

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

STI HOLDINGS, INC.,
f/k/a Stoughton Trailers, Inc.,

Plaintiff,

09-cv-570-slc

v.

GREAT DANE LIMITED PARTNERSHIP,
Defendant.

PRELIMINARY JURY INSTRUCTIONS

Members of the jury:

Now that you have been sworn, I have the following preliminary instructions for your guidance on the nature of the case and your role as jurors.

I. The Nature of the Action and the Parties

This is a patent case. The patents involved in this case relate to design of the way panels are joined to form the wall of a trailer or container. During the trial, the parties will offer testimony to familiarize you with this technology. For your convenience, the parties have also prepared a glossary of some of the technical terms to which they may refer during the trial, which will be distributed to you.

The Plaintiff, Stoughton, is the owner of two patents, which are identified by the Patent Office numbers: 6,540,564 (the “564 patent”); and 6,578,902 (the “902 patent”). These patents may also be referred to as Stoughton’s patents.” The

Defendant, Great Dane, is the other party. Both parties manufacture trailers of the type commonly seen being pulled by eighteen-wheelers.

A. United States Patents

Patents are granted by the United States Patent and Trademark Office, which commonly is referred to as the “PTO.” A patent gives the owner the right to exclude others from making, using, offering to sell, or selling the patented invention within the United States or importing it into the United States. During the trial, the parties may offer testimony to familiarize you with how one obtains a patent from the PTO, but I will give you a general background here.

To obtain a patent, an application for a patent must be filed with the PTO. The application includes a specification, which must have a written description of the invention 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. The specification must also describe what the inventor believed at the time of filing to be the best way of making his or her invention. The specification concludes with one or more numbered sentences. These numbered sentences are called the claims of the patent. The purpose of the claims is to particularly point out what the applicant regards as the invention and to define the scope of the patent owner's exclusive rights.

An application for a patent is reviewed by a trained PTO examiner. The examiner reviews (or examines) the patent application to determine whether the claims are patentable and whether the specification adequately describes the invention claimed. In examining a patent application, the patent examiner searches records available to the PTO for what is referred to as “prior art,” and the examiner also reviews prior art submitted by the applicant. When the parties are done presenting evidence, I will give you specific instructions as to what constitutes prior art in this case. Generally, prior art is technical information and knowledge that were known to the public either before the invention by the applicant or more than a year before the filing date of the patent application. The patent examiner considers, among other things, whether each claim defines an invention that is new, useful, and not obvious in view of this prior art.

After the patent examiner has searched the prior art and examined the patent application, the examiner advises the applicant in writing what the patent examiner has found and whether any claim is patentable (in other words, “allowed”). This writing from the patent examiner is called an “office action.” More often than not, the initial office action by the patent examiner rejects the claims. The applicant for the patent then responds to the office action and sometimes changes the claims or submits new claims. This process may go back and forth between the patent examiner and the applicant for months or even years until the patent examiner is satisfied that the application and claims are patentable.

The collection of papers generated by the patent examiner and the applicant during this time of corresponding back and forth is called the “prosecution history.” You may also hear the “prosecution history” referred to as the “file history” or the “file wrapper.”

B. Patent Litigation

A person or a company “infringes” on claims of a patent when that person or company, without permission from the patent owner and before the patent expires, imports, makes, uses, or sells the patented invention (as defined by the patent’s claims) within the United States. A patent owner who believes someone is infringing on the exclusive rights of its patent may bring a lawsuit like this one to stop the alleged infringing acts and to recover damages, which generally is money paid by the infringer to the patent owner so as to compensate for the harm caused by the infringement. In the ordinary case the patent owner must prove infringement of the claims of the patent. The patent owner must also prove the need for an award of damages.

A granted patent is presumed to be valid. But that presumption of validity can be overcome if clear and convincing evidence is presented that proves the patent is invalid. One example of a way in which the presumption may be overcome is if the PTO has not considered, for whatever reason, invalidating prior art that is presented to you. A person sued for allegedly infringing a patent can defend by proving the asserted claims

of the patent are invalid. The accused infringer must prove invalidity by clear and convincing evidence. I will discuss more of this topic later.

I will now briefly explain the parties' basic contentions.

II. Contentions of the Parties

In this case, Stoughton filed a complaint against Great Dane alleging that Great Dane makes, uses, offers to sell, or sells trailers and trailer walls that infringe Claims 2 and 16 of the '564 patent and claims 2 and 17 of the '902 patent. Great Dane is not disputing that its composite trailers include each and every element of claims 2 and 16 of the '564 patent and claims 2 and 17 of the '902 patent. Therefore, Stoughton does not need to offer evidence proving its claim of infringement.

Great Dane filed a counterclaim alleging that claims 2 and 16 of the '564 patent and claims 2 and 17 of the '902 patent are invalid. Great Dane contends that the invention of the patents was known in the prior art, or that it would have been obvious to combine the prior art or modify the prior art to reach the invention of the patents.

Invalidity is a defense to infringement. Even though the PTO examiner has allowed claims 2 and 16 of the '564 patent and claims 2 and 17 of the '902 patent, you, as the jury in this trial, have the ultimate responsibility for deciding whether these claims are valid. Great Dane must prove invalidity by clear and convincing evidence. This is

a higher standard than a preponderance of the evidence, but it does not require proof beyond a reasonable doubt. Clear and convincing evidence is evidence that shows it is highly probable that the claims are invalid. Because Great Dane carries the burden of proof on this issue, it will go first. Great Dane contends that the claims in Stoughton's patents are invalid because they were "anticipated" and because they were "obvious."

A. Anticipation

Great Dane contends that the inventions covered by claims 2 and 16 of the '564 patent are not new because they were "anticipated" by the prior art. "Prior art," in general, includes anything that was publicly known prior to Stoughton's invention. I will provide you with a more specific definition following the conclusion of the evidence.

To prove that a claim is anticipated by the prior art, Great Dane must prove by clear and convincing evidence that each and every requirement of that claim is present in a single item of prior art and that a person with an ordinary level of skill in the field of the invention who looked at the prior art would have been able to make and use the invention disclosed in the claim.

B. Obviousness

Great Dane also contends that claims 2 and 16 of the '564 patent and claims 2 and 17 of the '902 patent are invalid for obviousness. A patent claim is invalid for

obviousness if a person with an ordinary level of skill in the field of the invention who knew about all of the prior art existing at the time of the invention would have come up with the invention at that time. Unlike anticipation, obviousness may be shown by considering more than one item of prior art. Obviousness may also be shown by proving that a single piece of prior art could be modified to produce the claimed invention.

III. Trial Procedure

In a few minutes, the lawyers for Great Dane and for Stoughton will give their opening statements. Before they start, I want to explain the format of this trial the procedures that we will be using. This trial, like all jury trials, has six phases. We have completed the first phase, which was to select you as the jury. We are about to begin the second phase, the opening statements. The opening statements given by lawyers are statements about what each side expects the evidence to show. Opening statements are not evidence for you to consider in your deliberations.

You will hear the evidence in the third phase, when witnesses will testify and exhibits will be offered and admitted into evidence. In the third phase, Great Dane goes first in calling witnesses to the witness stand. These witnesses will be questioned by Great Dane's lawyers in a direct examination. After direct examination of a witness, the opposing side may cross-examine the witness, and sometimes there is a brief re-direct examination by the party that called the witness. After Great Dane has presented its

witnesses and exhibits, then Stoughton will call its witnesses for examination and will present its exhibits.

Evidence at trial often is introduced piecemeal, so you need to keep an open mind as the evidence comes in. You must wait until you have heard and seen all of evidence before you make any decisions. In other words, keep an open mind throughout the entire trial. In a moment, I will give you some additional instructions concerning the evidence phase of the trial.

After presentation of the evidence, the fourth phase is “closing arguments,” when the lawyers will talk to you about the evidence and try to persuade you how to decide this case. Again, what the lawyers say during closing arguments is not evidence.

[Question: do you want the court to provide closing instructions before or after closing arguments?]

In the fifth phase, you will receive the post-trial jury instructions in which I will provide you with more detailed instructions about the law that applies to this particular patent lawsuit.

After closing arguments and instruction on the law, you will begin your deliberations, which is the sixth and final phase of the trial. This is when you will evaluate and discuss the evidence among yourselves, apply the law to the facts you have found to be proved, and decide the case. You are the judges of the facts, and the court decides the questions of law. At various points during this trial, such as here at the

beginning, sometimes during trial, and then at the end of the trial I will instruct you on the rules of law that apply to this case and I will instruct you on the meaning of patent claim language. You must follow the court's instructions on the law and on the patent claim language even if you do not agree with these instructions or do not understand the reasons for these instruction.

Nothing that I say or do during the course of the trial is intended to indicate what your verdict should be.

IV. The Evidence Phase of Trial

These instructions should guide you as you listen to the evidence in this case:

A. Evidence

Evidence at a trial includes the sworn testimony of the witnesses, exhibits admitted into the record, facts judicially noticed, and facts stipulated by counsel. You may consider only evidence that is admitted into the record.

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

B. Facts Previously Established

Certain facts about the claims at issue and whether their elements are present in the prior art already have been established in this case. One of the lawyers will read a list of these claims and elements during the evidence phase of the trial. During your deliberations, you must accept these claims and elements as true, whether you agree with them or not.

C. Credibility of Witnesses

In deciding the facts, you may have to decide which testimony to believe and which testimony not to believe. You may believe everything a witness says, part of it, or none of it. In considering the testimony of any witness, you may take into account many factors, including the witness's opportunity and ability to see or hear or know the things the witness testified about; the quality of the witness's memory; the witness's appearance and manner while testifying; the witness's interest in the outcome of this lawsuit; any bias or prejudice the witness may have; other evidence that may have contradicted the witness's testimony; and the reasonableness of the witness' testimony in light of all the evidence. The weight of the evidence does not necessarily depend upon the number of witnesses who testify on a matter.

D. Contradictory or Impeaching Evidence

A witness may be discredited by contradictory evidence or by evidence that at some other time the witness has said or done something, or has failed to say or do something, that is inconsistent with the witness's present testimony.

If you believe that a witness has been discredited, then it is up to you to decide how much of the testimony of that witness you believe.

If a witness is shown to have given false testimony knowingly, that is, voluntarily and intentionally, about any important matter, then you have a right to distrust the witness's testimony about other matters. You may reject all the testimony of that witness or you may choose to believe some or all of it.

The general rule is that if you find that a witness said something before the trial that is different from what the witness said at trial you are to consider the earlier statements only as an aid in evaluating the truthfulness of the witness's testimony at trial. You cannot consider as evidence in this trial what was said earlier before the trial began.

There is an exception to this general rule for witnesses who are the actual parties in the case, which includes the agents of a party that is a corporation. If you find that any of the parties made statements before the trial began that are different from the statements they made at trial, you may consider as evidence in the case whichever statement you find more believable.

E. Drawing Inferences

You are to consider only the evidence in the case. But in your consideration of the evidence, you are not limited solely to what you see and hear as the witnesses testify. You are permitted to draw, from facts you find have been proved, such reasonable conclusions as seem justified in the light of your own experience and common sense.

F. Depositions

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

G. Objections

During the trial, the lawyers might object to questions or answers of the witnesses. When they do so, it is because they believe the question or answer is legally improper and they want the court to rule on it. Do not try to guess why the objection is being made or what the answer would have been if the witness had been allowed to answer it.

If I tell you not to consider a particular statement that has already been made, then you must put that statement out of your mind and you must not refer to it or consider it during your deliberations.

H. Questions

During the trial, I might ask a witness questions. Do not assume that I have any opinion about the subject matter of my questions.

If you wish to ask a question about something you do not understand, then write your question on a separate slip of paper. If, when the lawyers have finished all of their questioning of the witness, the question is still unanswered to your satisfaction, raise your hand, and I will take the written question from you, show it to counsel, and decide whether it is a question that can be asked. If it cannot, I will tell you that. I will try to remember to ask about questions after each witness has testified.

I. Notetaking

The clerk will give each of you a notepad and pencil for taking notes. This does not mean you have to take notes; take them only if you want to and if you think they will help you to recall the evidence during your deliberations. Do not let notetaking interfere with your important duty to listen carefully to all of the evidence and to evaluate the credibility of the witnesses. Keep in mind that just because you have

written something down it does not mean that the written note is more accurate than another juror's mental recollection of the same thing. None of you is the "secretary" for the jury, charged with the responsibility of recording evidence. Each of you is responsible for recalling the testimony and the other evidence.

Although you can see that the trial is being reported, do not expect to use trial transcripts in your deliberations. You will have to rely on your own memories.

V. Avoiding Outside Influences

During recesses you should keep in mind the following instructions:

First, do not discuss the case either among yourselves or with anyone else during the course of the trial. The parties to this lawsuit have a right to expect from you that you will keep an open mind throughout the trial. You should not reach a conclusion until you have heard all of the evidence and you have heard the lawyers' closing arguments and my instructions to you on the law, and have retired to deliberate with the other members of the jury.

Second, do not permit any third person to discuss the case in your presence. If anyone tries to talk to you despite your telling him not to, report that fact to the court as soon as you are able. Do not discuss the event with your fellow jurors or discuss with them any other fact that you believe you should bring to the attention of the court.

Third, although it is normal to converse with people with whom you are thrown in contact, please do not talk to any of the parties, their attorneys or the witnesses. By this I mean not only do not talk about the case, but do not talk at all, even to pass the time of day. In no other way can the parties be assured of the absolute impartiality they are entitled to expect from you as jurors.

Fourth, do not read about the case in the newspapers, or listen to radio or television broadcasts about the trial. If a newspaper headline catches your eye, do not examine the article further. Media accounts may be inaccurate and may contain matters that are not proper for your consideration. You must base your verdict solely on the evidence produced in court.

Fifth, no matter how interested you may become in the facts of the case, you must not do any independent research, investigation or experimentation. Do not look up materials on the internet or in other sources. Again, you must base your verdict solely on the evidence produced in court.

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 – 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.

File wrapper – See “prosecution history” below.

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

Office action – Communication from the patent examiner regarding the specification (see definition below) and/or the claims in the patent application.

Ordinary skill in the art – The level of experience, education, and/or training generally possessed by those individuals who work in the area of the invention at the time of the invention.

Patent Examiners – Personnel employed by the PTO in a specific technical area who review (examine) the patent application to determine (1) whether the claims of a patent application are patentable over the prior art considered by the examiner, and (2) whether the specification/application describes the invention with the required specificity.

Prior art – Knowledge that is available to the public either prior to the invention by the applicant or more than one year prior to the filing date of the application.

Prosecution history – The written record of proceedings between the applicant and the PTO, including the original patent application and later communications between the PTO and applicant. The prosecution history may also be referred to as the “file history” or “file wrapper” of the patent during the course of this trial.

References – Any item of prior art used to determine patentability.

Specification – The information that 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 describes the invention, how it works, and how to make and use it. The specification must describe the invention in sufficient detail to enable others skilled in the art to practice the invention and must describe what the inventor believed at the time of filing to be the best way of making his or her invention.