

04 C 5312

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TRADING TECHNOLOGIES

VS

PRE-DELIBERATION INSTRUCTIONS

eSPEED, INC, et al

JUDGE MORAN

FILED

OCT 10 2007

Judge James B. Moran
United States District Court

2 Pre-Deliberation Instructions

2.1 General Instructions

2.1.1 Introduction

Ladies and gentlemen of the jury, you have heard the evidence and arguments in this case and the time has come for you to weigh the evidence, deliberate and reach a verdict. Now it is time for me to instruct you about the law that you must follow in deciding this case. I will start by explaining your duties and the general rules that apply in every civil case. Then 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. And last, 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.

It is your duty as jurors to follow the law as I shall state it to you, and to apply that law to the facts as you find them from the evidence in the case. You are not to single out one instruction alone as stating the law, but must consider the instructions as a whole. You should not be concerned with the wisdom of any rule that I state. Regardless of any opinion that you may have as to what the law may be – or ought to be – it would violate your sworn duty to base a verdict upon any view of the law other than that which I give you.

2.1.2 Role of the Jury

As the members of the jury, you are the sole and exclusive judges of the facts. You pass upon the evidence. You determine the credibility of the witnesses. You resolve any conflicts in the testimony. You draw whatever reasonable inferences you decide to draw from the facts as you have determined them, and you determine the weight of the evidence.

In deciding the facts of this case you must not be swayed by bias or prejudice or favor as to any party. Our system of law does not permit jurors to be governed by prejudice or sympathy or public opinion. Both the parties and the public expect that you will carefully and impartially consider all of the evidence in the case, follow the law as stated by the Court, and reach a just verdict regardless of the consequences.

This case shall be considered and decided by you as an action between persons of equal standing in the community, and holding the same or similar stations in life. Each party is entitled to a fair trial at your hands, and a corporation is entitled to the same fair trial as an individual. The law respects all persons equally, and all persons including corporations stand equal before the law and are to be dealt with as equals in a court of justice.

In determining the facts, you must consider only the evidence I have admitted in the case. Any evidence to which I sustained an objection or that I ordered stricken must be disregarded.

Remember that any statements, objections or arguments made by the lawyers are not evidence in the case. The function of the lawyers is to point out those things that are most significant or most helpful to their side of the case, and in so doing, to call your attention to certain facts or inferences that might otherwise escape your notice.

In the final analysis, however, it is your own recollection and interpretation of the evidence that controls in the case. What the lawyers say is not binding upon you.

The evidence from which you are to decide the facts consists of:

1. the sworn testimony of witnesses, on both direct and cross-examination;
2. the exhibits that have been received into evidence, and
3. any facts to which TT and eSpeed have agreed or stipulated; and
4. any facts that I have judicially noticed.

While you should consider only the evidence in the case, you are permitted to draw such reasonable inferences from the testimony 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.

In determining any fact in issue you may consider the testimony of all witnesses, regardless of who may have called them, and all the exhibits received in evidence, regardless of who may have produced them.

Any notes that you may have taken during this trial are only aids to your memory. If your memory differs from your notes, you should rely on your memory and not on the notes. The notes are not evidence. If you have not taken notes, you should rely on your 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.

Anything you may have seen or heard when the Court was not in session is not evidence. You are to decide the case solely on the evidence at trial. In considering the evidence in this case, you are not required to set aside your own observation and experience in the affairs of life. You have a right to consider all the evidence in the light of your own observation and experience in the affairs of life.

2.1.3 Juror Oath

In determining the facts, you are reminded that you took an oath to render judgment impartially and fairly, without prejudice or sympathy, solely upon the evidence in the case and the applicable law. I know that you will do this and reach a just and true verdict.

2.1.4 Jury to Disregard Court's View

I have expressed no opinion as to which witnesses are, or are not, worthy of belief, what facts are, or are not, established, or what inferences, if any, should be drawn from the evidence. If anything I have said or done has seemed to indicate an opinion relating to any of these matters, I instruct you to disregard it. In making your determination of the facts in this case, your judgment must be applied only to that which is properly in evidence.

From time to time I have had to rule on the admissibility of evidence, although I have tried to do so, when possible, out of your hearing. You must have no concern with the reasons for any of my rulings on the evidence, and you are not to draw any inferences from them, although you must abide by my decisions on what evidence you can and cannot consider. Whether offered evidence is admissible is purely a question of law for me to decide. Of course, you will dismiss from your mind completely any evidence which has been ruled out of the case by the court.

2.1.5 What Is and Is Not Evidence

The evidence in this case is the sworn testimony of the witnesses, the exhibits I allowed into evidence, the stipulations of the parties, and any facts I have judicially noticed.

By contrast, the questions or statements of a lawyer are not evidence. It is the witnesses' answers that are evidence, not the questions. Arguments by lawyers are not evidence, because the lawyers are not witnesses. What they have said to you in their opening statements and in their closing arguments is intended to help you understand the evidence to reach your verdict. However, if your recollection of the facts differs from the lawyers' statements, it is your recollection which controls.

Testimony that has been stricken or excluded is not evidence and may not be considered by you in rendering your verdict. You may also not consider any answer that I directed you to disregard. Also, if certain testimony was received for a limited purpose – such as for the purpose of assessing a witness' credibility – you must follow the limiting instructions I gave you at that time.

Exhibits which have been marked for identification may not be considered by you as evidence until and unless they have been received in evidence by the court. Exhibits marked for identification but not admitted are not evidence, nor are materials which were brought forth only to refresh a witness' recollection.

You may see "demonstrative exhibits" during the trial. These are exhibits that the lawyers or the witnesses have prepared to help you understand particular testimony. While you may consider these exhibits as part of the testimony, they are not evidence unless I specifically admit them into evidence.

It is for you alone to decide the weight, if any, to be given to the testimony you have heard and the exhibits you have seen.

2.1.6. Direct and Circumstantial Evidence

Now, some of you may have heard the terms "direct evidence" and "circumstantial evidence."

Direct evidence is simply evidence like the testimony of an eyewitness, which, if you believe it, directly proves a fact. If a witness testified that he saw it raining outside, and you believed him, 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 hat 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 evidence than the other. You should consider all the evidence, both direct and circumstantial, and give it whatever weight you believe it deserves.

2.1.7 Stipulation of Facts

A stipulation of facts is an agreement among the parties that a certain fact is true. You must regard such agreed facts as true.

The facts the parties have stipulated to are as follows:

If the correct priority date is June 9, 2000, then the patents are invalid.

2.1.8 Stipulation of Testimony

A stipulation of testimony is an agreement among the parties that, if called, a witness would have given certain testimony. You must accept as true the fact that the witness would have given that testimony. However, it is for you to determine the effect, if any, to be given that testimony.

2.1.9 Interrogatories

You have heard and seen evidence in this case that is in the form of interrogatories.

Interrogatories are written questions posed by one side that call for written answers under oath from the other side. Both the questions and answers are made before trial during what is called pretrial discovery, and each side is entitled to seek such discovery from the other.

You may consider a party's answers to interrogatories as evidence against a party who made the answer, just as you would any other evidence that has been admitted in this case.

In this regard, you are not required to consider a party's answers to interrogatories as true, nor are you required to give them more weight than any other evidence. It is up to you to determine what weight, if any, should be given to the interrogatory answers that have been admitted as evidence.

One cautionary word on this subject: The question asked, however, is not evidence. You may only consider the interrogatory answer as evidence against the party who gave the answer.

2.1.10 Depositions

Some of the testimony before you is in the form of depositions that have been received in evidence. A deposition is simply a procedure where the attorneys for one side may question a witness or an adverse party under oath and the deposition is recorded by a court reporter. This is part of the pretrial discovery, and each side is entitled to take depositions. Depositions may be used at trial for a number of reasons, including because the particular witness could not be available live. You should consider the deposition testimony of a witness according to the same standards you would use to evaluate the testimony of a witness at trial. You should not accord live testimony higher weight than deposition testimony.

2.1.11 Witness Credibility

You must decide whether the testimony of each witness is truthful and accurate, in part, in whole, or not at all. You also must decide what weight, if any, you give to the testimony of each witness.

In evaluating the testimony of any witness, you may consider, among other things:

- the ability and opportunity the witness had to see, hear, or know the things that the witness testified about

- the witness's memory

- any interest, bias, or prejudice the witness may have

- the witness' intelligence

- the manner of the witness while testifying

- and the reasonableness of the witness' testimony in light of all the evidence in the case.

2.1.12 Expert Witnesses – Generally

In this case, I have permitted the parties to offer testimony by certain witnesses retained by the parties to express their opinions about matters that are in issue. A witness may be permitted to testify to an opinion on those matters about which he or she has special knowledge, skill, experience and training. Such testimony is presented to you on the theory that someone who is experienced and knowledgeable in the field can assist you in understanding the evidence or in reaching an independent decision on the facts.

In weighing this opinion testimony, you may consider the witness' qualifications, his or her opinions, the reasons for testifying, as well as all of the other considerations that ordinarily apply when you are deciding whether or not to believe a witness' testimony. You may give the opinion testimony whatever weight, if any, you find it deserves in light of all the evidence in this case. You should not, however, accept opinion testimony merely because I allowed the witness to testify concerning his or her opinion. Nor should you substitute it for your own reason, judgment and common sense. The determination of the facts in this case rests solely with you.

LAWYER INTERVIEWING WITNESS (MODEL 1.16)

It is proper for a lawyer to meet with any witness in preparation for trial.

ABSENCE OF EVIDENCE (MODEL 1.18)

The law does not require any party to call as a witness every person who might have knowledge of the facts related to this trial. Similarly, the law does not require any party to present as exhibits all papers and things mentioned during this trial.

NO NEED TO CONSIDER DAMAGES (MODEL 1.31)

If you decide for the Defendants on the question of patent infringement, then you should not consider the question of damages.

2.2 The Parties and Their Contentions

I will now review for you the parties' contentions and the law that you will have to consider in reaching your verdict.

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.

2.2.1 Summary of Issues

I will now summarize the issues that you must decide and for which I will provide instructions to guide your deliberations. You must decide the following four main issues, each of which must be decided separately:

1. Whether TT has proven by a preponderance of the evidence that the eSpeed Futures View, AutoSpeed Basis, and ECCO Ladder View products, which I shall refer to as the "Accused Products," infringes claims of the '132 and '304 Patents. The Verdict Sheet lists each of the claims at issue, which I shall refer to as the "Asserted Claims."

2. Whether TT has proven, by clear and convincing evidence, that the infringement was willful.

3. The amount of damages, if any, that TT has proven by a preponderance of the evidence.

4. Whether Defendants have proven by clear and convincing evidence that the correct priority date is June 9, 2000 instead of March 2, 2000.

5. Whether Defendants have proven by clear and convincing evidence that any Asserted Claim is invalid, either because of anticipation or obviousness.

2.2.3 Burden of Proof

When I say a particular party must prove something by "a preponderance of the evidence", this is what I mean: When you have considered all the evidence in the case, you must be persuaded that it is more likely than not true. When I say that a particular party must prove something by "clear and convincing evidence," this is what I mean: When you have considered all the evidence in the case, it produces in you an abiding conviction that the truth of a necessary fact is highly probable. Clear and convincing evidence is a higher burden than a preponderance of the evidence, but it does not require proof beyond a reasonable doubt.

2.3 Claim Construction

Before you decide the issues in this case, you will have to understand the patent "claims." Patent claims are numbered paragraphs at the end of the patent. They are "word pictures" intended to define the boundaries of the invention described and illustrated in the patent.

Only the claims of issued patents can be infringed. Neither the written description, which we have already discussed, nor the drawings of a patent can be infringed.

I will now explain to you the meaning of the claims.

2.3.1 Independent and Dependent Claims

A patent claim may be either an independent claim or a dependent claim. An *independent* claim does not refer to any other claim of the patent. An independent claim must be read separately from the other claims to determine the scope of the claim.

A *dependent* claim refers to at least one other claim in the patent. A dependent claim includes each of the limitations of the other claim or claims to which it refers, as well as the additional limitations recited in the dependent claim itself. Therefore, to determine what a dependent claim covers, it is necessary to look at both the dependent claim and all other claims to which it refers.

As an example, a patent may have a Claim 1 that is directed to a chair with 4 legs; there may then be a dependent Claim 2 that claims the four-legged chair of Claim 1, plus one additional leg. In this case, as an example, Claim 1 of the '304 Patent is an independent claim and recites several elements. Claim 2 of the '304 Patent is a dependent claim that refers to Claim 1 and includes an additional element or limitation. Claim 2 therefore must include each of the elements of Claim 1, as well as the additional elements identified in Claim 2 itself.

2.3.3 Construction of the 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 them when you decide whether or not any claim is infringed, and whether or not any claim is invalid.

With respect to the '304 Patent, I have determined the following meanings for terms in the claims:

- **“common static price axis”** means “a line comprising price levels that do not change positions unless a manual re-centering command is received and where the line of prices corresponds to at least one bid value and one ask value.”
 - Regarding the **“line of prices,”** orientation of the axis is irrelevant. It can be horizontal, vertical or angled.
 - Regarding **“common,” “corresponding to,”** and **“aligned,”** these are all synonyms for the phrase **“visually or graphically in relationship with.”**
- **“dynamically displaying”** means “updating the first (second) indicator in response to new market information such that the first (second) indicator changes positions relative to the common static price axis when the market changes.”
- **“displaying the bid and ask display regions”** means “a display of one or more bids and one or more asks.”

With respect to the '132 Patent, I have determined the following meanings for terms in the claims:

- **“static display of prices”** means “a display of prices comprising price levels that do not change positions unless a manual re-centering command is received.”
- **“dynamic display”** means “a display of a plurality of bids and asks that are updated in response to new market information such that the bids and asks change positions relative to the static display of prices when the market changes.”
- **“display of a plurality of bids and a plurality of asks”** means “a display of one or more bids and one or more asks. The display of a plurality of bids and a plurality of asks is not limited to a single window.”

The following claim terms apply to both patents:

- **“order entry region”** means “an area comprising a plurality of locations where users may enter commands to send trade orders, and that each location corresponds to a price level along the common static price axis.” This refers to “a location within the trading display where a user sends and not simply initiates an order.”
- I have found that the term “order entry region” should be viewed from the perspective of the user.

- **"parameter"** means "an element of a trade order, including, but not limited to, quantity, price, type of order and the identity of the commodity."
- **"single action of a user input device"** means "an action by a user within a short period of time that may comprise one or more clicks of a mouse button or other input device."
- TT's patents were written from the perspective of the user. I have therefore determined that this phrase refers to a single action by a user, not the action or actions the computer performs to execute the user's command.
- **"trade order"** means "a single, electronic message in executable form that includes at least all required parameters of a desired trade."
- **"price level"** means "a level on which a designated price or price representation resides."
- **"indicator"** means "something that indicates."

For the Asserted Claims, the words "the" and "said" when used in the claims of a patent always refer to an element previously described in that claim or in another claim from which the claim at issue depends.

Returning to my example of the four-legged chair, independent claim 1 may claim a chair having four legs and a seat. Dependent claim 2 may then claim the chair of claim 1 wherein the seat is made of wood.

You should give the rest of the words in the claims their ordinary meaning in the context of the patent specification and prosecution history.

2.4 Patent Infringement Generally

I will now instruct you as to the rules you must follow when deciding whether TT has proven that Defendants infringed the Asserted Claims.

Patent law gives the owner of a patent the right to exclude others from importing, making, using, offering to sell, or selling the patented invention within the United States during the term of the patent. Any person or business entity that has engaged in any of those acts without the patent owner's permission infringes the patent. Here TT alleges that Defendants directly or indirectly infringed the following claims: Claims 1, 2, 7, 14, 15, 20, 23, 24, 25, 27, 28, 40, 45, 47, 48, 50 and 52 of the '132 Patent and Claims 1, 11, 14, 15 and 26 of the '304 Patent.

You have heard evidence about the Accused Products and TT's "MD Trader" product. However, in deciding the issue of infringement you are not to compare the Accused Products to MD Trader. Rather, you must compare the Accused Products to the Asserted Claims when making your decision regarding infringement.

TT bears the burden of proving infringement by a preponderance of the evidence.

2.4.1 Infringement

Infringement – Literal Infringement

To determine literal infringement, you must compare the Accused Products with each Asserted Claim, using my instructions as to the meaning of the terms in the Asserted Claims.

An Asserted Claim is literally infringed only if an Accused Product includes each and every element or method step in that claim. If the Accused Product does not contain one or more elements or method steps recited in an Asserted Claim, the Accused Product does not literally infringe that claim. You must determine literal infringement with respect to each Asserted Claim individually.

If an independent claim is not infringed, then any dependent claims that depend on that independent claim cannot be infringed, and you need not consider the dependent claims for purposes of infringement. On the Verdict Sheet, independent claims are listed in boldface type, and dependent claims in regular type.

2.4.2 Direct Infringement

To decide whether eSpeed directly infringes an asserted claim of the 304 or the 132 Patent, you must compare each Accused Product with each Asserted claim. In the '304 patent, claims 14, 15, 40, 45, 47, 48, and 52 are product claims, and the remaining Asserted Claims of both patents are method claims. To directly infringe a patent claim, eSpeed and Ecco by itself must make, use, sell, or offer for sale a product containing each and every element of an Asserted product Claim or must practice each and every step of an Asserted method Claim.

Direct infringement by eSpeed and Ecco themselves does not require proof of intent, because someone can directly infringe a patent without knowing that what they are doing is an infringement of the patent. The law is different for indirect infringement, and I will explain next the standard for indirect infringement.

Inducing Infringement

In order to induce infringement, there must first be an act of direct infringement by an entity or person other than the defendants, and proof that the defendants knowingly induced infringement with the intent to encourage the infringement. The defendants must have intended to cause the acts that constitute direct infringement and must have known or should have known that their actions would cause the direct infringement.

Direct infringement by the entity or person other than the defendants does not require proof of intent, because someone can directly infringe a patent without knowing that what they are doing is an infringement of the patent.

Contributory Infringement

TT asserts that eSpeed has contributed to another's infringement. To show contributory infringement, TT has the burden to prove that it is more likely than not that there was contributory infringement.

It is not necessary to show that eSpeed has directly infringed as long as you find that someone has directly infringed. If there is no direct infringement by anyone, TT has not contributed to the infringement of the patent. If you find someone has directly infringed the TT patents, then contributory infringement exists if:

- (1) eSpeed sold or supplied;
- (2) a material component of the patented invention that is not a staple article of commerce capable of substantial noninfringing use;
- (3) with knowledge that the component was especially made or adapted for use in an infringing system or method.

A "staple article of commerce capable of substantial noninfringing use" is something that has uses other than in the patented product or method, and those other uses are not occasional, farfetched, impractical, experimental, or hypothetical.

2.3.2 "Comprising" Claims

The beginning portion, or preamble, of many of the patent claims use the word "comprising." "Comprising" means "including" or "containing." A claim that uses the word "comprising" or "comprises" is not limited to products having only the claimed elements or methods having only the steps that are recited in the claim, but also covers products with extra features and methods that add additional steps.

Thus there can be infringement or invalidity of a claim containing "comprising" language even if the product or method to which the claims are compared contains additional features or steps beyond those claimed in the patent, so long as each of the claimed elements is present.

Returning to my example of the 4-legged chair, if a claim calls for "A chair comprising 4 legs," then a chair having five legs would fall within the scope of the claim. Additional features are not relevant in assessing whether there the claims using "comprising" language are fulfilled.

3. **Validity**

3.1 **Validity in General**

eSpeed contends that Asserted Claims are invalid for the following reasons:

1. The invention was anticipated by the prior art because one prior art reference contained all of the elements of an Asserted Claim, or
2. The invention would have been obvious to one of ordinary skill in the art at the time the invention was made.

Each claim must be considered separately. The patents are presumed to be valid. eSpeed bears the burden of proving invalidity. This means that eSpeed must first prove by clear and convincing evidence what constitutes prior art in this case. Then, eSpeed must prove by clear and convincing evidence whether any patent claim is invalid in view of the prior art. If you find that an independent claim is invalid, you must still consider the validity of each dependent claim separately. If you find that an independent claim is valid, then all claims depending from that claim are also valid.

I will now instruct you in more detail about these invalidity issues. On the Verdict Sheet you will find, for each of these issues, the specific Asserted Claims that Defendants contend are invalid for these reasons.

3.2 Corroboration Required

eSpeed must corroborate any oral testimony of alleged prior art claiming patent invalidity. eSpeed can provide such corroboration by (1) the testimony of a disinterested witness or (2) contemporaneous documents supporting the oral testimony. The oral testimony of an interested witness can serve to authenticate evidence, but cannot act as sufficient corroboration for another interested witness' testimony.

Interested witnesses include parties interested in the outcome of the litigation, such as an employee of a member of the joint defense agreement.

3.3 Priority Date

The parties dispute what the correct priority date is for the patents in suit.

TT contends that the correct priority date is March 2, 2000, because that is the date it filed the Provisional Application. eSpeed contends that the correct priority date is June 9, 2000, because that is the date TT filed the Non-Provisional Application that resulted in the patents in suit. To decide the correct priority date, you must decide whether or not the Provisional Application provided support for the term "single action of a user input device," which is an element of all of the Asserted Claims.

eSpeed bears the burden of establishing lack of support by clear and convincing evidence. To provide adequate support you must find that the Provisional Application shows that one reasonably skilled in the art, reading the Provisional Application that explicitly calls for "single click" user entry, would have known that the patentee had possession of a broader "single action of a user input device." In other words, one skilled in the art, reading the Provisional Application, would understand from the disclosure of "single click" that any "single action of a user input device" as I have defined the term for you could be used. It is not required that the exact words of the claims appear in the Provisional Application.

The priority date is also the date used to determine if something is prior art. I will now define the term prior art for this case.

3.4 Prior Art Defined

Prior art includes any of the following items received into evidence during trial:

1. any product or method that was publicly known or used by others in the United States before the patented inventions were made;

2. patents that issued more than one year before the priority date of the patents in suit or before the inventions were made;

3. publications having a date more than one year before the priority date of the patents in suit or before the inventions were made; and

4. any product or method that was in public use, offered for sale, or sold in the United States more than one year before the priority date.

eSpeed bears the burden of proving by clear and convincing evidence that a particular item qualifies as prior art.

There are additional requirements with particular types of prior art, and I will describe those for you now.

3.5 Prior Art – Prior Public Use or Knowledge

A system or method that was publicly used in the United States more than one year before the priority date for the patents in suit qualifies as prior art. eSpeed bears the burden of proving such use by clear and convincing evidence.

A commercial use satisfies the public use requirement, but a commercial use that was primarily experimental by the seller does not.

Secret use by a third party is not a public use, but may as I will later instruct you be considered for purposes of obviousness.

Note that companies do not always keep all material related to a prior art system, and there is no obligation or requirement that someone keeps all materials related to a prior art system.

3.6 Prior Art – Prior Sale

A system or method that was sold or offered for sale by one person or company to another, more than one year before the priority date for the patents in suit, qualifies as prior art.

A system or method is "on sale" if it was both (1) subject to commercial offer for sale in the United States; and (2) ready for patenting more than one year before the patent application date.

It is not required that a sale was actually made, because an offer for sale does not have to be accepted to implicate the on sale bar. Also, it is not necessary that a delivery took place for the product that was sold or on sale. The essential question is whether or not there was an attempt to obtain commercial benefit. To qualify as a prior sale or offer for sale, and if not expressly mentioned in the contract, then the prior art must have been actually disclosed or delivered as part of the commercial transaction. For disclosures or delivery after the date of the contract, they qualify as prior art as of the date of such disclosure or delivery.

To qualify as prior art, the sale or offer for sale must be "commercial." A sale is a commercial offer for sale if (a) the offer or sale is one in which the party being offered the product could create a binding contract by simply accepting the offer, and (b) the circumstances surrounding the transaction show that the transaction was not primarily for purposes of experimentation by the seller.

In order to qualify as prior art, the invention offered for sale must also have been ready for patenting. A claimed invention is ready for patenting either when an actual product exists or when there is sufficient available information for one of ordinary skill in the art to make an actual product.

3.7 Prior Art – Prior Publication

Publications from anywhere in the world are prior art if the publications were published, either before the inventor invented the claimed invention or more than one year before the priority date.

A 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, magnetic tape, computer records, or photocopies, among other possible records.

For a publication to anticipate a patent claim, it must, when read by a person of ordinary skill in the art, expressly or inherently 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. In determining whether the disclosure is enabling, you should take into account what would have been within the knowledge of a person of ordinary skill in the art at the time of the claimed invention, and you may consider evidence that sheds light on the knowledge such a person would have had.

Documents maintained in secret are not publications. The fact that a document is marked "confidential" is not necessarily determinative; there must have been a reasonable likelihood that the document will remain confidential.

3.8 Anticipation

To anticipate a claim, each and every element in the claim must be present in a single item of prior art. 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 reference.

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 United States patent laws, an invention that is "anticipated" is not entitled to patent protection. To prove anticipation, eSpeed must present clear and convincing evidence showing that the claimed invention is not new.

A printed publication will not anticipate a patent claim unless it contains a description of the claimed invention that is sufficiently detailed to teach a skilled person how to make and use the invention without undue experimentation. In other words, a person skilled in the field of the invention reading the printed publication or patent must be able to make and use the invention using only an amount of experimentation that is appropriate for the complexity of the field of the invention and for the level of expertise and knowledge of persons skilled in that field.

For foreign prior publications, only the documents themselves qualify as prior art. I have already instructed you about corroborating oral testimony.

eSpeed contends that GL TradePad and Midas-Kapiti anticipate at least some of the Asserted Claims. The Verdict Form will reflect the claims at issue that eSpeed contends are anticipated. The parties dispute whether GL TradePad and Midas-Kapiti are 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 occurred as a natural result of its practice. A party claiming inherency must prove it by clear and convincing evidence. This is called "inherency." Inherent anticipation does not require that a person of ordinary skill in the art at the time would have recognized the inherent disclosure. Thus, the prior use of the patented invention that was accidental, or unrecognized and unappreciated can still be an invalidating anticipation.

You must keep these requirements in mind and apply them to each kind of anticipation you consider in this case.

3.9 Obviousness

eSpeed also contends that one or more of the Asserted Claims are invalid because the claimed subject matter would have been obvious to one of ordinary skill in the art at the time the invention was made. eSpeed bears the burden of proving this defense by clear and convincing evidence. Each claim must be considered separately.

As I explained before, to find anticipation, it is required that every one of the elements of the claimed invention be found in a single item of prior art. However, obviousness is different. For obviousness, one reference does not need to contain all of the elements of an Asserted Claim, and a person of ordinary skill in the art may combine two or more items of prior art or use his or her own personal skill. Therefore, you must consider the prior art reference(s) and evaluate obviousness from the perspective of one of ordinary skill in the art at the time the invention was made (not from the perspective of a layman or a genius in the art).

Before determining whether or not eSpeed has established obviousness of the claimed invention, you must determine the following factual matters, each of which must be established by clear and convincing evidence:

1. The scope and content of the prior art;
2. The difference or differences, if any, between each claim and the prior art; and
3. The level of ordinary skill in the art at the time the invention.
4. You also must consider what are referred to as secondary considerations of non-obviousness. TT bears the burden of proof to establish secondary considerations that tend to prove non-obviousness.

I will now explain each of these more fully.

3.9.1 The Scope and Content of the Prior Art

Determining the scope and content of the prior art means that you should determine what qualifies as prior art, and what is disclosed in any references that eSpeed has proven by clear and convincing evidence to be prior art.

3.9.2 Differences Between the Invention of the Claims and the Prior Art

In reaching your conclusion as to whether or not the claimed invention would have been obvious, you should consider any difference or differences between the prior art and the claimed invention. When doing so, each claim must be considered in its entirety and separately from the other claims.

Although you should consider any differences between the claimed invention and the prior art, you must still determine the obviousness or nonobviousness of the entirety of the invention, not merely some portion of it.

3.9.3 Level of Ordinary Skill

In reaching your determination as to whether or not the claimed invention would have been obvious, you should consider the level of ordinary skill in the pertinent art. When determining the level of ordinary skill in the art, you should consider all the evidence submitted by the parties to show:

1. the level of education and experience of persons actively working in the field at the time of the invention;
2. the types of problems encountered in the art at the time of the invention;
3. the prior art patents and publications;
4. the activities of others;
5. prior art solutions to the problems; and
6. the sophistication of the technology.

Based on the factors listed and the evidence presented, you must determine the level of ordinary skill in the art at the time of the invention.

The person of ordinary skill in the art is not an innovator or a genius in the field. A person of ordinary skill in the art is also a person of ordinary creativity, not an automaton.

This person is presumed to know all of the prior art, not just what the inventor may have known. This person is also entitled to rely on his own background and knowledge. When faced with a problem, this person of ordinary skill is entitled to apply his or her experience and ability to the problem and also to look to any available prior art to help solve the problem.

When you decide the issue of obviousness, you must decide whether or not the invention would have been obvious to one having this ordinary level of skill in the pertinent art field.

Secondary Considerations

As part of your obviousness determination, you must consider the secondary considerations of non-obviousness. TT has the burden to establish any secondary considerations, and to show that the secondary considerations are caused by the combination of features covered by the Asserted Claims, and not for other reasons not covered by the claims. These secondary considerations are useful to evaluate close cases, but do not control the obviousness decision.

Commercial Success

One of the factors you should consider is whether TT has shown any commercial success of products covered by the patents-in-suit due to the merits of the invention. To prove this, TT would have to provide evidence to satisfy you that there is a causal connection between the commercial success of the products and the combination of claimed features in the Asserted Claims, which would tend to indicate that the invention would not have been obvious.

However, if you conclude that commercial success of the product is due to advertising, promotion, salesmanship or the like, or to features of the product other than those claimed in the patents-in-suit, rather than to the claimed invention, then the fact that the product enjoyed commercial success is not related to whether the invention would have been nonobvious.

Failure to Solve

Another factor you should consider is whether TT has shown that others had tried, but failed, to solve the problem solved by the invention of the patents-in-suit, which would tend to indicate that the invention would not have been obvious. It is not considered a failure of others if the claimed invention already existed in the prior art, but the benefits of the claimed features were not appreciated until later.

Copying

Another of the factors you should consider is whether or not TT has shown copying by others of the combination of features claimed in the patents-in-suit. If you were to find that others copied the invention because of its merits, this would tend to indicate that the invention would not have been obvious.

Acceptance of Licenses

Another of the factors you should consider is whether or not TT has shown that others have accepted licenses under the patents-in-suit because of the merits of the claimed invention. If others accepted licenses due to factors such as the cost of litigation or the low cost of the license, among other factors, then it has not been established that the acceptance of licenses was due to the merits of the invention itself. If you were to find that others took licenses as a result of the claimed invention, however, this would tend to indicate that the invention would not have been obvious.

Initial skepticism by others

Another factor you should consider is whether or not TT has proven that others in the field were skeptical of the invention due to the claimed features. Evidence of such skepticism would tend to indicate that the invention was not obvious.

Unexpected results achieved by the invention

One of the factors you should consider is whether or not TT has shown unexpected superior results achieved by the invention claimed in the asserted patents. To prove this, TT must show that it was the patented invention that caused the unexpected results, which would tend to indicate that the invention would not have been obvious. If there were not unexpected superior results or if the unexpected results were due to a feature unrelated to the invention, then TT would not have carried its burden of proof on this factor.

Praise of the invention by the infringer or others in the field

Another factor you should consider is whether TT has proven that the infringer or others in the field praised the invention. TT must show that such praise was related to the claimed features of the invention. If you find that there was praise of the invention related to the claimed elements, this would tend to indicate that the invention was not obvious.

Independent Invention by Others

In reaching your determination on the issue of obviousness, you should also consider whether or not the claimed invention was invented independently by other persons, either before it was invented by the inventors or at about the same time. Independent making of the invention by persons other than the inventor at about the same time may be evidence that the invention would have been obvious, depending on the circumstances. Independent invention by others at about the same time need not rise to the status of prior art. It is whether there was independent invention that is relevant.

3.9.5 Determination of Obviousness

In determining whether any claim would have been obvious to a person of ordinary skill in the art, you must presume that person would have been familiar with all of the prior art and would pursue all known options within his or her technical grasp. Combinations of elements present in the prior art may be obvious. While the combination of familiar elements according to known methods is likely to be obvious when it does nothing more than yield predictable results, if the elements work together in an unexpected and fruitful manner, that may support a conclusion of non-obviousness.

In deciding obviousness, you must avoid using hindsight; that is, you should not consider what is known today or what was learned from the teachings of the patent. You should not use the patent as a roadmap for selecting and combining items of prior art. In many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle.

One way in which a patent claim may be found to be obvious is if there existed at the time of the invention a known problem for which there was a known and obvious solution encompassed by the patent claims.

When a patent simply arranges old elements with each performing the same function it had been known to perform and yields no more than one would expect from such an arrangement, the combination is obvious. When there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to the anticipated success, it is likely the product not of innovation but of ordinary skill and common sense. You may use common sense to determine whether or not an invention was obvious, especially when there are a limited number of solutions that work in predictable ways.

4. Damages

Damages – Generally

If you find that the Accused Products infringe any of the claims of the '132 Patent or the '304 Patent, and that these claims are not invalid, you must determine the amount of damages to be awarded TT for the infringement. The amount of those damages must be adequate to compensate TT for the infringement. Your damage award should put TT in approximately the financial position it would have been in had the infringement not occurred; but, in no event may the damage award be less than a reasonable royalty. You must consider the amount of injury suffered by TT without regard to the Defendants' gain or losses from the infringement. You may not add anything to the amount of damages to punish the accused infringer or to set an example.

TT has the burden of proving each element of its damages by a preponderance of the evidence.

The fact that I am instructing you as to the proper measure of damages should not be construed as intimating any view of the Court as to which party is entitled to prevail in this case. Instructions as to the measure of damages are given for your guidance in the event you find the evidence in favor of TT.

In general, the amount of the damages need not be proven with mathematical precision. Where the number of infringing trades cannot be determined with exactness, damages may be estimated on the best available evidence.

4.2 Notice Requirement

TT can recover damages for infringement that occurred only after TT gave notice of its patent rights. It is TT's burden to prove by a preponderance of the evidence that it gave notice.

TT can give notice in two ways. The first way is to give notice to the public in general. TT can do this by marking its software by placing the numbers of the 304 or 132 patents on substantially all the products it sold that included the patented invention. This type of notice is effective from the date TT began to mark substantially all of its products that use the patented invention with the patent number. If TT did not mark substantially all of its products that use the patented invention with the patent number, then TT did not provide notice in this way. To rely on proof of notice by patent marking, TT must also prove that all licensees of the patented invention also marked all the products they used or sold that included the patented invention. With respect to marking by TT's licensees you must apply a "rule of reason" approach, and determine whether TT made reasonable efforts to assure compliance with the marking requirements by its licensees.

A second way TT can provide notice of its patent is to tell eSpeed and Ecco that they were infringing claims of the 304 or 132 Patent and to identify the specific products accused of infringing. This type of notice is effective from the time it is given. Filing a lawsuit for patent infringement is a manner of providing notice as of the date of the lawsuit. The notice requirements must be satisfied separately as to eSpeed and Ecco and their products. Damages cannot be recovered until the notice requirements were met.

4.3 Reasonable Royalty

TT is asking for damages in the amount 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 the patent owner and the patent owner should expect to receive.

If you determine that eSpeed has infringed any claim of the 304 or 132 Patent that is not invalid, you should determine what a reasonable royalty to compensate TT would be.

A reasonable royalty is the royalty that would have resulted from a hypothetical negotiation between TT and eSpeed taking place at or around the time the alleged infringement began. You must assume the parties were willing to enter into an agreement and that they acted reasonably in their negotiations. You must also assume that the parties believed that the patent was valid and infringed at the time of the negotiation. Your role is to determine what that agreement would have been.

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

1. Any royalties received by TT for the licensing of the patents-in-suit, proving or tending to prove an established royalty.
2. Royalties paid by eSpeed for patents comparable to the 304 and 132 Patent.
3. The nature and scope of the license, such as whether it is exclusive or non-exclusive, restricted or non-restricted in terms of territory or country.
4. Whether or not TT had a policy of licensing or not licensing the 304 and 132 patent.
5. Whether or not TT and eSpeed are competitors, and the nature of the competition.
6. The effect of selling the patented product in promoting sales of other products of eSpeed; the existing value of the invention to TT as a generator of sales of its non-patented items; and the extent of such collateral sales.
7. The duration of the patent and the term of the license.
8. The profitability of the product made using the 304 or 132 patent, and whether or not it is commercially successful or popular.
9. The advantages and benefits of using the patented invention over other products or methods not covered by the 304 or 132 Patent.

10. The nature of the patented invention and the benefits to those who used it.
11. The extent of eSpeed's use of the patented invention and the value of that use to eSpeed.
12. Whether or not there is a portion or percentage of the profit or selling price that is customarily paid for use of patented inventions comparable to the inventions claimed in the 304 or 132 Patent.
13. The portion of the profit 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 eSpeed.
14. Expert opinions as to what a reasonable royalty would be.
15. The amount that TT and eSpeed would have agreed upon (at the time the infringement began) if both sides had been reasonably and voluntarily trying to reach an agreement; that is, the amount which a prudent licensee—who desired, as a business proposition, to obtain a license to manufacture and sell a particular article embodying the patented invention—would have been willing to pay as a royalty and yet be able to make a reasonable profit and which amount would have been acceptable by a patentee who was willing to grant a license.
16. Any other economic factor that a normally prudent business person would, under similar circumstances, take into consideration in negotiating the hypothetical license.

5. Willful Infringement

If you find that eSpeed did not infringe, or that the Asserted Claims are invalid, then you need not address willful infringement. If you find that TT proved eSpeed infringed, either directly or indirectly, then you must further determine if the infringement was willful. TT must prove willfulness by clear and convincing evidence. Willfulness requires objective proof of reckless disregard of an issued patent.

To prove willfulness, TT must show two things. First, TT must show that eSpeed acted despite an objectively high likelihood that eSpeed's actions constituted infringement of valid patents. In carrying out this objective inquiry, one factor that you may consider is whether eSpeed acted within the standards of fair commerce. Second, TT must also show that eSpeed subjectively acted to infringe an issued patent, despite knowing that its actions constituted infringement of valid patents. eSpeed's state of mind must focus on eSpeed's intent after the patents in suit actually issued.

One can only infringe an issued patent, not a patent application. There is no duty to monitor patent applications pending at the Patent Office. eSpeed cannot have willfully infringed a patent at any time before the patents in suit issued.

In analyzing willfulness, you must consider the totality of the circumstances. As part of the totality of the circumstances, you may consider evidence of copying a product even if the copying occurred before issuance of the patents-in-suit, if TT demonstrates that eSpeed and/or Ecco had knowledge of the TT patent applications and that the copying was egregious. Unless TT shows both objectively and subjectively that eSpeed acted in reckless disregard of an issued patent, eSpeed cannot be found to have willfully infringed.

6.0 Final Instruction

Upon retiring to the jury room, you will select one jury member to act as your foreperson. The foreperson will preside over your deliberations, and will be your spokesperson here in court. Verdict forms have been prepared for your use.

You will take these forms to the jury room and, when you have reached unanimous agreement as to your verdict, you will have your foreperson fill in and date and each of you will sign the form that sets forth the verdict upon which you unanimously agree; and then return with your verdict to the courtroom.

I do not anticipate that you will need to communicate with me. If you do need to communicate with me, the only proper way is in writing. The writing must be signed by the presiding juror, or if he or she is unwilling to do so, by some other juror. The writing should be given to a courtroom representative, who will give it to me. I will respond either in writing or by having you return to the courtroom so that I can respond orally.

The verdict must represent the considered judgment of each juror. Your verdict, whether it is for the plaintiff or defendant, must be unanimous.

You should make every reasonable effort to reach a verdict. In doing so, you should consult with one another, express your own views, and listen to the opinions of your fellow jurors. Discuss your differences with an open mind. Do not hesitate to reexamine your own views and change your opinion if you come to believe it is wrong. But you should not surrender your honest beliefs about the weight or effect of evidence solely because of the opinions of your fellow jurors or for the purpose of returning a unanimous verdict.

All nine of you should give fair and equal consideration to all the evidence and deliberate with the goal of reaching an agreement that is consistent with the individual judgment of each juror.

You are impartial judges of the facts.