

instructed, consider the testimony of all witnesses, regardless of who may have called them, and all exhibits received in evidence, regardless of who may have produced them.

1a. Considering witness testimony

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

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

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

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

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

need to consider whether that misstatement was an intentional falsehood or simply an innocent lapse of memory; and the significance of that may depend on whether it has to do with an important fact or with only an unimportant detail.

1b. How to examine the evidence

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

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

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

There are two types of evidence that you may consider in properly finding the truth as to the facts in the case. One is direct evidence such as testimony of an eyewitness. The other is indirect

or circumstantial evidence the proof of a chain of circumstances that indicates the existence or nonexistence of certain other facts. As a general rule, the law makes no distinction between direct and circumstantial evidence, but simply requires that you find the facts from a preponderance of all the evidence, both direct and circumstantial.

The parties have stipulated, or agreed, to some facts in this case. When the lawyers on both sides stipulate to the existence of a fact, you must, unless otherwise instructed, accept the stipulation as evidence, and regard that fact as proved.

1c. Expert witnesses

When knowledge of a technical subject matter may be helpful to the jury, a person who has special training or experience in that technical field he or she is called an expert witness is permitted to state his or her opinion on those technical matters. However, you are not required to accept that opinion. As with any other witness, it is up to you to decide whether to rely upon it. In deciding whether to accept or rely upon the opinion of an expert witness, you may consider any bias of the witness, including any bias you may infer from evidence that the expert witness has been or will be paid for reviewing the case and testifying, or from evidence that he or she testifies regularly as an expert witness and that income from such testimony represents a significant portion of the expert's income.

2. Summary of Contentions

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

Plaintiffs i4i Limited Partnership and Infrastructures for Information Inc., together referred to as "i4i," contend that the Defendant, Microsoft, is directly infringing claims 14, 18, and 20 of the

'449 patent by using the patented method in Microsoft's Word 2003 and Word 2007 products for processing an XML document with custom XML elements. i4i also contends that Microsoft induces and contributes to the infringement of the '449 patent by others by selling Microsoft's Word 2003 and Word 2007 products for use by others in processing an XML document with custom XML elements. i4i also claims that Microsoft has infringed the '449 patent willfully. i4i is seeking damages for Microsoft's alleged infringement.

In response to i4i's contentions, Microsoft contends that it is not infringing the '449 patent, whether willfully or otherwise. Microsoft also contends that the '449 patent is invalid as being anticipated by or obvious in light of the prior art. Microsoft also contends that i4i is not entitled to damages for any infringement.

3. Burdens of Proof

i4i, in asserting infringement of the '449 patent, has the burden of proving such infringement by a preponderance of the evidence. Preponderance of the evidence means evidence that persuades you that a claim is more likely true than not true. In determining whether any fact has been proved by a preponderance of the evidence, you may, unless otherwise instructed, consider the stipulations, the testimony of all witnesses regardless of who may have called them, and all exhibits received in evidence regardless of who may have produced them. If the proof establishes that all essential parts of i4i's infringement claims are more likely true than not true, then you should find for i4i as to that claim.

If you find that Microsoft infringed one or more of i4i's patent claims that have been asserted in this case, then as a separate question, i4i has the burden of proving its additional contention that the infringement was willful by clear and convincing evidence.

Microsoft has the burden of proving invalidity by clear and convincing evidence. Clear and convincing evidence means evidence that produces in your mind a firm belief or conviction as to the matter at issue. In determining whether any fact has been proved by clear and convincing evidence, you may, unless otherwise instructed, consider the stipulations, the testimony of all witnesses regardless of who may have called them, and all exhibits received in evidence regardless of who may have produced them. Although proof to an absolute certainty is not required, the clear and convincing evidence standard requires a greater degree of persuasion than is necessary for the preponderance of the evidence standard. If the proof establishes in your mind a firm belief or conviction, then the standard has been met.

4. Glossary of Patent Terms

A glossary of patent terms is contained in Appendix B to this Charge.

5. Claims of the Patent-in-Suit

The claims of a patent are the numbered sentences at the end of the patent. The claims describe the invention made by the inventor and describe what the patent owner owns and what the patent owner may prevent others from doing. Claims may describe products, such as machines or chemical compounds, or processes for making or using a product. In this case, the claims being asserted by i4i are all method claims.

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

Independent and Dependent Claims

This case involves two types of patent claims: independent claims 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 14 and 20 of the ’449 patent are both independent claims.

The other claim being asserted in this case—claim 18—is a “dependent claim.” 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. The law considers a dependent claim to incorporate all of the requirements of the claims to which it refers. The dependent claim then adds its own, additional requirements. To determine what a dependent claim covers, it is necessary to look at both the dependent claim and any other claims to which it refers. A method that meets all of the requirements of both the dependent claim and the claims to which it refers is covered by that dependent claim.

Construction of the Claims

In deciding whether or not a claim has been infringed, the first step is to understand the meaning of the words used in the patent claims.

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

6. Infringement

In this case, i4i asserts that Microsoft has infringed the '449 patent. Any person or business entity that, without the patent owner's permission, uses a product to practice a method that is covered by at least one claim of a patent, before the patent expires, infringes the patent. i4i has the burden of proving infringement by a preponderance of the evidence.

A person can infringe a patent without knowing that what it is doing is an infringement of the patent. It may also infringe even though in good faith it believes that what it is doing is not an infringement of any patent and even if it did not know of the patent. Infringement does not require proof that the person copied a product or the patent.

A patent owner has the right to stop others from using the invention covered by the patent claims during the life of the patent. If any person makes, uses, sells or offers to sell what is covered by the claims of a patent without the patent owner's permission, that person is said to infringe the patent. This type of infringement is called direct infringement. Only the claims of a patent can be infringed. You must compare each of the asserted patent claims, as I have defined them, to the accused methods, and determine whether or not there is infringement. You should not compare the accused methods with any specific example set out in the patents. The only correct comparison is with the language of the claim itself, with the meanings I have given you.

In this case, there are three possible ways that a claim may be infringed. I will explain the requirements for each of these three types of infringement to you. The three types of infringement are called: (1) direct infringement; (2) active inducement; and (3) contributory infringement.

In this case, i4i has alleged that Microsoft directly infringes the '449 patent. In addition, i4i has alleged that customers of Microsoft directly infringe the patent, and that Microsoft is liable for actively inducing or contributing to that direct infringement by those customers.

In order to prove infringement, i4i must prove that the requirements for one or more of these types of infringement are met by a preponderance of the evidence, i.e., that it is more likely than not that all of the requirements of one or more of each of these types of infringement have been proved.

You must consider each claim individually and must reach your decision as to each assertion of infringement based on my instructions about the meaning and scope of the claims, the legal requirements for infringement, and the evidence presented to you by the parties.

I will now explain each of the types of infringement in more detail.

6.1 Literal Infringement

In order to prove direct infringement, a claim limitation may be met in one of two ways: either literally or under the doctrine of equivalents. A claim limitation is literally met if it exists in the accused method just as it is described in the claim language, either as I have explained that language to you or, if I did not explain it, as it would be understood by one of skill in the art.

6.2 Doctrine of Equivalents

A claim limitation is present in the use of an accused product under the doctrine of equivalents if the differences between the claim limitation and a comparable element of the accused product are insubstantial.

One way to determine this is to look at whether use of the accused product performs substantially the same function in substantially the same way to achieve substantially the same result as the claimed invention.

You may also consider whether, at the time of the alleged infringement, a person having ordinary skill in the field of technology of the patent would have known of the interchangeability of the alternative feature and the unmet requirement of the claim.

Interchangeability at the present time is not sufficient in order for the structures to be considered to be interchangeable; rather, the interchangeability of the two structures must have been known to persons of ordinary skill in the field of technology at the time the infringement began.

Thus, the inventor need not have foreseen and the patent need not describe all potential equivalents to the invention covered by the claims. Also, slight changes in technique or improvements made possible by technology developed after the patent application is filed may still be considered equivalent for the purposes of the doctrine of equivalents.

6.3 Direct Infringement

To determine direct infringement, you must compare the use of the accused method in the accused Microsoft Word 2003 and Word 2007 products with each of claims 14, 18, and 20 of the '449 patent, using my instructions as to the meaning of the patent claims.

A patent claim is directly infringed only if use of the accused product includes each and every element in that patent claim. If use of the products does not contain one or more of the limitations recited in a claim, then that use of the products does not directly infringe that claim. If you find that use of the accused products includes each element or step of the claim, then that use infringes the claim even if such use contains additional elements or steps that are not recited in the claim.

You must consider each of the asserted claims of the patents-in-suit individually, and decide whether use of the accused products infringes that claim. You must be certain to compare such use of the accused products with each claim that such use is alleged to infringe. Such use should be

compared to the limitations recited in the patent claims, not to any preferred or commercial embodiment of the claimed invention.

Taking each claim of the '449 patent separately, if you find that i4i has proved by a preponderance of the evidence that each and every limitation of that claim is present in the use of the accused products, then you must find that such use infringes that claim.

6.4 Active Inducement of Infringement

i4i alleges that Microsoft is also liable for infringement by actively inducing others to directly infringe the '449 patent. As with direct infringement, you must determine whether there has been active inducement on a claim-by-claim basis.

To show induced infringement, the patent holder must prove that it is more likely than not that someone has directly infringed the asserted patent claims and that the accused inducing infringer has actively and knowingly aided and abetted that direct infringement.

A person is liable for active inducement of a claim only if:

- (1) the person takes action during the time the patent is in force which encourages acts by someone else; and
- (2) the encouraged acts constitute direct infringement of that claim; and
- (3) the person is aware of the patent, and knows or should have known that the encouraged acts constitute infringement of that patent; and
- (4) the person has an intent to cause the encouraged acts; and
- (5) the encouraged acts are actually carried out by someone else.

In order to prove active inducement, i4i must prove that each of the above requirements is met. Further, proof of each element must be by a preponderance of the evidence, i.e., that it is more likely than not that each of the above requirements has been met.

In considering whether Microsoft has induced infringement by others, you may consider all the circumstances, including whether or not Microsoft obtained the advice of a competent lawyer, whether or not Microsoft knew of the patent when designing and manufacturing Word 2003 and 2007 and whether or not Microsoft removed or diminished the allegedly infringing features. You may not assume that merely because Microsoft did not obtain an opinion of counsel, the opinion would have been unfavorable.

Intent to cause the acts that constitute direct infringement may be demonstrated by evidence of active steps taken to encourage direct infringement, such as advertising an infringing use or instructing how to engage in an infringing use. In order to establish active inducement of infringement, it is not sufficient that the accused infringer was aware of the act(s) that allegedly constitute the direct infringement. Rather, you must find specifically that the inducer intended to cause the acts that constitute the direct infringement and must have known or should have known that its action would cause the direct infringement. If you do not find that the accused infringer specifically meets these intent requirements, then you must find that the accused infringer has not actively induced the alleged infringement.

6.5 Contributory Infringement

i4i alleges that Microsoft is liable for contributory infringement by contributing to the direct infringement of the '449 patent by another. As with direct infringement, you must determine whether there has been contributory infringement on a claim-by-claim basis.

It is not necessary to show that Microsoft has directly infringed as long as you find that someone has directly infringed. If there is no direct infringement by anyone, Microsoft cannot have contributed to the infringement of the patent.

If you find someone has directly infringed the '449 patent, then contributory infringement exists if i4i establishes by a preponderance of the evidence that:

- (1) Microsoft sold, offered for sale, or imported;
- (2) a material component for use in practicing the patented method that is not a staple article of commerce suitable for substantial non-infringing use;
- (3) with knowledge that the component was especially made or adapted for use in an infringing manner.

A “staple article of commerce suitable for substantial non-infringing use” is something that has uses other than as a component of the patented method. A substantial non-infringing use is one that is not occasional, farfetched, impractical, experimental or hypothetical.

In determining whether or not the component is a staple article of commerce suitable for substantial non-infringing use, you should focus on whether the component itself, not the product in which the component is embedded, is or is not suitable for substantial non-infringing use. Whether the product in which the component is embedded is or is not suitable for substantial non-infringing use is not relevant.

6.6 Willful Infringement

i4i contends that Microsoft has willfully infringed the '449 patent. If you find on the basis of the evidence and the law as I have explained it, that Microsoft infringes at least one of the asserted

claims of i4i's patent (either directly or indirectly), then you must decide whether or not its infringement was willful.

But note that the issue of willful infringement is not relevant to your decision of whether or not there is infringement. It is relevant only to the amount of damages, if any, to which a patent owner may be entitled. A finding of willful infringement may, in certain circumstances, entitle the patent owner to increased damages. But it would be my job to decide whether to award increased damages to a patent owner, after you have rendered a verdict. You should not consider willful infringement in making your damage award, if any.

To prove willfulness, a patent owner must prove by clear and convincing evidence that the accused infringer acted with reckless disregard of the claims of the asserted patent. Willfulness requires you to determine three things: first, that the accused infringer was aware of the asserted patent; second, that the alleged infringer acted despite an objectively high likelihood that its actions infringed a valid patent; and third, that this objectively high risk was either known or so obvious that it should have been known to the alleged infringer. That is, the patent holder must prove willfulness in such a way that you have been left with a clear conviction that the infringement was willful.

In deciding whether or not the alleged infringer committed willful infringement, you must consider all of the facts, which include but are not limited to:

- (1) Whether or not the alleged infringer possessed a reasonable basis to believe that it has a substantial defense to infringement and reasonably believed that the defense would be successful if litigated, including the defense that the patent is invalid; and

- (2) Whether or not the alleged infringer made a good faith effort to avoid infringing the patent, for example the alleged infringer took remedial action upon learning of the patent by ceasing infringing activity or attempting to design around the patent.

7. Invalidity

For a patent to be valid, the invention claimed in the patent must be new, useful, and non-obvious. A patent cannot take away from people their right to use what was known or what would have been obvious when the invention was made.

Microsoft has challenged the validity of the '449 patent claims on a number of grounds. Microsoft must prove that a patent claim is invalid by clear and convincing evidence. An issued patent is accorded a presumption of validity based on the presumption that the United States Patent and Trademark Office acted correctly in issuing a patent.

I will now explain to you Microsoft's grounds for invalidity in detail. In making your determination as to invalidity, you should consider each claim and each ground for invalidity separately.

7.1 Anticipation

Microsoft contends that claims 14, 18, and 20 of the '449 patent are invalid for being anticipated by prior art. Microsoft bears the burden of establishing anticipation by clear and convincing evidence.

A patent claim is invalid if the claimed invention is not new. For a claim to be invalid on the basis of anticipation because it is not new, all of its requirements must be present in a single previous device or method, or described in a single previous publication or patent. We call these things prior art. Microsoft must prove by clear and convincing evidence that these items are prior

art. The description in a reference does not have to be in the same words as the claim, but all the requirements of the claim must be there, either stated expressly or necessarily implied or inherent in the level of ordinary skill in the field of technology of the patent at the time of the invention, so that someone of ordinary skill in the field of technology of the patent looking at that one reference would be able to make and use the claimed invention. Something is inherent in an item of prior art if it is always present in the prior art or always results from the practice of the prior art, and if a skilled person would understand that to be the case. Inherency may not be established by probabilities or possibilities. The mere fact that a certain thing may coincidentally result from a given set of circumstances is not sufficient. A party claiming anticipation by inherency must show that the elements of the claim are always present in the prior art or always result from the practice of the prior art. You may not combine two or more items of prior art to make out an anticipation.

Before explaining the different ways in which Microsoft can show that the invention is not new, there are two basic concepts that underlie your decision on this question.

First, I will address the concept of conception. 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. Conception of an invention is complete when the idea is so clearly defined in the inventor's mind that a person of ordinary skill in the field of the technology would be able to reduce the invention to practice without extensive research or experimentation. 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.

Second, a claimed invention is reduced to practice when it has been tested sufficiently to show that it will work for its intended purpose. An invention may be reduced to practice even if the

inventor has not made or tested a prototype of the invention. The invention may be reduced to practice by being fully described in a filed patent application.

Here is a list of ways that Microsoft can show that a claim of the '449 patent was not new:

- if the claimed patented method was known or used by others in the United States before the invention was made by the inventor, which i4i contends is February 14, 1994;
- if the claimed invention was patented or described in a printed publication, anywhere in the world, before the invention was made by the inventor, which i4i contends is February 14, 1994, or more than one year before the filing date of the application for the '449 patent, which was filed on June 2, 1994.
- if the patented method was in public use or an offer to sell or the sale of the claimed patented method occurred in the United States more than one year before the filing date of the application for the '449 patent, which was filed on June 2, 1994.

7.1.1 Anticipation by Public Knowledge or Use by Another

I will now describe the specific requirements for the prior art categories relied on by Microsoft in this case.

A patent claim is invalid if the invention recited in that claim was publicly known or used in the United States by someone other than the inventor before the patent applicant invented it, or more than one year before the United States patent application was filed. A prior public use by another may anticipate a patent claim, even if the use was accidental or was not appreciated by the other person. Thus, a prior public use may anticipate an invention even if the user did not intend to use the invention, or even realize he or she had done so. Private or secret knowledge, such as

knowledge confidentially disclosed within a small group, is not enough to invalidate a patent claim. Similarly, if something is only publicly known outside of the United States, then the claim is not invalid.

7.1.2 Anticipation by a Printed Publication

A patent claim is invalid if the invention defined by that claim was described in a printed publication before it was invented by the patent applicant, or more than one year prior to the filing date of the United States patent application. Printed publications may include issued patents.

A printed publication or patent will not be an anticipation unless it contains a description of the invention covered by the patent claims that is sufficiently detailed to teach a skilled person how to make and use the invention without undue experimentation. Factors to be considered in determining whether a disclosure would require undue experimentation include: (1) the quantity of experimentation necessary; (2) the amount of direction or guidance disclosed in the printed publication or patent; (3) the presence or absence of working examples in the printed publication or patent; (4) the nature of the invention; (5) the state of the prior art; (6) the relative skill of those in the art; (7) the predictability of the art; and (8) the breadth of the claims.

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 date that a printed publication becomes prior art is the date that it becomes available to the public.

So long as the printed publication was available to the public, the form in which the information was recorded is unimportant. The information must, however, have been maintained

in some permanent form, such as printed or typewritten pages, magnetic tape, microfilm, photographs, or photocopies.

7.1.3 Anticipation by Prior Patent

A claim in a patent is invalid if the invention defined by that claim was patented in the United States or a foreign country before it was invented by the inventor of the patent-in-suit or more than one year before the inventor patentee filed his United States patent application.

What was “patented” in the prior patent is determined by what is defined by the prior patent’s claims, interpreted in the light of the general description contained in the prior patent. To show anticipation of the patented invention, Microsoft must show by clear and convincing evidence that the prior patent disclosed all of the elements of each claim of the patent that Microsoft contends is invalid. As with a printed publication, the disclosure must be complete enough to enable one of ordinary skill in the art to practice the invention without undue experimentation (you may refer back to the instructions on Anticipation by a Printed Publication for the eight factors to consider when determining undue experimentation).

7.1.4 Anticipation by Prior Sale or Offer for Sale

The sale or offer for sale in the United States of a product may be prior art to a patent claim covering the product or a method of making the product if the product was sold or offered for sale in the United States more than one year before the application for the patent was filed. This is known as the on-sale bar. The date of invention for the patent claims is irrelevant to this category of prior art.

In order for there to be an offer for sale, two requirements must be met. First, the product must have been the subject of a commercial offer for sale in the United States. Even a single offer

for sale to a single customer may be a commercial offer, even if the customer does not accept the offer. The “on sale” bar is not limited to sales by the inventor, but may result from sales or offers for sale by a third party that anticipate the invention.

Second, the product must be “ready for patenting.” This can be satisfied in at least two ways:

- (1) by proof of reduction to practice; that is, the alleged invention worked as actually intended before the critical date; or
- (2) 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.

The product may be ready for patenting even if it is not ready for commercial production, or has not been technically perfected.

7.2 Corroboration of Oral Testimony

Oral testimony alone is insufficient to prove prior invention or that something is prior art. A party seeking to prove prior invention or prior art also must provide evidence that corroborates any oral testimony, especially where the oral testimony comes from an interested witness, or a witness testifying on behalf of an interested party. This includes any individual or company testifying that his or its invention predates the patents-in-suit. Documentary or physical evidence that is made contemporaneously with the inventive process provides the most reliable proof that the alleged prior art inventor’s testimony has been corroborated. For any oral testimony that a party has put forth alleging that a particular event or reference occurred before the filing date of the patent-in-suit, that party must also have provided some sort of corroborating evidence that agrees with that oral testimony. If you find that the party has not corroborated the oral testimony with other evidence, you

are not permitted to find that the subject of that oral testimony qualifies as prior art or supports a prior date of invention.

If evidence is presented for purposes of attempting to corroborate oral testimony, then you must determine whether this evidence does, in fact, properly corroborate the oral testimony. In making this determination, you should consider the following factors:

- (1) The relationship between the corroborating witness and the alleged prior user;
- (2) The time period between the event and this trial;
- (3) The interest of the corroborating witness in the subject matter of this suit;
- (4) Contradiction or impeachment of the witness's testimony;
- (5) Extent and detail of the corroborating witness's testimony;
- (6) The witness's familiarity with the subject matter of the patented invention and the alleged prior use;
- (7) Probability that a prior use could occur considering the state of the art at the time;
and
- (8) Impact of the invention on the industry, and the commercial value of its practice.

7.3 Obviousness

Microsoft contends that asserted claims of the '449 patent are invalid because the claimed invention was obvious to one of ordinary skill in the art at the time the invention was made. To be patentable, an invention must not have been obvious to a person of ordinary skill in the pertinent art at the time the invention was made. The issue is not whether the claimed invention would have been obvious to you as a layman, to me as a Judge, or to a genius in the art, but whether it would have

been obvious to one of ordinary skill in the art at the time it was made. Microsoft bears the burden of proving this defense by clear and convincing evidence.

You must not use hindsight when comparing the prior art to the invention for obviousness. In making a determination of obviousness or non-obviousness, you must consider only what was known before the invention was made. You may not judge the invention in light of present day knowledge or by what you learned from or about the patent during trial. In placing yourself in the shoes of one of ordinary skill in the art at the time the invention was made, you may also consider whether such a person would have been motivated to combine the prior art references in order to arrive at the claimed invention.

In determining whether or not Microsoft has established obviousness of a claim of the '449 patent by clear and convincing evidence, you must consider the following:

- (1) The scope and content of the prior art put into evidence in this case;
- (2) The differences, if any, between each claim of the patent and that prior art; and
- (3) The level of ordinary skill in the art at the time the invention was made.
- (4) Any additional considerations relating to the obviousness or non-obviousness of the invention.

I will now describe in more detail the specific determinations you must make in deciding whether or not the claimed invention would have been obvious.

7.3.1 Scope and Content of the Prior Art

The first question you must answer in determining whether or not the invention was obvious is the scope and content of the prior art at the time the invention was made. You must decide

whether the specific references relied upon by Microsoft in this case are prior art to the invention described in the asserted claims of the '449 patent.

Prior art includes previous devices, articles and methods that were publicly used or offered for sale, printed publications or patents that disclose the invention or elements of the invention. Once you decide whether or not specific references are prior art, you must also decide what those references would have disclosed or taught to one having ordinary skill in the field of technology of the patent at the time the invention was made.

In order for a reference to be relevant for you to consider in deciding whether or not the claims of the '449 patent would have been obvious, the reference must be within the field of the inventors' endeavor, or if it is from another field of endeavor, the reference must be reasonably related to the particular problem or issue the inventors faced or addressed when making the inventions described in claims 14, 18, and 20 of the '449 patent. A reference from a field of endeavor other than the inventors' is reasonably related to the problem or issues the inventors faced if the reference is one which, because of the matter with which the reference deals, logically would have commended itself to the attention of the inventors when considering the problems or issues they faced. It is for you to decide what the problems or issues were that the inventors faced at the time the inventions in claims 14, 18, and 20 were made.

7.3.2 Differences Over the Prior Art

The second question you must answer in determining whether or not the invention was obvious at the time it was made is what differences there are, if any, between the prior art and the patented invention. In analyzing this issue, do not focus solely on the differences between the prior art and the invention because the test is not whether there are differences. Rather, the test is whether

or not the invention, as a whole, would have been obvious to one having ordinary skill in view of all the prior art at the time the invention was made.

If you conclude that the prior art discloses all the elements of the claimed invention, but those elements are in separate items, you must then consider whether or not it would have been obvious to combine those items. A claim is not obvious merely because all of the elements of that claim already existed. One way to decide whether one of ordinary skill in the art would combine what is described in various items of prior art, is whether there is some teaching, suggestion, or motivation in the prior art for a skilled person to make the combination covered by the patent claims. Motivation can be implicit. In other words, motivation need not be explicit.

It is common sense that familiar items may have obvious uses beyond their primary purposes, and a person of ordinary skill often will be able to fit the teachings of multiple patents together like pieces of a puzzle. Multiple references in the prior art can be combined to show that a claim is obvious. Any need or problem known in the field and addressed by the patent can provide a reason for combining the elements in the manner claimed. To determine whether there was an apparent reason to combine the known elements in the way a patent claims, you can look to interrelated teachings of multiple patents, to the effects of demands known to the design community or present in the marketplace, and to the background knowledge possessed by a person of ordinary skill in the art. Neither the particular motivation nor the alleged purpose of the patentee controls. One of ordinary skill in the art is not confined only to prior art that attempts to solve the same problem as the patent claim. Teachings, suggestions and motivations may also be found within the knowledge of a person with ordinary skill in the art including inferences and creative steps that a person of ordinary skill in the art would employ. Additionally, teachings, suggestions and motivations may

be found in the nature of the problem solved by the claimed invention. The fact that a combination was obvious to try may demonstrate that the combination itself was obvious.

7.3.3 Level of Ordinary Skill in the Field

For obviousness, you must consider the level of ordinary skill in the field. The ordinary skilled person is a person of average education and training in the field of the invention and is presumed to be aware of all relevant prior art. The actual inventor's skill is irrelevant to this inquiry.

You are instructed that a person of ordinary skill in the art would have a Bachelor's of Science degree in computer science or electrical engineering with an emphasis on computer systems in addition to two or three years of programming experience.

7.3.4 Additional Considerations

The next question you must answer, in determining whether or not the invention was obvious at the time it was made is what evidence there is, if any, of additional considerations relating to the obviousness or non-obviousness of the invention. You may consider in your analysis any evidence that was presented to you in this case regarding the presence or absence of the following factors in deciding whether or not the invention would have been obvious at the time it was made:

- (1) Whether or not the invention proceeded in a direction contrary to accepted wisdom in the field;
- (2) Whether or not there was long felt but unresolved need in the art that was satisfied by the invention;
- (3) Whether or not others had tried but failed to make the invention;
- (4) Whether or not others copied the invention;
- (5) Whether or not the invention achieved any unexpected results;

- (6) Whether or not the invention was praised by others;
- (7) Whether or not others have taken licenses to use the invention;
- (8) Whether or not experts or those skilled in the art at the making of the invention expressed surprise or disbelief regarding the invention;
- (9) Whether or not products incorporating the invention have achieved commercial success; and
- (10) Whether or not others having ordinary skill in the field of the invention independently made the claimed invention at about the same time the inventor made the invention.

9. Damages

I will now instruct you about the measure of damages. By instructing you on damages, I am not suggesting which party should win this case, on any issue. If you find that Microsoft infringed any valid claim of the '449 patent, you must then determine the amount of money damages to be awarded to i4i to compensate it for the infringement.

i4i seeks patent damages in the form of a reasonable royalty. Generally, a reasonable royalty is defined by the patent laws as the reasonable amount that someone wanting to use the patented invention should expect to pay to the patent owner and the owner should expect to receive.

If you find that any claim of the '449 patent is both valid and infringed, then i4i is entitled to damages adequate to compensate for the infringement of that patent.

A damages award should put the patent owner in approximately the financial position it would have been in had the infringement not occurred. You may not add anything to the amount of damages to punish the infringer, or to set an example.

i4i has the burden to persuade you by a preponderance of the evidence that it suffered the damages it seeks. While i4i is not required to prove damages with mathematical precision, it must prove them with reasonable certainty. The patent owner is not entitled to damages that are remote or speculative.

9.1 Reasonable Royalty Definition

If you find that i4i has established infringement, i4i is entitled to at least a reasonable royalty to compensate it for that infringement.

A royalty is the amount of money a licensee pays to a patent owner to make, use or sell the patented invention. A reasonable royalty is the amount of money a willing patent owner and a willing prospective licensee would have agreed upon at the time of the infringement for a license to make the invention. It is the royalty that would have resulted from an arms-length negotiation between a willing licensor and a willing licensee, assuming that both parties understood the patent to be valid and infringed and that the licensee would respect the patent. Unlike a real world negotiation, in the hypothetical negotiation, all parties are presumed to know that the patent is infringed and valid.

In making your determination of the amount of a reasonable royalty, it is important that you focus on the time period when the infringer first infringed the patent and the facts that existed at that time. Your determination does not depend on the actual willingness of the parties to this lawsuit to engage in such negotiations. Your focus should be on what the parties' expectations would have been had they entered negotiations for royalties at the time of the infringing activity. The infringer's actual profits may or may not bear on the reasonableness of an award based on a reasonable royalty.

9.2 Reasonable Royalty–Factors

In deciding what is a reasonable royalty, you may consider the factors that the patent owner and the alleged infringer would consider in setting the amount the alleged infringer should pay.

I will list for you a number of factors you may consider. This is not every possible factor, but it will give you an idea of the kinds of things to consider in setting a reasonable royalty.

1. Whether the licensor had established a royalty for the patented invention, such as by granting other licenses for a royalty.
2. Royalties paid for other patents comparable to the asserted patent.
3. The nature and scope of the license, as exclusive or nonexclusive; or as restricted or nonrestricted in terms of territory, or with respect to the parties to whom the product may be sold.
4. Whether or not the licensor had an established policy and marketing program to maintain its patent exclusivity by not licensing others to use the invention or by granting licenses under special conditions designed to preserve that exclusivity.
5. The commercial relationship between the licensor and licensee, such as whether they are competitors in the same territory and the same line of business, or whether they are inventor and promoter.
6. Whether being able to use the patented invention helps in making sales of other products or services.
7. The duration of the patent and the term of the license.
8. The profitability of the patented invention, and whether or not it is commercially successful or popular.

9. The utility and advantages of the patented invention over the old modes or devices, if any, that had been used for achieving similar results.

10. The nature of the patented invention, the character of the commercial embodiment of it as owned and produced by the licensor, and the benefits to those who have used the invention.

11. The extent of the licensee's use of the patented invention and any evidence probative of that use.

12. The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow for the use of the invention or analogous inventions.

13. The portion of the profits that is due to the patented invention, as compared to the portion of the profit due to other factors, such as unpatented elements or unpatented manufacturing processes, or features or improvements developed by the licensee.

14. Expert opinions as to what would be a reasonable royalty.

15. The amount that a licensor and a licensee would have agreed upon if both sides had been reasonably and voluntarily trying to reach an agreement; that is, the amount which an accused infringer would have been willing to pay as a royalty and yet be able to make a reasonable profit and which amount would have been acceptable to a patent owner if it would have been willing to create a license.

No one factor is dispositive and you can and should consider the evidence that has been presented to you in this case on each of these factors. The framework which you should use in determining a reasonable royalty is a hypothetical negotiation between normally prudent business people.

10. Instructions for Deliberations

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

You should consider and decide this case as a dispute between persons of equal standing in the community, of equal worth, and holding the same or similar stations in life. This is true in patent cases between corporations, partnerships, or individuals. A patent owner is entitled to protect its patent rights under the United States Constitution. This includes bringing suit in a United States District Court for money damages for infringement. This may be done regardless of whether the owner of the patent is an individual, a partnership, a bank, a small company with only a few investors, or a large company made up of many investors. The law recognizes no distinction among types of patent owners. A patent owner may be a competitor of an accused infringer, but it does not have to be. The characterization of a patent lawsuit as good or bad or as misuse of the patent laws based upon the status of the patent owner is inappropriate and should not play any part in your deliberations. All corporations, partnerships and other organizations stand equal before the law, regardless of size or who owns them, and are to be treated as equals.

When you retire to the jury room to deliberate on your verdict, you may take this charge with you as well as exhibits which the Court has admitted into evidence. Select your Foreperson and conduct your deliberations. If you recess during your deliberations, follow all of the instructions that the Court has given you about/on your conduct during the trial. After you have reached your verdict, your Foreperson is to fill in on the form your answers to the questions. Do not reveal your answers

until such time as you are discharged, unless otherwise directed by me. You must never disclose to anyone, not even to me, your numerical division on any question.

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

If you want to communicate with me at any time, please give a written message or question to the Court Security Officer, who will bring it to me. I will then respond as promptly as possible either in writing or by having you brought into the courtroom so that I can address you orally. I will always first disclose to the attorneys your question and my response before I answer your question.

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

APPENDIX A

5,787,449 PATENT CLAIM TERMS

Term or Phrase to be Construed (Claims)	Court's Construction
metacode[s] (claims 14, 18, 20)	an individual instruction which controls the interpretation of the content of the data
address[es] of use (claims 14, 18, 20)	a unique identifier which defines the position of a metacode relative to a mapped content stream and the place in the content at which the metacode is to exert its effect
mapped content (claims 14, 18, 20)	the content of a document corresponding to a metacode map
map of metacodes / metacode map (claims 14, 18, 20)	a data structure that contains a plurality of metacodes and their addresses of use corresponding to a mapped content
metacode map distinct storage means / metacode storage means / distinct map storage means (claims 14, 18, 20)	a portion of memory for storing a metacode map
mapped content distinct storage means / mapped content storage means (claims 14, 18)	a portion of memory for storing mapped content
compiling a map of the metacodes in the distinct storage means, by locating, detecting and addressing the metacodes (claims 14, 18)	creating and storing a map of metacodes in the distinct storage means by: finding the positions of the metacodes in and relative to an input content stream; recognizing, identifying or differentiating the metacodes from content; and forming unique identifiers which define the positions of the metacodes relative to the mapped content stream and the places in the content at which the metacodes are to exert their effect

Term or Phrase to be Construed (Claims)	Court's Construction
providing the document as the content of the document and the metacode map of the document (claims 14, 18)	providing the document as a single composite document or providing the document as two separate discrete elements, specifically the content of the document and a metacode map of the document
providing the document as the content of the document separately from the metacode map of the document (claim 20)	providing the document as two separate discrete elements, specifically the content of the document and a metacode map of the document

**APPENDIX B
GLOSSARY OF PATENT TERMS**

Application The initial papers filed by the applicant in the United States Patent and Trademark Office (also called the Patent Office or PTO).

Claims Claims are the numbered sentences appearing at the end of the patent that define the invention. The words of the claims define the scope of the patent owner's exclusive rights during the life of the patent.

Comprising The beginning, or preamble, portion of each of the asserted independent claims uses the word "comprising." "Comprising" means "including" or "containing." A claim that uses the word "comprising" is not limited to products or methods having only the elements that are recited in the claim limitations, but also covers products or methods that have all of the elements and add additional elements without changing the required limitations.

License Permission to use the patented invention, which may be granted by a patent owner (or a prior licensee) in exchange for a fee called a "royalty" or other consideration.

Office Action Communication from the patent examiner regarding the specification of the patent application and/or the claims pending in the patent application.

Ordinary Skill in the Art From time to time in these instructions I will refer to a hypothetical person of ordinary skill in the art. This hypothetical person is presumed to be aware of all of the prior art and knowledge that existed in the field during the relevant time period. The skill of the actual inventor and experts is irrelevant, because they may possess something that distinguishes them from workers of ordinary skill in the art. One of ordinary skill in the art of the '449 patent would have a Bachelor's of Science degree in computer science or electrical engineering with an emphasis on computer systems in addition to two to three years programming experience.

Patent Examiners Personnel employed by the United States Patent and Trademark Office (PTO) who review (examine) patent applications each in a specific technical area, to determine whether the claims of a patent application are patentable and whether the disclosure adequately describes the invention.

Prior Art Except as limited by prior-art instructions contained later in these instructions, knowledge that is available to the public either prior to the invention by the applicant or more than a year prior to the effective filing date of his/her patent application.

Prosecution History The written record of proceedings in the United States Patent and Trademark Office (PTO) between the applicant and the PTO. It includes the original patent application and later communications between the PTO and the applicant. The prosecution history may also be referred to as the file wrapper of the patent during the course of this trial.

References Any item of prior art used to determine patentability.

Specification The specification is the information, which appears in the patent and concludes with one or more claims. The specification includes the written text, the claims and the drawings. In the specification, the inventor sets forth a description telling what the invention is, how it works, and how to make and use it so as to enable others skilled in the art to do so.