its employees and users. In support of its argument, Leader contends that “Facebook’s employees inherently have a contractual relationship and indeed are agents of the company, and there is no question that Facebook provides the ‘instrumentalities, tools and the website’ for its own employees to use the infringing website.” (D.I. 626 at 19) In this regard, Leader contends that

direction and control is established as a matter of law by the testing of the Facebook website by Facebook employees. Leader further contends that Facebook directs its users on how to use its website in the Statement of Rights and Responsibilities for Facebook, which explains what users can and cannot do on the website and prohibits users from using the Facebook website if they fail to keep their contact information accurate and current. Thus, Leader contends that “Facebook’s users must follow Facebook’s rules, or they cannot use the website – the very definition of direction or control.” *Id.*

Although Facebook provides rules for user conduct and postings, Facebook also presented evidence that it cannot guarantee adherence with these rules and, ultimately, does not control and is not responsible for what users post, transmit, or share on its website. (PTX-628, PTX1000) As the Federal Circuit has explained, “that a [defendant] controls access to its system is not sufficient to incur liability for direct infringement” *Muniauction, Inc.*, 532 F.3d at 1330. With respect to Facebook’s employees, Leader offered evidence that Facebook employees occasionally test the website’s functionality, but this evidence did not go so far as to demonstrate that Facebook employees actually perform the precise method steps of the claims or that Facebook requires its employees to perform these steps.

Accordingly, the Court concludes that the jury’s conclusion that Facebook does not direct or control the actions of its users and employees is supported by substantial evidence and, therefore, the Court will deny Leader’s Motion to the extent it seeks judgment as a matter of law on the question of direction and control.

C. New Trial

In the alternative, Leader requests a new trial on the grounds that the verdict is against the great weight of the evidence. Leader points out that consideration of whether a new trial is warranted does not require the Court to view the evidence in the light most favorable to the verdict winner.

Even without drawing inferences favorable to Facebook, the Court cannot conclude that the jury's verdict of invalidity based on the on sale bar and public use bar is against the weight of the evidence. At trial, Facebook offered sufficient evidence that Leader disclosed the claimed invention to Boston Scientific without the benefit of a non-disclosure agreement for the purposes of commercially selling the product, and that Leader made other commercial offers for sale of the claimed invention to Wright-Patterson and The Limited more than one year prior to the critical date. To the extent that Mr. McKibben's trial testimony contradicted this evidence, the jury was free to disregard his testimony, and the Court cannot substitute its judgment for that of the jury, particularly on issues of credibility. Given the evidence presented at trial and the jury's reasonable determination to decline to credit Mr. McKibben's testimony, the Court concludes that the jury's verdict does not shock the conscience or result in a miscarriage of justice.

Accordingly, the Court will deny Leader's Motion to the extent it seeks a new trial.

CONCLUSION

For the reasons discussed, the Court will grant Facebook's Renewed Motion For Judgment As A Matter Of Law Of No Indirect Infringement (D.I. 630) and deny Facebook's Renewed Motion For Judgment As A Matter Of Law Of No Direct Infringement (D.I. 628), Facebook's Renewed Motion For Judgment As A Matter Of Law Of No Literal Infringement And No Infringement Under The Doctrine Of Equivalentents (D.I. 629), Facebook's Renewed Motion For Judgment As A Matter Of Law Of Invalidity (D.I. 631), and Facebook's Summary Judgment Motion No. 1 (D.I. 382). To the extent Facebook seeks a new trial in its Motion For Judgment As A Matter Of Law Of Invalidity and Motion For Judgment As A Matter Of Law Of No Literal Infringement, the Court will deny the request as moot. In addition, the Court will deny Leader's Motion For Judgment As A Matter Of Law Or A New Trial (D.I. 626). An appropriate Order will be entered.

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

Civil Action No. 08-862-LPS

[Filed March 14, 2011]

LEADER TECHNOLOGIES, INC.,)
a Delaware corporation,)
Plaintiff and Counterdefendant,)
v.)
FACEBOOK, INC.,)
a Delaware corporation,)
Defendants and Counterclaimant.)

ORDER

At Wilmington, this 14th day of March 2011, for the reasons set forth in the Memorandum Opinion issued this date;

IT IS HEREBY ORDERED that:

1. Defendant Facebook Inc.'s Renewed Motion For Judgment As A Matter Of Law Of No Indirect Infringement (D.I. 630) is **GRANTED**.

2. Defendant Facebook Inc.'s Renewed Motion For Judgment As A Matter Of Law Of No Direct Infringement (D.I. 628) is **DENIED**.

3. Defendant Facebook Inc.'s Renewed Motion For Judgment As A Matter Of Law Of No Literal

Infringement And No Infringement Under The Doctrine Of Equivalent (D.I. 629) is **DENIED** to the extent it seeks judgment as a matter of law and **DENIED** as moot to the extent it seeks a new trial.

4. Defendant Facebook Inc.'s Renewed Motion For Judgment As A Matter Of Law Of Invalidity (D.I. 631) is **DENIED** to the extent it seeks judgment as a matter of law and **DENIED** as moot to the extent it seeks a new trial.

5. Defendant Facebook Inc.'s Motion For Summary Judgment Of Invalidity Of Claims 1, 4, 7, 21, 23, 25, 31 And 32 Of U.S. Patent No. 7,139,761 (D.I. 382) is **DENIED**.

6. Leader's Motion For Judgment As A Matter Of Law Or A New Trial (D.I. 626) is **DENIED**.

/s/ _____
UNITED STATES DISTRICT JUDGE

APPENDIX D

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

C. A. No. 08-862-LPS

[Filed March 14, 2011]

LEADER TECHNOLOGIES, INC.,)
)
Plaintiff,)
v.)
)
FACEBOOK, INC.,)
)
Defendant.)

ORDER

At Wilmington this 14th day of March, 2011.

For the reasons stated during the Pretrial Conferences of July 1, 2010 and July 16, 2010,

IT IS HEREBY ORDERED that:

1. Leader's motion in limine No.1 (D.I. 417) is DENIED.

2. Leader's motion in limine No.2 (D.I. 418) is GRANTED in part and DENIED in part.

3. Leader's motion in limine No.4 (D.I. 420) is GRANTED.

4. Leader's motion in limine No.5 (D.I. 421) is DENIED.

5. Leader's motion in limine No.6 (D.I. 422) is GRANTED.

6. Leader's motion to strike Facebook's motion in limine No.12 (D.I. 548) is DENIED as moot.

Delaware counsel are reminded of their obligations to inform out-of-state counsel of this Order. To avoid the imposition of sanctions, counsel shall advise the Court immediately of any problems regarding compliance with this Order.

/s/ _____
UNITED STATES DISTRICT JUDGE

APPENDIX E

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

Civil Action No. 08-862-JJF/LPS

[Filed July 28, 2010]

LEADER TECHNOLOGIES, INC., a)
Delaware corporation,)
)
Plaintiff-Counterdefendant,)
)
v.)
)
FACEBOOK, INC., a Delaware corporation,)
)
Defendant-Counterclaimant.)

VERDICT FORM

A. Leader's Patent Infringement Claims Against Facebook

1. Literal Infringement

Do you find that Leader has proven by a preponderance of the evidence that Facebook has literally infringed each and every element of any of the asserted claims of U.S. Patent No. 7,139,761?

109a

YES NO

- a. If you answered “Yes,” please place a check mark next to the claims you found to be infringed.

Claim 1: <input checked="" type="checkbox"/>	Claim 4: <input checked="" type="checkbox"/>	Claim 7: <input checked="" type="checkbox"/>
Claim 9: <input checked="" type="checkbox"/>	Claim 11: <input checked="" type="checkbox"/>	Claim 16: <input checked="" type="checkbox"/>
Claim 21: <input checked="" type="checkbox"/>	Claim 23: <input checked="" type="checkbox"/>	Claim 25: <input checked="" type="checkbox"/>
Claim 31: <input checked="" type="checkbox"/>	Claim 32: <input checked="" type="checkbox"/>	

2. Infringement Under the Doctrine of Equivalents

If you found that Facebook did not literally infringe some or all of the claims of U.S. Patent No. 7,139,761 in Question 1, do you find that Leader has proven by a preponderance of the evidence that Facebook has infringed any of those claims under the doctrine of equivalents?

YES NO

- a. If you answered “Yes,” please mark the claims you found to be infringed under the doctrine of equivalents.

Claim 1: <input type="checkbox"/>	Claim 4: <input type="checkbox"/>	Claim 7:
Claim 9: <input type="checkbox"/>	Claim 11: <input type="checkbox"/>	Claim 16:
Claim 21: <input type="checkbox"/>	Claim 23: <input type="checkbox"/>	Claim 25:
Claim 31: <input type="checkbox"/>	Claim 32: <input type="checkbox"/>	

3. Control or Direction

With respect to its infringement claims against Facebook with respect to claims 9, 11, and 16, has Leader shown by a preponderance of the evidence that Facebook controls or directs the accused actions of Facebook end users and/or Facebook employees?

a. Facebook end users YES ___ NO X

b. Facebook employees YES ___ NO X

4. Priority Date of U.S. Patent No. 7,139,761

Do you find that Leader has proven by a preponderance of the evidence that U.S. Patent Application No. 60/432255 (the "Provisional Application") fully discloses each and every element of any asserted claim of U.S. Patent No. 7,139,761?

YES ___ NO X

a. If you answered "Yes," please mark the asserted claims of U.S. Patent No. 7,139,761 for which you found that each and every element was fully disclosed by the Provisional Application.

Claim 1: ___	Claim 4: ___	Claim 7:
Claim 9: ___	Claim 11: ___	Claim 16:
Claim 21: ___	Claim 23: ___	Claim 25:
Claim 31: ___	Claim 32: ___	

B. Facebook's Patent Invalidity Defenses

1. On-Sale Bar

Do you find that Facebook has proven by clear and convincing evidence that the asserted claims of U.S. Patent No. 7,139,761 are invalid because the alleged invention was the subject of an invalid offer of sale?

YES NO

2. Prior Public Use

Do you find that Facebook has proven by clear and convincing evidence that the asserted claims of U.S. Patent No. 7,139,761 are invalid because the alleged invention was the subject of an invalidating public use?

YES NO

3. Anticipation by iManage

Do you find that Facebook has proven by clear and convincing evidence that any of the asserted claims of U.S. Patent No. 7,139,761 are invalid because they are anticipated by iManage DeskSite 6.0 ("iManage")?

YES NO

- a. If you answered "Yes," please mark the claims you found to be anticipated.

Claim 1: ___	Claim 4: ___	Claim 7:
Claim 9: ___	Claim 11: ___	Claim 16:
Claim 21: ___	Claim 23: ___	Claim 25:
Claim 31: ___	Claim 32: ___	

4. Anticipation by Swartz

Do you find that Facebook has proven by clear and convincing evidence that any of the asserted claims of U.S. Patent No.7, 139,761 are invalid because they are anticipated by U.S. Patent No. 6,236,994 B1 (“Swartz”)?

YES ___ NO X

a. If you answered “Yes,” please mark the claims you found to be anticipated.

Claim 1: ___	Claim 4: ___	Claim 7:
Claim 9: ___	Claim 11: ___	Claim 16:
Claim 21: ___	Claim 23: ___	Claim 25:
Claim 31: ___	Claim 32: ___	

5. Anticipation by Hubert

Do you find that Facebook has proven by clear and convincing evidence that any of the asserted claims of U.S. Patent No. 7,139,761 are invalid because they are anticipated by European Patent

Application No. EP 1 087 306 A2 or U.S. Patent No. 7,590,934 B2 (“Hubert”)?

YES ___ NO X

- a. If you answered “Yes,” please mark the claims you found to be anticipated.

Claim 1: ___	Claim 4: ___	Claim 7:
Claim 9: ___	Claim 11: ___	Claim 16:
Claim 21: ___	Claim 23: ___	Claim 25:
Claim 31: ___	Claim 32: ___	

6. Obviousness

Do you find that Facebook has proven by clear and convincing evidence that any of the claims of U.S. Patent No. 7,139,761 are invalid on the ground of obviousness?

YES ___ NO X

- a. If you answered “Yes,” please mark the claims you found to be obvious.

Claim 1: ___	Claim 4: ___	Claim 7:
Claim 9: ___	Claim 11: ___	Claim 16:
Claim 21: ___	Claim 23: ___	Claim 25:
Claim 31: ___	Claim 32: ___	

Signatures

Date July 28, 2010

/s/

/s/

FOREPERSON

/s/

/s/

/s/

/s/

/s/

/s/

/s/

APPENDIX F

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

Civil Action No. 08-862-JJF/LPS

[Filed July 26, 2010]

LEADER TECHNOLOGIES, INC., a)
Delaware corporation,)
)
Plaintiff-Counterdefendant,)
)
v.)
)
FACEBOOK, INC., a Delaware corporation,)
)
Defendant-Counterclaimant.)

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1.0 GENERAL INSTRUCTIONS

JURY INSTRUCTION NO. 1.1

INTRODUCTION

Members of the jury, now it is time for me to instruct you about the law that you must follow in deciding this case.

120a

I will start by explaining your duties and the general rules that apply in every civil case.

I will explain some rules that you must use in evaluating particular testimony and evidence.

I will explain the positions of the parties and the law you will apply in this case.

Finally, I will explain the rules that you must follow during your deliberations in the jury room, and the possible verdicts that you may return.

Please listen very carefully to everything I say.

You will have your written copy of these instructions with you in the jury room for your reference during your deliberations. You will also have a verdict form, which will list the questions that you must answer to decide this case.

JURY INSTRUCTION NO. 1.2

JURORS' DUTIES

You have two main duties as jurors. The first one is to decide what the facts are from the evidence that you saw and heard here in court. Deciding what the facts are is your job, not mine, and nothing I have said or done during this trial was meant to influence your decisions about the facts in any way.

Your second duty is to take the law that I give you, apply it to the facts, and decide, under the appropriate burden of proof, which party should prevail on each of

the issues presented. It is my job to instruct you about the law, and you are bound by the oath that you took at the beginning of the trial to follow the instructions that I give you, even if you personally disagree with them. This includes the instructions that I gave you before and during the trial, and these instructions. All the instructions are important, and you should consider them together as a whole.

Perform these duties fairly. Do not let any bias, sympathy or prejudice that you may feel toward one side or the other influence your decision in any way.

JURY INSTRUCTION NO. 1.3

EVIDENCE DEFINED

You must make your decision based only on the evidence that you saw and heard here in court. Do not let rumors, suspicions, or anything else that you may have seen or heard outside of court influence your decision in any way.

The evidence in this case includes only what the witnesses said while they were testifying under oath (including deposition testimony that has been played or read to you), the exhibits that I allowed into evidence, and any facts that the parties agreed to by stipulations (which I will tell you about as part of these instructions).

Nothing else is evidence. The lawyers' statements and arguments are not evidence. Their questions and objections are not evidence. My legal rulings are not evidence. My comments and questions are not

evidence. The notes taken by any juror are not evidence.

During the trial I may have not let you hear the answers to some of the questions the lawyers asked. I also may have ruled that you could not see some of the exhibits that the lawyers wanted you to see. You must follow my orders and completely ignore all of these things. Do not even think about them. Do not speculate about what a witness might have said or what an exhibit might have shown. These things are not evidence, and you are bound by your oath not to let them influence your decision in any way.

Further, sometimes I may have ordered you to disregard things that you saw or heard, or struck things from the record. You must follow my instructions to completely disregard such things you saw or heard, and completely ignore those things struck from the record. Do not even think about them. These things are not evidence, and you are bound by your oath not to let them influence your decision in any way.

Make your decision based only on the evidence, as I have defined it here, and nothing else.

JURY INSTRUCTION NO. 1.4

DIRECT AND CIRCUMSTANTIAL EVIDENCE

You have heard the terms “direct evidence” and “circumstantial evidence.”

Direct evidence is evidence like the testimony of any eyewitness which, if you believe it, directly proves a fact. If a witness testified that she saw it raining outside, and you believed her, that would be direct evidence that it was raining.

Circumstantial evidence is simply a chain of circumstances that indirectly proves a fact. If someone walked into the courtroom wearing a raincoat covered with drops of water and carrying a wet umbrella, that would be circumstantial evidence from which you could conclude that it was raining.

It is your job to decide how much weight to give the direct and circumstantial evidence. The law makes no distinction between the weight that you should give to either one, nor does it say that one is any better than the other. You should consider all the evidence, both direct and circumstantial, and give it whatever weight you believe it deserves.

JURY INSTRUCTION NO. 1.5

CONSIDERATION OF EVIDENCE

You should use your common sense in weighing the evidence. Consider it in light of your everyday experience with people and events, and give it whatever weight you believe it deserves. If your experience tells you that certain evidence reasonably leads to a conclusion, you are free to reach that conclusion.

JURY INSTRUCTION NO. 1.6

STATEMENTS OF COUNSEL

A further word about statements and arguments of counsel. The attorney's statements and arguments are not evidence. Instead, their statements and arguments are intended to help you review the evidence presented. If you remember the evidence differently from the attorneys, you should rely on your own recollection.

The role of attorneys is to zealously and effectively advance the claims of the parties they represent within the bounds of the law. An attorney may argue all reasonable conclusions from evidence in the record. It is not proper, however, for an attorney to state an opinion as to the truth or falsity of any testimony or evidence. What an attorney personally thinks or believes about the testimony or evidence in a case is not relevant, and you are instructed to disregard any personal opinion or belief concerning testimony or evidence that an attorney has offered during opening or closing statements, or at any other time during the course of the trial.

JURY INSTRUCTION NO. 1.7

CREDIBILITY OF WITNESSES

You are the sole judges of each witness's credibility. You should consider each witness's means of knowledge; strength of memory; opportunity to observe; how reasonable or unreasonable the testimony is; whether it is consistent or inconsistent; whether it has been contradicted; the witness's biases, prejudices or

interests; the witness's manner or demeanor on the witness stand; and all circumstances that, according to the evidence, could affect the credibility of the testimony.

If you find the testimony to be contradictory, you must try to reconcile it, if reasonably possible, so as to make one harmonious story of it all. But if you can't do this, then it is your duty and privilege to believe the testimony that, in your judgment, is most believable and disregard any testimony that, in your judgment, is not believable.

In determining the weight to give to the testimony of a witness, you should ask yourself whether there is evidence tending to prove that the witness testified falsely about some important fact, or, whether there is evidence that at some other time the witness said or did something, or failed to say or do something was different from the testimony he or she gave at trial. You have the right to distrust such witness's testimony in other particulars and you may reject all or some of the testimony of that witness or give it such credibility as you may think it deserves.

You should remember that a simple mistake by a witness does not necessarily mean that the witness was not telling the truth. People may tend to forget some things or remember other things inaccurately. If a witness has made a misstatement, you must consider whether it was simply an innocent lapse of memory or an intentional falsehood, and that may depend upon whether it concerns an important fact or an unimportant detail.

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This instruction applies to all witnesses.

JURY INSTRUCTION NO. 1.8

NUMBER OF WITNESSES

One more point about the witnesses. Sometimes jurors wonder if the number of witnesses who testified makes any difference.

Do not make any decisions based only on the number of witnesses who testified. What is more important is how believable the witnesses were, and how much weight you think their testimony deserves. Concentrate on that, not the numbers.

JURY INSTRUCTION NO. 1.9

EXPERT TESTIMONY

Expert testimony is testimony from a person who has a special skill or knowledge in some science, profession, or business. This skill or knowledge is not common to the average person but has been acquired by the expert through special study or experience.

In weighing expert testimony, you may consider the expert's qualifications, the reasons for the expert's opinions, and the reliability of the information supporting the expert's opinions, as well as the factors I have previously mentioned for weighing testimony of any other witness. Expert testimony should receive whatever weight and credit you think appropriate, given all the other evidence in the case. You are free to

accept or reject the testimony of experts, just as with any other witness.

JURY INSTRUCTION NO. 1.10

DEPOSITION TESTIMONY

A deposition is the sworn testimony of a witness taken before trial. The witness is placed under oath and swears to tell the truth, and lawyers for each party may ask questions. A court reporter is present and records the questions and answers. The deposition may also be recorded on videotape.

Deposition testimony is entitled to the same consideration and is to be judged, insofar as possible, in the same way as if the witness had been present to testify.

JURY INSTRUCTION NO. 1.11

BURDEN OF PROOF

In any legal action, facts must be proven by a required standard of evidence, known as the “burden of proof.” In a patent case such as this, there are two different burdens of proof that are used. The first is called “preponderance of the evidence.” The second is called “clear and convincing evidence.”

Leader has the burden of proving patent infringement by what is called a preponderance of the evidence. When a party has the burden of proof by a preponderance of the evidence, it means that you must be persuaded that what the party seeks to prove is

more probably true than not true. To put it differently, if you were to put Leader's and Facebook's evidence on the opposite sides of a scale, the evidence supporting Leader's assertions would have to make the scales tip somewhat on its side.

Facebook is also contending that the asserted claims of the '761 Patent are invalid. Because patents are presumed valid, Facebook must prove its claims that the '761 Patent is invalid by clear and convincing evidence. When a party has the burden of proof by clear and convincing evidence, it means that the evidence must produce in your mind a firm belief and conviction that it is highly probable that the matter sought to be established is true. Proof by clear and convincing evidence, therefore, is a higher burden than proof by a preponderance of the evidence.

You may have heard of the "beyond a reasonable doubt" burden of proof from criminal cases. That requirement is the highest burden of proof. It does not apply to civil cases and, therefore, you should put it out of your mind.

JURY INSTRUCTION NO. 1.12

USE OF NOTES

You may use notes taken during the trial to assist your memory. Remember that your notes are for your personal use. They may not be given or read to anyone else. Do not use your notes, or any other juror's notes, as authority to persuade fellow jurors. Your notes are not evidence, and they are by no means a complete outline of the proceedings or a list of the highlights of

the trial. Your notes are valuable only as a way to refresh your memory. Your memory is what you should be relying on when it comes time to deliberate and render your verdict in this case.

**2.0 THE PARTIES AND THEIR
CONTENTIONS**

JURY INSTRUCTION NO. 2.1

THE PARTIES

I will now review for you the parties in this action, and the positions of the parties that you will have to consider in reaching your verdict. The plaintiff is Leader Technologies, Inc., which I refer to as “Leader.” The defendant is Facebook Inc., which I refer to as “Facebook.” Leader is the owner of United States Patent No. 7,139,761. I refer to this patent as the ‘761 Patent.

JURY INSTRUCTION NO. 2.12

THE PARTIES’ CONTENTIONS

Leader contends that Facebook infringes Claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31, and 32 of United States Patent No. 7,139,761. These claims may be referred to as the “asserted claims.”

Facebook contends that it does not infringe any of the asserted claims of the ‘761 Patent. Facebook further contends that the asserted claims are invalid.

JURY INSTRUCTION NO. 2.3

SUMMARY OF PATENT ISSUES

You must decide the following issues in this case:

1. Whether Leader has proven by a preponderance of the evidence that Facebook's manufacture or use of the Facebook website, or the methods practiced by the Facebook website, infringe any asserted claim of the '761 patent, either literally or under the doctrine of equivalents.
2. Whether Facebook has proven by clear and convincing evidence that any asserted claim of the '761 patent is invalid due to anticipation, obviousness, prior public use, or the on-sale bar.

JURY INSTRUCTION NO. 2.4

STATEMENT OF UNDISPUTED FACTS

The following facts are undisputed between the parties:

1. Leader is the assignee of all ownership rights, title, and interest in the '761 Patent.
2. The '761 Patent issued on November 21, 2006.
3. Facebook owns and operates the Facebook website which is currently located at www.facebook.com and was formerly located at www.thefacebook.com.

4. Facebook was launched on February 4, 2004.
5. Facebook provides a developer wiki at http://wiki.developers.facebook.com/index.php/Main_Page and <http://developers.facebook.com/docs/>.

3.0 INFRINGEMENT

JURY INSTRUCTION NO. 3.1

THE PATENT LAWS

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.

JURY INSTRUCTION NO. 3.2

THE ASSERTED CLAIMS

Before you can decide any issues in this case, you will have to understand the patent “claims.” The patent claims are the numbered sentences at the end of the patent.

The patent claims involved here are Claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31, and 32 of the ‘761 Patent, which are located in Columns 20, 21, 22, 23, and 24 of the ‘761 Patent, which is exhibit PTX 001 in evidence.

The claims are intended to define, in words, the boundaries of the invention. The claims define the patent owner's property rights. Infringement is the act of trespassing on those rights.

Only the claims of the patent can be infringed. Neither the specification, which is the written description of the invention, nor the drawings of a patent can be infringed. Each of the claims must be considered individually. You must use the same claim meaning for both your decision on infringement and your decision on invalidity.

JURY INSTRUCTION NO. 3.3

INDEPENDENT AND DEPENDENT CLAIMS

This case involves two types of patent claims, referred to as independent and dependent claims. An "independent claim" sets forth all of the requirements that must be met in order to be covered by that claim. Thus it is not necessary to look at any other claim to determine what an independent claim covers. In this case, Claims 1, 9, 21 and 23 of the '761 Patent are each independent claims.

The remainder of the claims in the '761 Patent are "dependent claims." For example, Claims 4 and 7 depend upon Claim 1. Claims 11 and 16 depend upon Claim 9. Claims 25, 31, and 32 depend upon Claim 23. A dependent claim does not itself recite all of the requirements of the claim but refers to another claim for some of its requirements. In this way, the claim "depends" on another claim. A dependent claim incorporates all of the requirements of the other claim

or claims to which it refers, as well as the additional requirements recited in the dependent claim itself. Therefore, to determine the scope of a dependent claim, it is necessary to look at both the dependent claim and the other claim or claims to which it refers. If you find that a claim on which other claims depend is not infringed, there cannot be infringement of any dependent claim that refers directly or indirectly to that independent claim.

JURY INSTRUCTION NO. 3.4

CLAIM CONSTRUCTION FOR THE CASE

I will now explain to you the meaning of some of the words of the claims in this case. In doing so, I will explain some of the requirements of the claims. You must accept my definition of these words in the claims as correct. You should not take my definition of the language of the claims as an indication that I have a view regarding how you should decide the issues that you are being asked to decide, such as infringement and invalidity. These issues are yours to decide.

I instruct you that the following claim terms have the following definitions:

1. The term “context” means “environment.” The term “context” appears in Claims 1, 4, 7, 23, and 25 of the ‘761 Patent.
2. The term “component” means “a computer-related entity, either hardware, a combination of hardware and software, software, or software in execution.” The term “component”

appears in Claims 1, 4, 7, 23, 25, 31 and 32 of the '761 Patent.

3. The term “many-to-many functionality” means “two or more users able to access two or more data files.” The term “many-to-many functionality” appears in Claim 32 of the '761 Patent.
4. The term “dynamically” means “automatically and in response to the preceding event.” The term “dynamically” appears in Claims 1, 9, 21 and 23 of the '761 Patent.
5. The term “wherein” means “in which.” The term “wherein” appears in claims 1, 7, 9, 23, 25, 31, and 32.

You must not taken into consideration any argument that the prosecution history of the patent or the specification of the patent may suggest a different definition of the terms set forth in this instruction. You are not permitted to use any alternative or modified definition in your determination of the infringement and invalidity issues in this case.

JURY INSTRUCTION NO. 3.5

OPEN ENDED OR “COMPRISING” CLAIMS

The preamble to Claim 1 uses the phrase “[a] computer-implemented network-based system that facilitates management of data, comprising . . .”

The preamble to Claim 9 uses the phrase “[a] computer-implemented method of managing data, comprising computer executable acts of . . .”

The preamble to Claim 21 uses the phrase “[a] computer-readable medium for storing computer-executable instructions for a method of managing data, the method comprising . . .”

The word “comprising” means “including the following but not excluding others.”

If you find that Facebook’s computer-readable medium practices all of the elements in Claim 1, 9, or 21, the fact that Facebook’s computer readable medium might include additional steps would not avoid literal infringement of a claim that uses “comprising” language.

JURY INSTRUCTION NO. 3.6

PATENT INFRINGEMENT GENERALLY

I will now instruct you how to decide whether or not Facebook has infringed the ‘761 Patent. Infringement is assessed on a claim-by-claim basis. Therefore, there may be infringement as to one claim but no infringement as to another.

In this case, Leader has alleged that Facebook directly infringes Claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31, and 32 of the ‘761 Patent.

In order to prove infringement, Leader must meet its burden of proof of a preponderance of the evidence,

i.e., that it is more likely than not that all of the requirements for infringement have been proven.

JURY INSTRUCTION NO. 3.7

DIRECT LITERAL INFRINGEMENT

In order to directly and literally infringe a patent claim, a product must include every limitation or element of the claim. If the accused Facebook system or method omits even a single element recited in a patent claim, then you must find that the accused Facebook system or method has not literally infringed that claim.

Facebook can also be liable for direct literal infringement of a method claim (that is, independent claim 9 of the '761 Patent and its dependent claims, claims 11 and 16) if, by itself or in combination with a third party, it performs all the steps of the claimed method. For Facebook to be liable for the acts of third parties, Leader must have proven, by a preponderance of the evidence, that Facebook controls or directs the activity of those parties who perform the steps of the method claims.

Determining whether Facebook controls or directs the activity of those parties who perform the steps of the method claims is a factual question for you alone to decide. In making this determination, factors you may consider include: whether the claims at issue require those third parties to take action for the claims to be performed, or, alternatively, whether the third parties merely activate functions already present in the underlying invention; whether there is a contractual

relationship between Facebook and the third parties; whether users of Facebook are agents of Facebook; and whether Facebook supplies the instrumentalities, tools, and the website for the person using the website.

JURY INSTRUCTION NO. 3.8

**INFRINGEMENT UNDER THE DOCTRINE OF
EQUIVALENTS**

If you decide that Facebook does not literally infringe an asserted patent claim, you must then decide whether Facebook infringes the asserted claim under what is called the “doctrine of equivalents.”

Under the doctrine of equivalents, Facebook can only infringe an asserted patent claim if the Facebook website includes parts or steps that are identical or equivalent to the requirements of the claim. If there is missing an identical or equivalent part or step to even one part or step of the asserted patent claim, Facebook cannot infringe the claim under the doctrine of equivalents. Thus, in making your decision under the doctrine of equivalents, you must first look at each individual requirement of the asserted patent claim and decide whether the Facebook website has an identical or equivalent part or step to that individual claim requirement.

You may find that an element or step is equivalent to a requirement of a claim that is not met literally if a person having ordinary skill in the field of technology of the patent would have considered the differences between them to be “insubstantial” or would have found that the structure or action: (1) performs

substantially the same function and (2) works in substantially the same way (3) to achieve substantially the same result as the requirement of the claim. In order for the structure or action to be considered interchangeable, the structure or action must have been known at the time of the alleged infringement to a person having ordinary skill in the field of technology of the patent. Interchangeability at the present time is not sufficient. In order to prove infringement by “equivalents,” Leader must prove the equivalency of the structure or action to a claim element by a preponderance of the evidence.

JURY INSTRUCTION NO. 3.9

INFRINGEMENT: COMPARE FACEBOOK TO CLAIMS OF THE ‘761 PATENT

Members of the jury, in considering all the evidence and determining if Leader has proven that Facebook infringes the asserted claims of the ‘761 Patent, you may only compare the Facebook website to the asserted claims of the ‘761 Patent. You should not compare any of Leader’s products with the Facebook website.

4.0 VALIDITY DEFENSES

JURY INSTRUCTION NO. 4.1

VALIDITY – IN GENERAL

The granting of a patent by the Patent Office carries with it the presumption that the patent is valid. Facebook contends that all of the asserted claims of the ‘761 Patent are invalid. I will now instruct you on the

rules you must follow in deciding whether or not Facebook has proven that Claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31 and 32 of the '761 Patent are invalid.

To prove that any claim of a patent is invalid, Facebook must persuade you by clear and convincing evidence, i.e., you must be left with a clear conviction that the claim is invalid.

JURY INSTRUCTION NO. 4.2

PRIOR ART

Under the patent laws, a person is entitled to a patent only if the invention claimed in the patent is new and nonobvious in light of what came before. That which came before is referred to as "prior art." Prior art includes any of the following items if they were received into evidence during trial:

1. any patent that issued more than one year before the effective filing date of the '761 Patent;
2. any printed publication that was published more than one year before the effective filing date of the '761 Patent;
3. any product or method that was in public use or on sale in the United States more than one year before the effective filing date of the '761 Patent;
4. any printed publication that was published prior to the invention date of the '761 Patent;

5. any published United States patent application or issued United States patent with a filing date that predates the invention date of the '761 Patent; and
6. any product or method that was known or used by others in the United States prior to the invention date of the '761 Patent.

Facebook contends that the following are prior art:

1. European Patent No. EP 1087306 ("Hubert '306")
2. U.S. Patent No. 7,590,934 ("Hubert '934")
2. U.S. Patent No. 6,236,994 ("Swartz '994")
3. iManage DeskSite 6.0 User Reference Manual ("iManage")
4. U.S. Patent No. 6,434,403 B1 ("Ausems '403")
5. Leader's Leader2Leader product ("Leader2Leader")

The date of the invention and the date of filing of the patent application may affect what is prior art. In this case, Leader contends its invention date is August 19, 1999, which is its date of conception of the invention, and that its effective filing date is December 11, 2002, the date of Leader's filing of the provisional patent application. Facebook contends the invention date and the effective filing date are both December 10, 2003, which is the date of the filing of the patent

application. I will give you instructions later regarding how to determine the invention date and the effective filing date. Once you have decided the invention date and the effective filing date, you can determine what is prior art in this case.

During Leader's cross-examination of Facebook's expert Professor Greenberg, Leader's counsel made statements implying that the U.S. Patent Office examiner who worked on the '761 patent, Diane Mizrahi, was aware of and considered the Swartz patent. I instruct you not to draw such a connection. Because of Patent Office procedures, it would not be reasonable for you to draw the inference that the Examiner, Ms. Mizrahi, was aware of and considered the Swartz patent during prosecution of the '761 patent.

With respect to Facebook's contentions that the '761 patent is invalid due to anticipation or obviousness due to prior art, the only relevant comparisons are between the claims of the '761 patent and the disclosures of the prior art references. What the PTO, or the Examiner of the '761 patent, considered or did not consider is not relevant to your determination and should not be considered by you.

JURY INSTRUCTION NO. 4.3

INVENTION DATE: CONCEPTION AND REDUCTION TO PRACTICE

I will now explain to you how you will determine the invention date that I mentioned earlier. The date of invention is either when the invention was reduced to

practice or when it was conceived, provided the inventor was diligent in reducing the invention to practice.

Conception is the mental part of an inventive act, i.e., the formation in the mind of the inventor of a definite and permanent idea of the complete and operative invention as it is thereafter to be applied in practice, even if the inventor did not know at the time that the invention would work. Conception of an invention is complete when the idea is so clearly defined in the inventor's mind that, if the idea were communicated to a person having ordinary skill in the field of the technology, he or she would be able to reduce the invention to practice without undue research or experimentation. This requirement does not mean that the inventor has to have a prototype built, or have actually explained the invention to another person. But, there must be some evidence beyond the inventor's own testimony that confirms the date on which the inventor had the complete idea. Conception may be proven when the invention is shown in its complete form by drawings, disclosure to another person, or other forms of evidence presented at trial. Conception must include every feature or limitation of the claims invention

Diligence means working continuously, though not necessarily every day. If an inventor attempts to rely on an earlier date of conception, it must show that it exercised reasonable diligence throughout the entire period between the date of conception and the date the invention was reduced to practice. This requires the inventor to show that it took specific and affirmative acts during this entire period that were directly related

to the reduction to practice of the invention at issue, and that acceptable excuses be provided for any periods of inactivity. Voluntarily setting aside development of the alleged invention, or taking time to commercially exploit an invention, or a separate product or invention, do not constitute acceptable excuses. A claimed invention is “reduced to practice” when it has been constructed/used/ tested sufficiently to show that it will work for its intended purpose or when the inventor files a patent application. An invention may also be reduced to practice even if the inventor has not made or tested a prototype of the invention if it has been fully described in a filed patent application.

If you find that Leader has proven a conception date of August 19, 1999 and that Leader was diligent in reducing the invention to practice, then the invention date is August 19, 1999. If you do not find that Leader has proven conception and reduction to practice, then the invention date is the same date as the effective filing date.

JURY INSTRUCTION NO. 4.4

PRIOR ART – EFFECTIVE FILING DATE

Leader filed a “provisional” patent application on December 11, 2002. You must determine whether the asserted claims of the ‘761 Patent are sufficiently supported by the provisional application. Leader contends that the asserted claims of the ‘761 patent are entitled to the filing date of the provisional application, while Facebook contends that the asserted claims are not.

Leader may rely on the filing date of its provisional application to establish the effective filing date if the application teaches one of ordinary skill in the art to make and use the claimed invention of the '761 Patent, and to do so without undue experimentation. Additionally, the provisional application must disclose each and every element of the asserted claims of the '761 Patent.

If you determine that Leader has shown by a preponderance of the evidence that the effective filing date is December 11, 2002, then Facebook must prove by clear and convincing evidence that this is not the correct effective filing date.

If you find that Leader is entitled to an effective filing date that is the same date as the filing date of the provisional application, then December 11, 2002 is the effective filing date of the '761 Patent for purposes of validity and the prior art.

JURY INSTRUCTION NO. 4.5

ANTICIPATION

A person cannot obtain a patent if someone else already has made an identical invention. Simply put, the invention must be new. An invention that is not new or novel is said to be "anticipated by the prior art." Under the U.S. patent laws, an invention that is "anticipated" is not entitled to patent protection. To prove anticipation, Facebook must prove with clear and convincing evidence that the claimed invention is not new.

In this case, Facebook contends that Claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31 and 32 of the '761 Patent are anticipated. To anticipate a claim, each and every element in the claim must be present in a single item of prior art that is dated at least one year prior to the effective filing date. You may not combine two or more items of prior art to prove anticipation. In determining whether every one of the elements of the claimed invention is found in the prior art you should take into account what a person of ordinary skill in the art would have understood from his or her examination of the particular prior art.

In determining whether the single item of prior art anticipates a patent claim, you should take into consideration not only what is expressly disclosed in the particular item of prior art, but also what inherently resulted from its practice. This is called "inherency." To establish inherency, the evidence must make clear that the prior art necessarily resulted in the missing descriptive matter and that it would have been so recognized by a person of ordinary skill of the art at the time the patent application was filed.

You must keep these requirements in mind and apply them to each piece of prior art you consider in this case. There are additional requirements that apply to the particular categories of anticipation that Facebook contends apply in this case. I will now instruct you about those.

JURY INSTRUCTION NO. 4.6

ANTICIPATION: PRIOR PUBLIC USE

Facebook contends that claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31 and 32 of the '761 Patent are invalid because the alleged invention described in those claims was in "public use" more than one year before the effective filing date of the patent. To prove public use of a particular claim, Facebook must prove by clear and convincing evidence that (1) Leader disclosed a product that meets all the elements of that claim to the public more than one year before the effective filing date and (2) the invention disclosed in that claim was ready for patenting when alleged public use occurred.

Any use of the alleged invention of a patent by any person who is under no limitation, restriction or obligation of secrecy to the inventor may constitute a "public use" that invalidates the patent if the use occurred more than one year prior to the effective filing date of the patent. For example, a demonstration of a product that embodies the alleged invention of a patent claim may constitute a "public use" that renders the claim invalid if the person who received the demonstration was under no legal obligation to the inventor to maintain its secrecy. The absence of affirmative steps to maintain the secrecy of a prior use of the alleged invention is evidence of a public use.

The law does not require a prior use of an alleged invention be widely disseminated in order to qualify as a "public" use. The disclosure of the invention to even a single third party may qualify as a "public" use provided that the third party was under no legal

obligation to the inventor to maintain its secrecy. Mere knowledge of the invention by the public is not sufficient.

An invention is ready for patenting either when it is reduced to practice or when the inventor has enabled the invention by preparing drawings or other descriptions of the invention sufficient to allow a person of ordinary skill in the art to make or use the invention.

JURY INSTRUCTION NO. 4.7

ON SALE BAR

A patent claim is invalid if it can be shown by clear and convincing evidence that an embodiment that contains all the elements of that claim was, more than one year before the effective filing date, both (1) subject to commercial offer for sale in the United States; and (2) ready for patenting. Facebook contends that Claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31 and 32 of the '761 Patent are anticipated because the invention was on sale in the United States more than one year before the effective filing date.

In this case, Facebook must prove by clear and convincing evidence that a product that met all the limitations of the asserted claims was ready for patenting and was offered for sale more than a year prior to the effective filing date. Once again, your determination of the effective filing date will affect whether or not you find that a commercial offer for sale of the Leader invention occurred more than a year from the effective filing date. However, it is irrelevant

whether or not the offer for sale was secret or non-secret.

An invention was “on sale” if the claimed invention was embodied in the thing commercially offered for sale. An offer for sale need not be accepted to trigger the on-sale bar. That the offer, even if accepted, might not have ultimately led to an actual sale of the invention is also not relevant. The essential question is whether or not there was an attempt to obtain commercial benefit from the invention. An offer to sell can invalidate a patent even if the offer was secret, such as under the protection of a non-disclosure agreement.

An invention is ready for patenting either when it is reduced to practice or when the inventor has enabled the invention by preparing drawings or other descriptions of the invention sufficient to allow a person of ordinary skill in the art to make or use the invention. The claimed invention is ready for patenting when there is reason to believe it would work for its intended purpose.

JURY INSTRUCTION NO. 4.8

EXPERIMENTAL USE

Leader contends that there were no public demonstrations or offers for sale of the invention more than a year prior to the effective filing date. One reason for Leader’s contention is the law of experimental use. The law recognizes the defense of experimental use to claims of public use and offer for sale, because an inventor must be given the

opportunity to develop the invention. If the public use or offer for sale was an experimental use performed in order to bring the invention to perfection or to determine if the invention was capable of performing its intended purpose, then such a use does not invalidate the claim.

Certain activities are experimental if they are a legitimate effort to perfect the invention or to determine if the invention will work for its intended purpose. So long as the primary purpose is experimentation, it does not matter that the public used the invention or that the inventor incidentally derived profit from it.

Only experimentation by or under the control of the inventor of the patent qualifies for this exception. Experimentation by a third party, for its own purposes, does not. The experimentation must relate to the features of the claimed invention, and it must be for the purpose of technological improvement, not commercial exploitation. A test done primarily for marketing, and only incidentally for technological improvement, is not an experimental use, but a public use. If any commercial exploitation does occur, it must be merely incidental to the primary purpose of experimentation.

If you find that Facebook has shown a prior public use or offer for sale of an invention that meets all the elements of the asserted claim at issue by clear and convincing evidence, then Leader must prove by a preponderance of the evidence that the purpose of the prior public use or alleged offer for sale was experimental.

JURY INSTRUCTION NO. 4.9

PRINTED PUBLICATION

For a printed publication to anticipate a patent claim, it must, when read by a person of ordinary skill in the art, expressly disclose each element of the claimed invention to the reader. The disclosure must be complete enough to enable one of ordinary skill in the art to practice the invention without undue experimentation. When the printed publication is an issued U.S. Patent, that patent is presumed to be enabling.

To prove anticipation of the patented invention, Facebook must show by clear and convincing evidence that before the effective filing date, a third party disclosed in a printed publication or that the third party patented an invention which included all of the elements of the asserted claims of the '761 Patent.

In addition, a printed publication must be reasonably accessible to those members of the public who would be interested in its contents. It is not necessary that the printed publication be available to every member of the public. The information must, however, have been maintained in some form, such as printed pages, microfilm, or photocopies. An issued patent is a printed publication. A published patent application is a printed publication as of its publication date.

JURY INSTRUCTION NO. 4.10

OBVIOUSNESS – GENERALLY

Even though an invention may not have been identically disclosed or described before it was made by an inventor, in order to be patentable, the invention must also not have been obvious to a person of ordinary skill in the field of technology of the patent at the time the patent was filed.

Facebook may establish that the patent claims are invalid by showing that the claimed invention would have been obvious to persons of ordinary skill in the art at the time the patent filed. In determining whether a claimed invention is obvious, you must consider the level of ordinary skill in the field of computer science that someone would have had at the time the claimed invention was made, the scope and content of the prior art, and any differences between the prior art and the claimed invention.

In deciding what the level of ordinary skill for the ‘761 Patent is, you should consider all the evidence introduced at trial, including but not limited to: (1) the levels of education and experience of the inventor and other persons actively working in the field; (2) the types of problems encountered in the field; (3) prior art solutions to those problems; (4) rapidity with which innovations are made; and (5) the sophistication of the technology.

The existence of each and every element of the claimed invention in the prior art does not necessarily prove obviousness. Most, if not all, inventions rely on

building blocks of prior art. In considering whether a claimed invention is obvious, you may find obviousness if you find that at the time of the claimed invention there was a reason that would have prompted a person having ordinary skill in the field of computer science to combine the known elements in a way the claimed invention does, taking into account such factors as (1) whether the claimed invention was merely the predictable result of using prior art elements according to their known function(s); (2) whether the claimed invention provides an obvious solution to a known problem in the relevant field; (3) whether the prior art teaches or suggests the desirability of combining elements claimed in the invention; (4) whether the prior art teaches away from combining elements in the claimed invention; (5) whether it would have been obvious to try the combinations of elements, such as when there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions; and (6) whether the change resulted more from design incentives or other market forces. To find it rendered the invention obvious, you must find that the prior art provided a reasonable expectation of success.

In determining whether the claimed invention was obvious, consider each claim separately. Consider only what was known at the time of the invention; do not use hindsight.

In making these assessments, you should take into account any objective evidence (sometimes called “secondary considerations”) that may have existed at the time of the invention and afterwards that may shed light on the obviousness or not of the claimed

invention. Secondary considerations of non-obviousness are Leader's rebuttal to Facebook's claim of obviousness. They include:

(1) whether the invention was commercially successful as a result of the merits of the claimed invention (rather than the result of design needs or market-pressure advertising or similar activities). The Facebook website is commercially successful. It is for you, of course, to determine whether the Facebook website contains all of the elements of any of the asserted claims of the '761 patent;

(2) whether there was a long-felt need for a solution to the problem facing the inventors, which was satisfied by the claimed invention;

(3) whether others had tried and failed to make the invention;

(4) whether others invented the invention at roughly the same time;

(5) whether others copied the invention;

(6) whether there were changes or related technologies or market needs contemporaneous with the invention;

(7) whether the invention achieved unexpected results;

(8) whether others in the field praised the invention;

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(9) whether persons having ordinary skill in the art of the invention expressed surprise or disbelief regarding the invention;

(10) whether others sought or obtained rights to the patent from the patent holder; and

(11) whether the inventor proceeded contrary to accepted wisdom in the field.

Finding any, or all, of these secondary considerations may suggest that the claim was not obvious.

JURY INSTRUCTION NO. 4.11

SCOPE AND CONTENT OF THE PRIOR ART

In considering whether the claimed invention was obvious, you must first determine the scope and content of the prior art.

The scope and content of prior art for deciding whether the invention was obvious includes prior art in the same field as the claimed invention, regardless of the problem addressed by the item or reference, and prior art from different fields that a person of ordinary skill in the art using common sense might combine if familiar so as to solve the problem, like fitting together the pieces of a puzzle.

JURY INSTRUCTION NO. 4.12

**DO NOT CONSIDER WHAT WILL HAPPEN
AFTER TRIAL**

Members of the jury, in this case you may have heard or noticed inferences as to what may happen after this trial. You are to disregard any inferences as to what may happen after you have rendered your verdict.

5.0 DELIBERATIONS AND VERDICT

JURY INSTRUCTION NO. 5.1

DELIBERATION AND VERDICT

That concludes the part of my instructions explaining the rules for considering some of the testimony and evidence. Now let me finish up by explaining some things about your deliberations in the jury room, and your possible verdicts.

Once you start deliberating, do not talk to the jury officer, or to me, or to anyone else except each other about the case. If you have any questions or messages, you must write them down on a piece of paper, sign them, and then give them to the jury officer. The officer will give them to me, and I will respond as soon as I can. I may have to talk to the lawyers about what you have asked, so it may take me some time to get back to you. Any questions or messages normally should be sent to me through your foreperson, who by custom of this Court is juror No. 1.

One more thing about messages. Do not ever write down or tell anyone how you stand on your votes. For example, do not write down or tell anyone that you are split 4-4, or 6-2, or whatever your vote happens to be. That should stay secret until you are finished.

JURY INSTRUCTION NO. 5.2

UNANIMOUS VERDICT

Your verdict must represent the considered judgment of each juror. In order for you as a jury to return a verdict, it is necessary that each juror agree to the verdict. Your verdict must be unanimous.

It is your duty, as jurors, to consult with one another and to deliberate with a view towards reaching an agreement, if you can do so without violence to your individual judgment. Each of you must decide the case for yourself, but do so only after an impartial consideration of the evidence with your fellow jurors. In the course of your deliberations, do not hesitate to reexamine your own views and change your opinion, if convinced it is erroneous. But do not surrender your honest conviction as to the weight or effect of evidence solely because the opinion of your fellow jurors, or for the purpose of returning a verdict. Remember at all times that you are not partisans. Remember at all times that you are judges of the facts, not me. Your sole interest is to seek the truth from the evidence in the case.

A form of verdict 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. You will then return to the courtroom and your foreperson will give your verdict.

It is proper to add the caution that nothing said in these instructions, and nothing in the form of a verdict, is meant to suggest or convey in any way or manner any intimation as to what verdict I think you should find. What the verdict shall be is your sole and exclusive duty and responsibility.

JURY INSTRUCTION NO. 5.3

DUTY TO DELIBERATE

Now that all the evidence is in and the arguments are completed, you are free to talk about the case in the jury room. In fact, it is your duty to talk with each other about the evidence, and to make every reasonable effort you can to reach unanimous agreement. Talk with each other, listen carefully and respectfully to each other's views, and keep an open mind as you listen to what your fellow jurors have to say. Try your best to work out your differences. Do not hesitate to change your mind if you are convinced that other jurors are right and that your original position was wrong.

But do not ever change your mind just because other jurors see things differently, or just to get the case over with. In the end, your vote must be exactly that – your own vote. It is important for you to reach unanimous agreement, but only if you can do so honestly and in good conscience.

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No one will be allowed to hear your discussions in the jury room, and no record will be made of what you say. So you should all feel free to speak your minds.

Listen carefully to what the other jurors have to say, and then decide for yourself.

JURY INSTRUCTION NO. 5.4

COURT HAS NO OPINION

Let me finish by repeating something I said to you earlier. Nothing that I have said or done during this trial was meant to influence your decision in favor of either party. You must decide the case yourselves based on the evidence presented.

APPENDIX G

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

Civil Action No. 08-862-LPS

[Filed July 15, 2010]

LEADER TECHNOLOGIES, INC.,)
a Delaware corporation,)
Plaintiff-Counterdefendant,)
)
v.)
)
FACEBOOK, INC., a Delaware corporation,)
Defendant-Counterclaimant.)

PRELIMINARY JURY INSTRUCTIONS

INTRODUCTION

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

These instructions will give you some general rules and guidance that might apply to any civil case. Also, because this is a patent trial which will deal with subject matter that is not within the everyday

experience of most of us, I will additionally give you some preliminary instructions regarding patents to assist you in discharging your duties as jurors.

THE PARTIES

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

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

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

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

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

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

DUTIES OF THE JURY

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

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

even if you personally disagree with them. All the instructions are important, and you should consider them together as a whole.

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

EVIDENCE

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

1. Statements, arguments, and questions by lawyers are not evidence.

2. Objections to questions are not evidence. Lawyers have an obligation to their clients to make objections when they believe evidence being offered is improper under the rules of evidence. You should not be influenced by the objection or by the Court's ruling on it. If the objection is sustained, ignore the question.

If it is overruled, treat the answer like any other. If you are instructed that some item of evidence is received for a limited purpose only, you must follow that instruction.

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

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

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

CREDIBILITY OF WITNESSES - WEIGHING CONFLICTING TESTIMONY

You are the sole judges of each witness' credibility. You should consider each witness' means of knowledge; strength of memory; opportunity to observe; how reasonable or unreasonable the testimony is; whether it is consistent or inconsistent; whether it has been contradicted; the witness' biases, prejudices, or interests; the witness' manner or demeanor on the witness stand; and all circumstances that, according to

the evidence, could affect the credibility of the testimony. If you find the testimony to be contradictory, you must try to reconcile it, if reasonably possible, so as to make one harmonious story of it all. But if you can't do this, then it is your duty and privilege to believe the testimony that, in your judgment, is most believable and disregard any testimony that, in your judgment, is not believable. This instruction applies to the testimony of all witnesses, including expert witnesses.

BURDEN OF PROOF

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

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

is thus a higher burden than proof by a preponderance of the evidence.

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

GENERAL GUIDANCE REGARDING PATENTS

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

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

A. Constitutional Basis for Patent Grant

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

B. Exclusionary Right and Term of a Patent

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

patent owner the right to exclude others from using the method throughout the United States or making or selling throughout the United States any product made by the patented method anywhere in the world.

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

C. The Parts of a Patent

I will next briefly describe the parts of a patent and some of the procedures followed by those attempting to obtain patents. Many of the terms I will use in this description are contained in a "Glossary of Patent Terms," which I will give to you along with a copy of these preliminary instructions. Feel free to refer to the Glossary throughout the trial.

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

Under the patent laws, the Patent Office examines patent applications and issues patents. A person applying for a patent must include a number of items in his or her application, including: (1) a detailed description of the invention in terms sufficiently full, clear, concise and exact to enable any person skilled in

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the art to which the invention pertains to make and use the invention; (2) a disclosure of the best mode of carrying out the invention known to the inventor at the time of filing; and (3) one or more claims.

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

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

The examiner may “reject” the patent application claims if he or she believes that they are applications

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

D. Summary of the Patent Issues

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

(1) whether Leader has proven by a preponderance of the evidence that Facebook infringes one or more of the asserted claims of the '761 Patent; and

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

CONDUCT OF THE JURY

Now, a few words about your conduct as jurors.

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

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

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

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

During the trial, you may, but are not required to, take notes, regarding testimony, for example, exhibit numbers, impressions of witnesses or other things related to the proceedings. A word of caution is in order. There is generally a tendency to attach undue importance to matters which one has written down.

Some testimony which is considered unimportant at the time presented, and thus not written down, takes greater importance later in the trial in light of all the evidence presented.

Therefore, you are instructed that your notes are only a tool to aid your own individual memory and you should not compare your notes with other jurors in determining the content of any testimony or in evaluating the importance of any evidence. Your notes are not evidence, and are by no means a complete outline of the proceedings or a list of the highlights of the trial. Also, keep in mind that you will not have a transcript of the testimony to review. So, above all, your memory will be your greatest asset when it comes time to deliberate and render a decision in this case. If you do take notes, you must leave them in the jury deliberation room which is secured at the end of each day. And, remember they are for your own personal use. I will give you detailed instructions on the law at the end of the case, and those instructions will control your deliberations and decision.

COURSE OF TRIAL

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

- (2) These preliminary instructions to you;
- (3) Opening statements which are intended to explain to you what each side intends to prove and are offered to help you follow the evidence. The lawyers are

not required to make opening statements, but they may do so, either at this time or at a later time when it is their turn to present evidence;

(4) The presentation of the evidence, which will include live witnesses and may also include previously recorded testimony, as well as documents and things;

(5) My final instructions on the law to you;

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

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

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

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

TRIAL SCHEDULE

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

This case is expected to take 6 days to try. We will normally begin the day at 9:00 A.M. promptly. We will go until 12:30 P.M. and, after a one hour break for lunch, from 1:30 P.M. to 4:30 P.M. There will be a

fifteen minute break around 11:00 A.M. and another fifteen minute break around 3:00 P.M. The only significant exception to this schedule may occur when the case is submitted to you for your deliberations. On that day, the proceedings might last beyond 5:00 P.M. We will post a copy of this schedule for your convenience in the jury deliberation room.

GLOSSARY OF PATENT TERMS

Applicants	The named inventors who are applying for the patent.
Assignment	Transfer of ownership rights in a patent or patent application from one person or company to another.
Claims	The part of a patent that defines the limits of the invention. These are found at the end of the patent specification in the form of numbered paragraphs.
Disclosure of Invention	The part of the patent specification that explains how the invention works and usually includes a drawing.

File Wrapper/File History/ Prosecution History	The written record of proceedings between the applicant and the United States Patent and Trademark (“Patent Office” or “PTO”), including the original patent application and later rejections, responses to the rejections and other communications between the Patent Office and the applicant.
Patent Application	The papers filed in the Patent Office by an applicant in order to obtain a patent. These papers typically include a specification, drawings, claims and the oath (or declaration) of the applicant. This application is also called a “non-provisional patent application.”
Patent Examiner	Personnel employed by the Patent Office having expertise in various technical areas who review or examine patent applications to determine whether the claims of a patent application are patentable and whether the disclosure adequately describes the invention.
Prior Art	Any information which is used to describe public, technical knowledge prior to the invention by the applicant or more than one year prior to his/her application.

Prior Art References	Any item of prior art (publication or patent) used to determine patentability.
Provisional Patent Application	A document filed with the Patent Office by an applicant. It is not examined by the Patent Office and will not lead to the issuance of a patent. It may be filed up to one year before the filing of a patent application. A patent that issues from a patent application is only entitled to the date of filing of a provisional patent application if every element of the issued claims of a patent is fully disclosed in the provisional patent application as originally submitted.
Specification	The part of the patent application or patent that describes the invention, which includes drawings and concludes with one or more claims. The specification does not define the invention, only the claims do.

APPENDIX H

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

2011-1366

[Filed July 16, 2012]

LEADER TECHNOLOGIES, INC.,)
)
Plaintiff-Appellant,)
)
v.)
)
FACEBOOK, INC.,)
)
Defendant-Appellee.)

Appeal from the United States District Court for the
District of Delaware in case no. 08-CV-0862,
Judge Leonard P. Stark.

NOTE: This order is nonprecedential.

ORDER

A combined petition for panel rehearing and for rehearing en banc having been filed by the Appellant, and the petition for rehearing, having been referred to the panel that heard the appeal, and thereafter the

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petition for rehearing en banc having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for panel rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

The mandate of the court will issue on July 23, 2012.

FOR THE COURT

/s/ Jan Horbaly

Jan Horbaly

Clerk

Dated: 07/16/2012

cc: Paul J. Andre
Thomas G. Hungar

LEADER TECH V FACEBOOK, 2011-1366
(DCT - 08-CV-0862)

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APPENDIX I

2011-1366

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

LEADER TECHNOLOGIES, INC.,

Plaintiff-Appellant,

v.

FACEBOOK, INC.,

Defendant-Appellee.

**Appeal from the United States District Court
for the District of Delaware in
Case no. 08-CV-0862,
Judge Leonard P. Stark**

**OPENING BRIEF OF
PLAINTIFF-APPELLANT LEADER
TECHNOLOGIES, INC.**

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*Attorneys for Plaintiff-Appellant
Leader Technologies, Inc.*

* * *

[pp. 19-20]

Because a party must prove invalidity by clear and convincing evidence, an accused infringer must prove that a prior use or offer for sale met each and every claim limitation through clear evidence “such as memoranda, drawings, correspondence, and testimony of witnesses.” *Sonoscan, Inc. v. Sonotek, Inc.*, 936 F.2d 1261, 1263 (Fed. Cir. 1991) (quoting *RCA Corp. v. Data Gen. Corp.*, 887 F.2d 1056, 1060 (Fed. Cir. 1989)). But Facebook offered no testimony, expert or otherwise; no source code; no technical documents; and no memoranda or correspondence from the time period in question that supported its position that the Leader2Leader product suite satisfied all of the claim limitations for all of the asserted claims before December 11, 2002.

In sharp contrast, Facebook did at least attempt to prove on an element-by-element basis, through expert

testimony, that certain *other* prior art references, consisting of 261 pages of evidence, anticipated the '761 patent. *See, e.g.*, JA25847-75; JA27239-55; JA34698-728; JA34729-38; JA34955-5159. The jury correctly rejected that anticipation defense. Having done so for the other prior art, the jury could not have reasonably found a prior use or offer for sale on even less evidence.

Facebook's inability to prove its case on the statutory bars was not for lack of trying. Facebook had *every* version of the Leader source code in its possession because the district court ordered Leader to produce them. JA7074. If Leader2Leader had actually embodied the '761 invention in 2002, which it did not, Facebook could and presumably would have paraded that code down Main Street and elicited expert testimony on an element-by-element basis. The only logical inference to draw from Facebook's lack of Leader source code or other technical evidence at trial is that it knew that the source code confirmed that Mr. McKibben's and Mr. Lamb's testimony was correct and Facebook was wrong.

Technical proof was especially important in this case because the asserted claims relate to highly technical back-end components of a software system. *See p. 7, supra.* Only source code and related technical documents would reveal the inner workings of Leader2Leader and whether it handled and stored data in the manner claimed using the necessary back-end components, including, for example, claim 1's context and tracking components. *See* JA256-57. Likewise, for claim 9, Facebook was required to prove that the 2002 version of Leader2Leader was capable of dynamically updating metadata. *See* JA257. Without the source

code, Facebook could not do so. As a final example, dependent claim 32 requires storage of metadata in a storage component that facilitates many-to-many functionality. *See* JA258. Without reviewing the source code, it would be impossible to know whether the metadata or something else facilitated that functionality. When the subject matter includes structural components of a computer program, the source code is arguably the only way to ascertain these

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[p. 32]

any particular point in time. *See, e.g., United States v. Weaver*, 267 F.3d 231, 245 (3d Cir. 2001); *Walton v. Halter*, 243 F.3d 703, 709-10 (3d Cir. 2001). At most, the jury might have viewed Mr. McKibben's uncertainty during his deposition as a reason to discredit and disregard his trial testimony. But again, a finding that Mr. McKibben was not credible would leave Facebook with *no* evidence, expert or otherwise, supporting its position. Facebook's attack on Mr. McKibben's credibility cannot mask its lack of actual evidentiary support.

The district court also construed two of Leader's interrogatory responses "as an admission that the invention was ready for patenting prior to the critical date." JA55. But the interrogatory responses say nothing about whether Leader2Leader included the patented technology before December 11, 2002.

Facebook's interrogatories stated: "For each claim of the '761 patent that [Leader] contends *is* practiced by

any product(s) and/or service(s) of [Leader], identify all such product(s) and/or service(s) and provide a chart identifying specifically where each limitation of each claim *is* found within such product(s) and/or service(s).” JA34951 (emphases added); *see also* JA34946. Because Facebook used the present tense and did not specify any other timeframe, Leader responded in kind by naming the products that embodied the ‘761 patent claims *as of the date of the interrogatory (in 2009)*. JA25713-15. In relevant part, Leader answered, in the present tense, that “Leader2Leader® powered by the Digital

* * *

[pp.40-41]

motion for new trial); *see also Georgia-Pacific Corp. v. United States*, 264 F.2d 161, 166 (5th Cir. 1959) (same). At a bare minimum, therefore, this Court should remand for a new trial on the public-use and on-sale bars.

CONCLUSION

This Court should reverse and remand for entry of judgment as a matter of law or, at a minimum, a new trial.

Respectfully submitted on this 25th day of July 2011.

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APPENDIX J

A GRAMMAR

Present-Day English

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THE MACMILLAN C NEW
COLLIER-MACMILLAN LIMITED, LONDON

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FIRST PRINTING

Library of Congress catalog card number: 63-7476

The Macmillan Company, New York
Collier-Macmillan Canada, Ltd., Toronto, Ontario
DIVISIONS OF THE CROWELL-COLLIER
PUBLISHING COMPANY

Printed in the United States of America

* * *

[p.262] A GRAMMAR OF PRESENT-DAY ENGLISH

b) The irregular forms of the verb *be* (see pp. 249 ff.).

c) The form *has* for the third person singular of *have*.

d) The old forms, surviving in some poetry and solemn prose, with *-est*, *-eth*, and *-th* in the indicative second and third person singular: Thou *sayest*, he *doeth*, she *maketh*.

The progressive form (see pp. 301 f.) of the present tense is made by the use of the present tense forms of *be* plus the present participle of the given verb.

I am coming.
He is coming.

The emphatic form (see p. 302) of the present tense is made by the use of the present tense forms of *do* plus the simple infinitive of the given verb.

But I do enjoy talking with you.
Do you see Bob very often?

2. Usages

a) Present time. The present tense in general represents present time. In the simple form of the verb – “The man *works*” – the time may actually be very indefinite. For instance, the sentence “The man works when he can find work” may imply that the man is not working at the time the sentence is formed. In other words, the present tense may represent merely a customary or habitual action. The progressive form – “The man *is working*” – generally represents an action as actually going on at the time the sentence is formed. (But see below.)

b) Future time. The present tense is often used, generally with an adverbial expression, to suggest future action – “My lease expires tomorrow.” Other present tense forms – the present progressive, *be* plus *about* plus an infinitive, *be* plus *going* plus an infinitive – are also common methods of expressing the future. (See p. 277.)

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I am leaving on the seven-o'clock plane tonight.
We are to be invited, I understand.
I am about to show you a clever trick.
They are going to regret their action.