

No. 12-

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IN THE  
**Supreme Court of the United States**

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MIRROR WORLDS, LLC,

*Petitioner,*

*v.*

APPLE INC.,

*Respondent.*

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ON PETITION FOR A WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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**PETITION FOR A WRIT OF CERTIORARI**

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## **QUESTIONS PRESENTED**

This Petition for a Writ of Certiorari raises the following questions:

1. Whether the offer for sale and/or sale of a product that embodies a patented invention can directly infringe a method claim under 35 U.S.C. § 271(a)?

2. Whether the Federal Circuit has created an improper de facto rule precluding the use of circumstantial evidence to establish that one or more steps in a patented method have been performed for the purpose of demonstrating infringement?

**RULE 29.6 STATEMENT**

Petitioner, Mirror Worlds, LLC, is wholly-owned by Plainfield Specialty Holdings I, Inc.

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## OPINIONS BELOW

The opinion of the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) is reported at 692 F.3d 1351 (Fed. Cir. 2012). Pet. App. at 1a-29a. The relevant district court opinion is reported at 784 F. Supp. 2d 703 (E.D. Tex. 2011). Pet. App. at 30a-88a.

## JURISDICTION

The Federal Circuit’s decision in this case was issued on September 4, 2012. Pet. App. at 1a-29a. Petitioner’s Request for Panel Rehearing and Rehearing *En Banc* was denied on December 21, 2012. Pet. App. at 89a-90a. This petition is thus timely. This Court has jurisdiction under 28 U.S.C. § 1254(1).

## STATUTORY PROVISION INVOLVED

“[W]hoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.” 35 U.S.C. § 271(a) (2006).

## STATEMENT OF THE CASE

1. The underlying dispute here is a patent infringement action brought by Petitioner Mirror Worlds, LLC (“Mirror Worlds”), the successor-in-interest of Dr. David Gelernter of Yale University and his former student Dr. Eric Freeman, against Respondent Apple Inc. (“Apple”).

In the 1990s, building upon Dr. Gelernter's computer science research, Drs. Gelernter and Freeman developed inventions for a "document stream operating system and method" that is the subject of the three patents-in-suit tried below.

Through their company Mirror Worlds Technologies Inc. ("MWT"),<sup>1</sup> they created a commercial embodiment of their inventions called "Scopeware." A5257.<sup>2</sup> A 2001 presentation by Dr. Gelernter introducing Scopeware at PC Expo received extensive media accolades, including an article in the *New York Times* that praised MWT's new Scopeware product. A5257-59.

MWT's contribution to indexing and file search technology was considered so significant that Steve Jobs, then-CEO of Respondent Apple, after seeing this press coverage stated, "It may be something for our future, and we may want to secure a license ASAP." A5268. Thereafter, at Mr. Jobs' direction, Apple executives researched MWT's inventions and arranged a teleconference with MWT, during which they viewed a demonstration of Scopeware's capabilities.

Thereafter, Apple terminated its licensing discussions with MWT on the premise that Apple would instead "refine" its "existing indexing and file searching technologies." A5282. However, Apple thereafter started a new project called "Matador," which copied the

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1. MWT is a predecessor-in-interest of Petitioner.

2. Citations to record evidence in the Joint Appendix filed with the U.S. Court of Appeals for the Federal Circuit are indicated with an "A" and the page number.

patented inventions. That project ultimately resulted in the development of “Spotlight,” the infringing indexing and file search technology at the core of Apple’s Tiger, Leopard, and Snow Leopard operating systems at issue in this action. *See* A1455:3-16; A1727:7-31:7; A5302-04; A5305-12; A5297-99; A5314; A5319; A5323-28; A5340.

When introduced in 2004, Mr. Jobs described Apple’s new Spotlight feature as “the most revolutionary technology we’ve introduced in an OS in years.” A5340; *see also* A5324-25.

2. It is undisputed here that at least Claim 13 of U.S. Patent No. 6,006,227 (“the ’227 Patent”) is valid. The jury found it valid, A410, and Apple withdrew its appeal of the jury’s validity verdict. Moreover, the ’227 Patent has been reaffirmed in two reexamination proceedings initiated by Apple before the U.S. Patent and Trademark Office. Ex Parte Reexamination Certificate (8770th), U.S. Patent No. 6,006,227 C2 (issued Dec. 20, 2011); Ex Parte Reexamination Certificate (8298th), U.S. Patent No. 6,006,227 C1 (issued June 7, 2011).

It is also undisputed, as confirmed by the majority opinion of the Federal Circuit, that “the use of Spotlight to search for documents on a computer that has sent and received documents (via e-mail, for example) and generates time-ordered search results infringes claim 13 [of the ’227 Patent].” Pet. App. at 14a. That is to say that using Spotlight in a computer that has generated and received documents (such as e-mails) necessarily infringes the ’227 Patent.

3. Nonetheless, a jury verdict in the amount of \$208.5 million based on direct infringement by Apple, A410, was overturned by the district court, Pet. App. at 30a-88a. The district court had already taken away the issue of indirect infringement from the jury before it deliberated. Pet. App. at 37a n.7. Both these actions were affirmed by a divided panel at the Federal Circuit. Pet. App. at 1a-22a (majority opinion), 23a-29a (Prost, J., dissenting). The dissent recognized that “Mirror Worlds introduced ample evidence to allow a reasonable jury to determine that the required steps were performed.” Pet. App. at 25a. Petitioner’s requests for rehearing and rehearing *en banc* were subsequently denied. Pet. App. at 89a-90a.

With these rulings, the lower courts made several errors of law.

A. First, contrary to the plain words of § 271(a) and this Court’s holding in *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008), the lower courts refused to recognize that Apple’s offer for sale and sale of Apple computers with the Tiger, Leopard and Snow Leopard operating systems—i.e., commercial embodiments of the patented inventions—directly infringed method Claim 13 of the ’227 Patent.

B. Second, the lower courts failed to apply one of the most fundamental precepts of evidentiary law repeatedly set forth by this Court—that a jury is entitled to draw reasonable inferences from circumstantial evidence. Examples of such circumstantial evidence presented to the jury include:

- (i) Apple publicly touting the remarkable attributes of Spotlight, A5442-43, A5490-91, A5426, A5324-25;
- (ii) Apple listing Spotlight as “Feature Number 1,” A5417, and a major selling point, A1790, A5519;
- (iii) Apple conducting surveys showing that 64% of actual users found Spotlight to be the most beneficial feature of the Tiger operating system, A7595, A12242; and
- (iv) reviews espousing Spotlight and various infringing uses, A6423-24, A5492-93, A5432, A6700-02.

The foregoing is the type of circumstantial evidence from which a jury should be allowed to conclude that someone at Apple, or its customers, actually used this highly regarded Spotlight functionality.

Despite instructing the jury that it could draw reasonable inferences from the evidence, the trial court, relying on Federal Circuit precedent, subsequently held that the jury had no right to make this inference in the absence of direct evidence that a specific user had used the feature. A split panel of the Federal Circuit affirmed.

## STATEMENT OF FACTS

This is a patent infringement action commenced by Petitioner, Mirror Worlds, against Apple. A213-219. Petitioner is the owner and successor-in-interest of the patents-in-suit protecting the inventions of Dr. David

Gelernter, a renowned Professor of Computer Science at Yale University, and Dr. Eric Freeman, a former Ph.D. candidate at Yale who worked with Dr. Gelernter.

Their inventions provided a unique solution to the cumbersome file systems employed by computers at the time to organize and search for documents. Reflecting Dr. Gelernter's view that computers should mirror the world, their new type of operating system automatically organized documents into time-ordered streams that could be searched and filtered to organize, locate, and summarize incoming and newly created information. A420. This automatic system provided a replacement for the traditional folder and directory structure, which required users to manually store and locate files while remembering file names and locations—a system that becomes unmanageable as the number of electronic files increases. Pet. App. at 3a-7a; *see also* A1118:23-A1119:13; A1123:10-A1124:22; A419, col. 1:31-59; A1133:21-A1138:6; A1517:1-A1518:22; A5023-24.

Dr. Gelernter's stream-based solution was not just a vision. It was the focus of a commercial embodiment of the inventions called "Scopeware." Scopeware was launched in March 2001 by Petitioner's predecessor-in-interest, MWT. A5210-11; A5257; A1117:5-A1178:14. It was hailed in the press as an elegant system that could change the entrenched features that made file systems unmanageable. A5257-58; A5230-31.

Scopeware's unique approach caught the eye of Apple's then-CEO, Steve Jobs. As the jury learned, Mr. Jobs circulated a *New York Times* article about Scopeware to other Apple senior executives, instructing in an

e-mail: “Please check out this software ASAP. It may be something for our future, and we may want to secure a license ASAP.” A5268.

Apple investigated MWT, and at least one employee expressed that it was “depressing to read about ‘patents’ on this stuff,” A5261, as reflected on MWT’s website. A5196; A5201-02; A1312:4-14. Apple arranged a meeting with MWT executives, where Scopeware’s capabilities were demonstrated to Apple managers during a conference call in September 2001. A1319:1-A1324:9. During that call, MWT’s CEO discussed patent licensing opportunities with Apple. A1316:10-24; A1322:19-A1323:11.

A few weeks after the call, Apple terminated its licensing discussions with MWT on the premise that Apple would instead “refine” its “existing indexing and file searching technologies.” A5282; A1433:12-A1435:18. However, Apple thereafter started a new project called “Matador,” which copied the patented inventions. That project ultimately resulted in the development of “Spotlight,” the infringing indexing and file search technology at the core of Apple’s Tiger, Leopard, and Snow Leopard operating systems at issue in this action. A1455:3-16; A1727:2-A1731:7; A5302-04; A5305-12; A5297-99; A5314; A5319; A5323-28; A5340.

Several years later, when Mr. Jobs introduced the world to Spotlight, he called Apple’s then-new Spotlight indexing and file search technology “the most revolutionary feature” of Apple’s new Tiger operating system. A5324-25; *see also* A5412.



Mr. Jobs summarized Spotlight as follows:

Spotlight is our search technology that's built right into the core of Mac OS X Tiger and it allows you to find anything on your system—documents, images, appointment and calendars, things in PDF files, bookmarks, anything, e-mails, contacts, you name it. And you can find it almost instantly.

A5348.

While the proceedings below involved multiple patents-in-suit, for purposes of this Petition, Mirror Worlds focuses on Claim 13 of the '227 Patent. The record is uncontroverted that Apple learned about the '227 Patent as a result of Mr. Jobs' directive to Apple's senior executives to investigate MWT. A5260-61; A5268; A5196; A5201-02; A1312:4-14.

In the context of the present dispute, even the majority of the Federal Circuit panel recognized that the accused Apple computers with the Tiger, Leopard, or Snow Leopard operating systems will practice each of the elements of Claim 13 automatically by using "Spotlight to search for documents on a computer that has sent and received documents (via email, for example) and generates time-ordered search results." Pet. App. at 14a. Spotlight automatically performs indexing and the other steps of Claim 13.

The sole dispute causing reversal of the jury verdict below, pertinent to this Petition, is whether a reasonable juror could conclude (as the jury below did with respect to Apple and the dissent did with respect to others) that

anyone actually used Spotlight to search for documents on a computer that has generated and received e-mails or other documents.

The overwhelming circumstantial evidence presented at trial made it clear that both Apple and a large number of its customers no doubt performed such infringing searches.

With respect to Apple, the jury considered, *inter alia*, the following evidence:

- A presentation by Steve Jobs at Macworld San Francisco on January 11, 2005, where he described Spotlight as “the most important” feature of the Tiger operating system, A5348, and demonstrated its features using “about a quarter million files” on the computer. A5350-52. A reasonable juror could infer that the computer he used had generated and received files (e.g., documents).
- News articles reporting on the wonders of Spotlight search and how e-mails could be searched using Spotlight but noting that Apple was still “tweak[ing]” the new Tiger operating system to improve at least its Mail application which integrated Spotlight, A6702, from which a reasonable juror could infer that Apple had been and was continuing to test its e-mail and Spotlight features.
- Apple’s official documents showing actual screen shots of infringing Spotlight searches, A5443-44, A5461-62, from which a reasonable juror could infer that Apple performed the infringing Spotlight search to create each screen shot.

With respect to others, such as Apple's customers, the jury was also presented, *inter alia*, evidence showing:

- Testimony from an Apple executive that “a number of users use that facility [Spotlight], and it’s especially useful in mail where you can retrieve a message by just typing a word,” A1455, confirming that Apple understood that its customers use the Spotlight feature on computers that also used e-mail.
- Reviews of the Tiger operating system where reviewers discuss both the performance of Apple Mail and the new features of Spotlight, A6700, A6702, A6705, from which a juror could at least infer that the particular reviewer had sent and received e-mails in addition to performing Spotlight searches.
- A customer survey conducted by Apple that confirms that 64% of actual customers who use the Tiger operating system rank Spotlight as the top feature. A6604; A7595. Other surveys in the record below indicate, as expected, that an overwhelming number of users send and receive e-mail. From these surveys, the jury, like the Apple executives who testified, A1455, A1911, A12242, could infer that Apple’s customers actually used Spotlight and generated and received documents. Notwithstanding the majority’s interpretation to the contrary, the district court recognized that it “defies logic” (the touchstone of circumstantial evidence) to conclude otherwise. A2380:22-2381:3; Pet. App. at 21a.

**PROCEEDINGS BELOW**

Mirror Worlds filed its Complaint for patent infringement against Apple in March 2008, seeking to enforce its patent rights against Apple products containing the Spotlight, Cover Flow, and Time Machine features, which were accused of practicing the patented inventions. A213-19.

In September 2010, the case proceeded to trial with three patents-in-suit, U.S. Patent Nos. 6,006,227, 6,638,313, and 6,725,427. A1000-A2460.

At the conclusion of Mirror World's case-in-chief, Apple sought and was granted judgment as a matter of law that Apple did not infringe the patents-in-suit by inducement or contributory infringement. A86:25-A87:2. Trial on direct infringement continued, and the trial judge's instructions to the jury included instructions on both direct and circumstantial evidence, the propriety of which was not and is not contested. A363:17-A364:16.

On October 1, 2010, the jury returned a verdict finding that Apple willfully infringed the three patents-in-suit and that the infringed claims were valid. The jury awarded damages in the amount of \$208.5 million for each patent. A409-10.

Apple responded with a Motion for Judgment as a Matter of Law, for a New Trial, and for Remittitur on October 29, 2010. The district court granted judgment as a matter of law of non-infringement of the patents-in-suit in an order entering final judgment dated April 4, 2011. Pet. App. at 30a-88a. The result of the district court's order was

an across-the-board finding of non-infringement of any of the asserted claims of the patents-in-suit. The district court found that Apple's sale of computers to customers did not prove direct infringement of the asserted method claims because "[t]he law is clear that the sale or offer for sale is insufficient to prove direct infringement of a method claim." Pet. App. at 44a. The district court vacated the jury's damages award, stating, "Mirror Worlds did not present sufficient evidence to allow the jury to determine liability resulting from Apple's own use (direct infringement) of the methods in the '227 and '313 patents." Pet. App. at 71a-72a.

Mirror Worlds appealed from these orders to the Federal Circuit in May 2011,<sup>3</sup> and oral argument took place on March 8, 2012. The Federal Circuit entered judgment and issued a divided opinion on September 4, 2012. Pet. App. at 1a-22a, 23a-29a. The majority opinion recognized that "the use of Spotlight to search for documents on a computer that has sent and received documents (via e-mail, for example) and generates time-ordered search results infringes claim 13." Pet. App. at 13a-14a. Nevertheless, and over the dissent's objection that "Mirror Worlds introduced ample evidence to allow a reasonable jury to determine that the required steps were performed," Pet. App. at 25a, the majority found the

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3. Apple also filed a cross-appeal on May 23, 2011, which it later withdrew before resolution, leaving unchallenged the jury's conclusion that Claim 13 of the '227 Patent is not invalid. *See* Notice of Docketing, *Mirror Worlds, LLC v. Apple Inc.*, No. 2011-1392, -1393 (Fed. Cir. May. 23, 2011) (docketing Apple's cross-appeal); *see also* Order, *Mirror Worlds, LLC v. Apple Inc.*, No. 2011-1392 (Fed. Cir. Nov. 28, 2011) (granting Apple's motion to withdraw its cross-appeal No. 2011-1393).

circumstantial evidence not sufficient to support the jury verdict in the absence of, in essence, direct evidence of use by a particular person. Pet. App. at 14a-16a.

Mirror Worlds petitioned for rehearing and rehearing *en banc* at the Federal Circuit on October 18, 2012, pointing out that the Federal Circuit’s analysis overlooked substantial circumstantial evidence of direct infringement that was present in the record. The petition detailed each piece of circumstantial evidence that supported direct infringement which the majority panel of the court either did not address or misapprehended. The Federal Circuit, however, denied rehearing and declined to hear *en banc* on December 21, 2012. Pet. App. at 89a-90a.

## **REASONS FOR GRANTING THE PETITION**

### **I. THE OFFER FOR SALE OR SALE OF A PRODUCT THAT EMBODIES A PATENTED METHOD IS A DIRECT PATENT INFRINGEMENT**

#### **A. Under This Court’s Precedents, An Offer for Sale or Sale of a Product That Embodies a Patented Method Should Be Found to Directly Infringe a Method Claim Under 35 U.S.C. § 271(a)**

Section 271(a) provides in pertinent part that “[w]hoever . . . offers to sell, or sells any patented invention . . . infringes the patent.” 35 U.S.C. § 271(a). By its terms, it draws no distinction between type of invention, and broadly includes “any patented invention.”

Thus, it is black letter law that a product that meets the limitations of an apparatus claim will be found to

infringe that claim pursuant to 35 U.S.C. § 271(a). It is also black letter law that a process that meets the limitations of a method claim will be found to infringe that method claim pursuant to 35 U.S.C. § 271(a). The issue at hand is whether the sale of a *product* embodying a patented method infringes that method patent.

Like the words of the statute itself, this Court’s holding in *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008), suggests that the answer to this question is yes. In the context of patent exhaustion, this Court held that method claims can be exhausted by the sale of a product that embodies a claimed method: “It is true that a patented method may not be sold in the same way as an article or device, but methods nonetheless may be ‘embodied’ in a product, the sale of which exhausts patent rights.” *Id.* at 628.

If the sale of a product which embodies a patented method exhausts patent rights, the corollary should also be true—when a product which embodies the patented method is sold or offered for sale, such sale or offer for sale is sufficient to establish direct infringement of a method claim in a method patent.<sup>4</sup>

To hold otherwise would lead to the paradoxical and unjust situation where the sale of a product embodying a claimed method can exhaust the patentee’s rights, but such sale by an accused infringer does not constitute direct infringement of that patentee’s right. As one district

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4. The petition in *Quanta* cited 35 U.S.C. § 271(a) as the statutory provision involved, i.e., the same statute that governs direct infringement.

court explained, “If a method may be sold for exhaustion purposes, then the Court sees no persuasive reason why a method could not also be sold for infringement purposes.” *CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, 667 F. Supp. 2d 29, 37 (D.D.C. 2009).

**B. The Federal Circuit Has Created an Arbitrary Hardware/Software Distinction in Violation of This Court’s Holding in *Quanta***

Prior to this Court’s decision in *Quanta*, in addition to holding that the sale of a product could never exhaust a method claim, the Federal Circuit also held its corollary in *Joy Technologies, Inc. v. Flakt, Inc.*, that “[t]he law is unequivocal that the sale of equipment to perform a process is not a sale of the process within the meaning of section 271(a).” 6 F.3d 770, 773 (Fed. Cir. 1993) (relied upon by the district court here in Pet. App. at 44a).

After *Quanta*, and the rejection of the exhaustion version of its rule, the Federal Circuit was faced with a challenge to the direct infringement corollary in *Ricoh Co., Ltd. v. Quanta Computer Inc.*, 550 F.3d 1325, 1334 (Fed. Cir. 2008) (relied upon by the district court here in Pet. App. at 48a). In particular, the Federal Circuit was specifically asked by the appellant “to provide an answer and hold that a party may directly infringe a method claim under 35 U.S.C. § 271(a) by offering to include patented methods in software sold as part of the accused devices.” *Ricoh*, 550 F.3d at 1334.

Rather than follow the clear import of *Quanta* and answer the question in the affirmative, the Federal Circuit instead created a new and inapposite distinction between



hardware and software in an apparent attempt to avoid overturning *Joy*, as *Quanta* would suggest:

[B]ecause the allegedly infringing sale in this case was the sale of software (i.e., instructions to perform a process rather than the performance of the process itself), we need not determine whether a process may ever be sold so as to give rise to liability under § 271(a). Accordingly, we hold that a party that sells or offers to sell software containing instructions to perform a patented method does not infringe the patent under § 271(a).

*Ricoh*, 550 F.3d at 1335.

This software/hardware distinction was based on the inapposite observation by the Federal Circuit in *Ricoh* that software itself is not a process (i.e., a method) but rather “a set of instructions that directs hardware to perform a sequence of actions.” *Id.* Of course, the same thing could have been said about the chipsets in *Quanta*, which were programmed to perform the exhausted method claimed. If the authorized sale of products—i.e., chipsets and microprocessors programmed to embody a patented method—exhausts the patentee’s right to enforce the patents, including method claims, the sale of such products should likewise be found to infringe the same method claims pursuant to 35 U.S.C. § 271(a). Similarly, the sale of a computer—a product—that includes an operating system that embodies a patented method should be treated no differently. Such a sale by the patentee should exhaust the patentee’s right to enforce the patents, and such a sale by an unauthorized party should be found to infringe the method claims pursuant to 35 U.S.C. § 271(a).

To the extent that the Federal Circuit in *Ricoh* (and the district court here) drew a software/hardware distinction based on this Court’s decision in *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 447-52 (2007), that reliance was misplaced.

In particular, *Ricoh* interpreted *Microsoft* as providing “that as a set of instructions, software is not a component of a patented device within the meaning of § 271(f) until it is reduced to a machine-readable copy.” *Ricoh*, 550 F.3d at 1335 (citing *Microsoft*, 550 U.S. at 446-50); *see also* Pet. App. at 45a (citing *Microsoft* for its holding that as a set of instructions, software is not a component of a patented device within the meaning of § 271(f) until it is reduced to a machine-readable copy).

While the statement about *Microsoft* is true, the Federal Circuit failed to appreciate that the question in *Microsoft* was addressing a different statute, § 271(f), not § 271(a), and raised a different concern than the issue at hand. Specifically, § 271(f) addresses indirect infringement resulting from supplying “components” of a patented invention involving international activities. Section 271(a) addresses direct infringement of a patented invention occurring within the United States.

The issue in *Microsoft* was whether software in the abstract could be considered a component for purposes of a finding of infringement under 35 U.S.C. § 271(f) (not § 271(a)). This Court held that “a copy of Windows, not Windows in the abstract, qualifies as a ‘component’ under § 271(f).” *Microsoft*, 550 U.S. at 451-52. This was significant because in *Microsoft*, the location from where the software was being supplied (U.S. versus abroad) was

critical to determining whether liability under § 271(f) applied. Though the software in the abstract originated in the United States, the actual copies at issue originated from abroad. Thus, in the context of § 271(f), this Court appropriately drew the distinction between the abstract concept of “software” and specific copies of software. *See Microsoft*, 550 U.S. at 453-54.

In the present case, the distinction between software in the abstract and copies of software is not present with respect to Apple’s offer for sale and sale of computers with infringing operating systems. Also, unlike *Microsoft*, the issue is not infringement under § 271(f), but like in *Quanta*, infringement under § 271(a). Section 271(a) does not include the word “component” and does not raise the statutory interpretation or policy concerns addressed in *Microsoft*.

**C. The Lower Courts’ Failure to Recognize That Apple’s Offer for Sale and Sale of Computers Incorporating the Patented Method in Its Operating System Could Be Infringements Under 35 U.S.C. § 271(a) Is Inconsistent with *Quanta***

In the case at bar, Spotlight is integral to the operating system that makes the infringing computers offered for sale and sold by Apple operate. Pet. App. at 44a-45a.

Thus, the sale or offer for sale of an Apple computer that contains Spotlight as the backbone of its operating system—a product embodying the patented method—must be found to be an infringement in violation of 35 U.S.C. § 271(a). However, the district court ruled differently.

Relying upon the Federal Circuit’s pre-*Quanta* holding in *Joy Technologies*, the district court here committed a plain and fundamental error of law when it precluded the Petitioner and the jury from relying upon Apple’s offer for sale and/or sale of products embodying the patented invention as potentially being infringements:

The law is clear that the sale or offer for sale is insufficient to prove direct infringement of a method claim.

Pet. App. at 44a (citing *Joy*, 6 F.3d 770, 773 (Fed. Cir. 1993)).

The district court also relied upon *Ricoh*’s illogical distinction and misapplication of *Microsoft* to support this erroneous statement of law. Pet. App. at 44a-45a. Besides being contrary to the plain language of § 271(a) and *Quanta* (as discussed *supra*), applying this distinction makes even less sense here, where Apple offers for sale and sells computers that run an infringing operating system. Like the chipsets in *Quanta*, the products at issue here are computers programmed with core software that indisputably embody the patented method. *See id.*

Mr. Jobs confirmed that Spotlight is built into the core of Apple’s operating system. As he explained, other search tools were “nowhere near as good as Spotlight . . . [b]ecause when you built it in to [sic] the core OS, you can just do things that you can’t do with the tools sitting over to the side.” A5349.

#### **D. *Ricoh* Has Caused Confusion in the Lower Courts**

Since *Ricoh*, other district courts, in addition to the district court here, have struggled to reconcile the clear import of this Court's decision in *Quanta* with the Federal Circuit's inapposite distinctions in *Ricoh*. District courts have understood *Ricoh* to limit § 271(a) to offers for sale or sales of services which perform a patented method instead of the sale of products which embody a patented method. *See, e.g., WesternGeco L.L.C. v. ION Geophysical Corp.*, 869 F. Supp. 2d 793, 799 (S.D. Tex. 2012) (denying a motion for summary judgment of non-infringement where "the tender documents indicate that [the accused infringer] offered to provide both the allegedly infringing products (including the DigiFIN), and the staff to put these products to use").

Indeed, one court could not figure out what to do in view of this conflict and refused to address the patentee's claim under § 271(a) "[s]ince the Federal Circuit appears to have concluded that this prong does not apply to method claims, and since the law is currently unclear" on the issue. *W.L. Gore & Assocs., Inc. v. Medtronic, Inc.*, 874 F. Supp. 2d 526, 545 (E.D. Va. 2012).

This Court's guidance is needed to make it clear that when it held in *Quanta* that a method claim can be exhausted by the authorized sale of a product that embodies the claimed method, a case for direct infringement of the same method claim can be made from the offer for sale or sale of such a product.

**E. As a Matter of Public Policy, Patentees Should Be Able to Seek Relief Against Manufacturers Selling Products That Embody a Patented Method**

In the modern consumer society, where a manufacturer sells a product that embodies a patented method to countless customers, it is not practical or desirable for society to require the patentee to look to customers that are using the product to seek relief for patent infringement.

Preventing manufacturers from being held liable for direct infringement based on the sale or offer for sale of a product embodying a patented method leaves the patentee with little recourse in enforcing his patent rights in such a fragmented market. Further, a likely effect of this development in the law will be a growth of lawsuits being brought against customers where instead the real responsibility should lie with the manufacturer of the product that embodies the patented method.

**F. This Case Is an Appropriate Vehicle to Address the Question Presented**

The parties vigorously disputed this issue in the lower court, and the district court squarely applied the Federal Circuit's rule of law that is counter to this Court's decision in *Quanta*.

The infringement of a method claim by the sale of a product continues to cause confusion, as well as the development of contrary law in the lower courts. This case is well-suited for this Court to address this issue

since there is no dispute that the accused Apple computers incorporate software which, when used in the intended fashion, infringes the valid Claim 13 of the '227 Patent. Additionally, Petitioner is aware of no other case ripe for this Court's consideration in which the issue can be addressed.

In sum, this Court should grant certiorari to clarify this important aspect of the patent law, and confirm that the sale or offer for sale of a product that embodies a method may infringe a method claim under 35 U.S.C. § 271(a).

## **II. THE LOWER COURTS' REFUSAL TO PERMIT JURY INFERENCES BASED ON CIRCUMSTANTIAL EVIDENCE CAUSES A CHILLING EFFECT ON PROVING INFRINGEMENT OF METHOD CLAIMS IN PATENT CASES**

In this case, although both the district court and the Federal Circuit stated that circumstantial evidence could be used to prove infringement of a patent, the lower courts discounted the overwhelming circumstantial evidence that Mirror Worlds presented. This has the effect of creating a de facto rule requiring that each step in a method claim be proved with direct evidence.

In particular, relying upon the Federal Circuit's decision in *E-Pass Technologies, Inc. v. 3Com Corp.*, 473 F.3d 1213, 1222 (Fed. Cir. 2007), the district court overturned the jury's verdict on direct infringement and took the issue of indirect infringement away from the jury because Mirror Worlds did not present "testimony" of

actual use by an individual user of the accused software. Pet. App. at 49a-50a.<sup>5</sup>

*E-Pass* involved a method claim asserted against various personal digital assistants (“PDAs”). As in the instant case, the patentee in *E-Pass* “argues that the district court ignored circumstantial evidence that the defendants or their customers practiced the steps of the claimed method.” 473 F.3d at 1217. In affirming the district court’s grant of summary judgment of non-infringement, the Federal Circuit in *E-Pass* stated:

If, as E-Pass argues, it is “unfathomable” that no user in possession of one of the accused devices and its manual has practiced the accused method, E-Pass should have had no difficulty in meeting its burden of proof and in *introducing testimony of even one such user*.

*Id.* at 1222-23 (emphasis added) (footnote and citation omitted).

Thus, the Federal Circuit in *E-Pass*, by requiring “testimony of even one such user” was in effect creating a

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5. Both the majority at the Federal Circuit and the district court relied upon similar arguments to discount Mirror Worlds’ other evidence of use, such as screen shots in various Apple manuals showing Spotlight being used, reviews of the operating systems demonstrating the reviewers’ use of the infringing computers, and a public demonstration of use by Mr. Jobs himself in January 2005. In essence, the lower courts discounted the evidence presented and the reasonable inferences drawn therefrom in view of the failure to provide direct evidence of performance of the steps of documents being generated by and received on the computers in question.



new de facto rule requiring direct evidence of infringement, just as the district court did in the case here. Mirroring the language of *E-Pass*, the district court here, after the fact, stated: “If it was inconceivable to Mirror Worlds that the accused features were not practiced by Apple, it should have had no difficulty in meeting its burden of proof and in *introducing testimony of such use*.” Pet. App. at 50a (emphasis added) (citing *E-Pass*, 473 F.3d at 1222-23).<sup>6</sup>

In the present case, to prove infringement of Claim 13 of the ’227 Patent, it is undisputed that all Mirror Worlds needed to show was that users of the Apple computers with the relevant operating systems actually performed a Spotlight search after having generated and received a document on the computer. This later requirement could be met if at least one e-mail was sent and at least one e-mail was received on the subject computer. It could also be met if any of the programs on the computer were used to create, edit and/or save a document—i.e., “generating” a data unit—and if any kind of document from another source was present, including e-mails, downloads from websites or external drives, etc.—i.e., “receiving” a data unit.

Since Apple’s own witnesses and surveys confirmed that Spotlight was being used by customers, and manuals

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6. In voiding the jury’s verdict, the district court stated that “direct infringement of a method claim cannot be determined on speculation, assumptions or inferences.” Pet. App. 49a. Thus, the district court equated “inference,” which this Court has repeatedly recognized to be a proper use of circumstantial evidence, with “speculation” which would otherwise be improper, even though the district court recognized in the jury instruction that the jury was “permitted to draw reasonable inferences . . . .” A363.

and presentations showed it was being used by Apple, the only issue was whether a juror could reasonably conclude that such systems also “generated” and “received” documents, such as by sending and receiving an e-mail or by the other examples described above.

As the dissent below recognized, “Mirror Worlds introduced ample evidence to allow a reasonable jury to determine that the required steps were performed.” Pet. App. at 25a.

Even the district court recognized, “[I]t sort of defies logic to me that the users did not turn on these features,” which would result in infringement of Claim 13 of the ’227 Patent. Pet. App. at 21a.

Nonetheless, relying upon *E-Pass*, the district court “defie[d] logic,” overturned the inferences the jury reached in finding that Apple infringed, and precluded the jury from the opportunity to determine whether Apple’s customers infringed.

Unless corrected by this Court, the Federal Circuit’s recent decisions will have a chilling effect on a patentee’s ability to use circumstantial evidence to prove its case of patent infringement. This Court’s guidance is needed to confirm that patentees have the ability to present circumstantial evidence, and that the jury (or other fact finder) is permitted to draw inferences based on that evidence to find that one or more steps in a method claim were performed.

**CONCLUSION**

For the foregoing reasons, the petition for certiorari should be granted.

Respectfully submitted,

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## **APPENDIX**

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**APPENDIX A — OPINION OF THE UNITED  
STATES COURT OF APPEALS FOR THE  
FEDERAL CIRCUIT, DATED SEPTEMBER 4, 2012**

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

2011-1392

MIRROR WORLDS, LLC,

*Plaintiff-Appellant,*

v.

APPLE INC.,

*Defendant-Appellee.*

Appeal from the United States District Court for the  
Eastern District of Texas in Case No. 08-CV-0088,  
Judge Leonard Davis.

Decided: September 4, 2012

Before NEWMAN, LOURIE, and PROST, *Circuit Judges.*

Opinion for the court filed by *Circuit Judge* LOURIE.

Opinion dissenting in part filed by *Circuit Judge* PROST.

LOURIE, *Circuit Judge.*

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This is an appeal from an infringement suit brought by Mirror Worlds, LLC (“Mirror Worlds”), against Apple, Inc. (“Apple”), to enforce various claims of three patents: U.S. Patent 6,006,227 (“227 patent”); U.S. Patent 6,638,313 (“313 patent”); and U.S. Patent 6,725,427 (“427 patent”). The jury returned a verdict in favor of Mirror Worlds and awarded \$208.5 million in damages. In separate rulings—one at the end of Mirror Worlds’ case in chief and another after the jury verdict—the district court entered judgment as a matter of law in Apple’s favor, finding that Apple was not liable as a matter of law for infringement of any of the asserted patent claims and vacating the damages verdict. *See Mirror Worlds, LLC v. Apple, Inc.*, 784 F. Supp. 2d 703 (E.D. Tex. 2011). Because we conclude that the district court did not err in entering judgment as a matter of law, we affirm.

## BACKGROUND

Mirror Worlds brought suit against Apple, alleging direct and induced infringement of twelve claims of the three patents in suit. At the conclusion of Mirror Worlds’ case in chief, the district court granted Apple’s oral motion for judgment as a matter of law that Apple did not induce infringement of any of the patents because Mirror Worlds did not offer any evidence of actual performance of the patented method by third parties. *See Mirror Worlds*, 784 F. Supp. 2d at 710 n.7. The issue of direct infringement by Apple was submitted to the jury, which found Apple liable for willfully infringing all three asserted patents and awarded \$208.5 million in damages.

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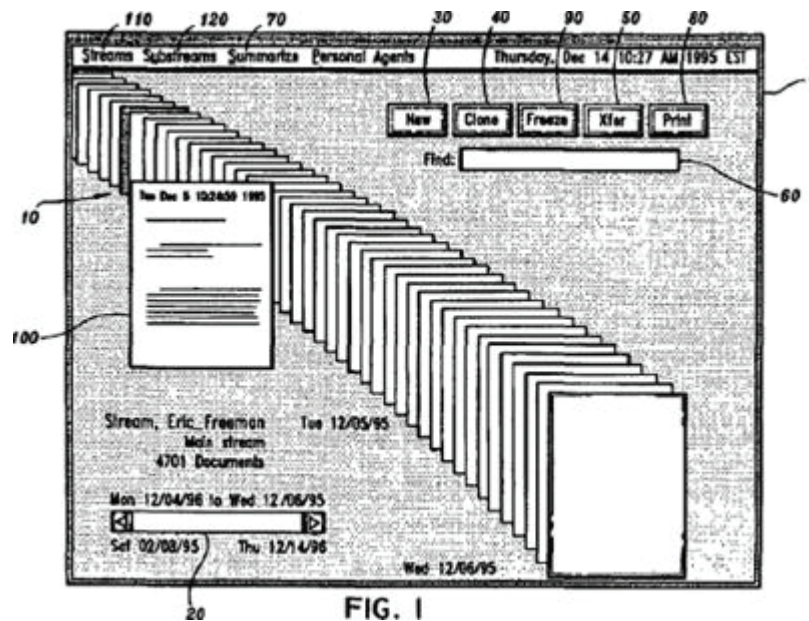
After the trial, the district court granted Apple’s motion for judgment as a matter of law, vacated the jury verdict, and concluded that Mirror Worlds failed to present substantial evidence of direct infringement and damages. *Id.* at 720, 727. In particular, the district court concluded that Mirror Worlds did not establish infringement of the asserted claims of the ’313 and ’427 patents under the doctrine of equivalents—its only infringement theory for those patents—because the accused products did not have an equivalent of a “cursor or pointer.” *Id.* at 716-20. The district court also concluded that Mirror Worlds failed to offer substantial evidence that Apple performed each step of the claimed methods of the ’227 patent and that the evidence presented at trial was not sufficient to support the damages award. *Id.* at 713-15, 724-27. Mirror Worlds appeals, arguing that we should reverse each of the district court’s rulings. We have jurisdiction under 28 U.S.C. § 1295(a)(1).

### I. The Invention and the Claims

The patents in suit share a common written description and are generally directed to searching, displaying, and archiving computer files. The specification discloses a “document streaming” operating system that, unlike traditional operating systems, identifies documents with a time stamp instead of a file name and maintains them in chronologically ordered “streams.” “Every document created and every document sen[t] to a person or entity is stored in a main stream.” ’313 patent col. 4 ll. 11-13. The documents in the stream “can contain any type of data” including “pictures, correspondence, bills, movies,

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voice-mail and software programs.” *Id.* col. 4 ll. 19-21. By constantly keeping track of all the documents on the computer in these chronologically ordered streams and making the location and nature of file storage transparent to the user, the invention purportedly improves filing operations and enhances the quality of the user’s experience. The patents describe displaying the stream as stacked images that appear to be receding and foreshortened, as illustrated in Figure 1:



*Id.* Fig. 1. By sliding the cursor over any item within the stack, the user may see a preview of the document, also known as a “glance view.” *See id.* col. 15 ll. 21-22, col. 16 ll. 35-36. The documents within the stream are marked



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with a time stamp, and are automatically updated and continuously archived in chronological order.

The asserted claims of the '227 patent (claims 13 and 22) and '313 patent (claims 1, 2, 3, 9, and 11) are method claims; the asserted claims of the '427 patent (claims 1, 8, 16, 18, and 25) are system claims. All of the asserted claims of the '313 and '427 patents include a limitation for a sliding “cursor or pointer” that relates to the glance view. Claim 1 of the '313 patent is exemplary of the asserted '313 and '427 claims:

1. A method of utilizing a document stream operating system that in turn utilizes subsystems from at least one other operating system, comprising:

- receiving documents from diverse applications in formats that are specific to the respective applications and differ as between at least some of said applications;

- automatically associating time-based indicators with the documents received in the receiving step from the diverse applications;

- automatically archiving the received documents;

- automatically creating glance views that are abbreviated versions of respective ones of said documents;

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selectively displaying at least some of said documents as a receding, foreshortened stack of partly overlapping documents so that only a part of each of said documents in the displayed stack, after the first document in the stack, is visible to the user;

said displaying further including displaying a cursor or pointer and responding to a user sliding the cursor or pointer over said displayed stack to display the glance view of the document in the stack that is currently touched by the cursor or pointer, without requiring clicking on the document; and

utilizing, in said document stream operating system, subsystems from said at least one other operating system for operations including writing documents to storage media, interrupt handling and input/output.

'313 patent col. 16 ll. 14-26.

The asserted claims of the '227 patent (independent claim 13 and dependent claim 22) do not contain the "cursor or pointer" limitation. Claim 13 recites a method for organizing documents as they are generated in and received by the computer:

13. A method which organizes each data unit received by or generated by a computer system, comprising the steps of:

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generating a main stream of data units and at least one substream, the main stream for receiving each data unit received by or generated by the computer system, and each substream for containing data units only from the main stream;

receiving data units from other computer systems;

generating data units in the computer system;

selecting a timestamp to identify each data unit;

associating each data unit with at least one chronological indicator having the respective timestamp;

including each data unit according to the time-stamp in the respective chronological indicator in at least the main stream; and

maintaining at least the main stream and the substreams as persistent streams.

'227 patent col. 16 ll. 9-25. Claim 22, which depends from claim 13, recites an additional limitation for “archiving data units having timestamps older than a specified time point.” *Id.* col. 16 ll. 61-64.

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## II. The Accused Products

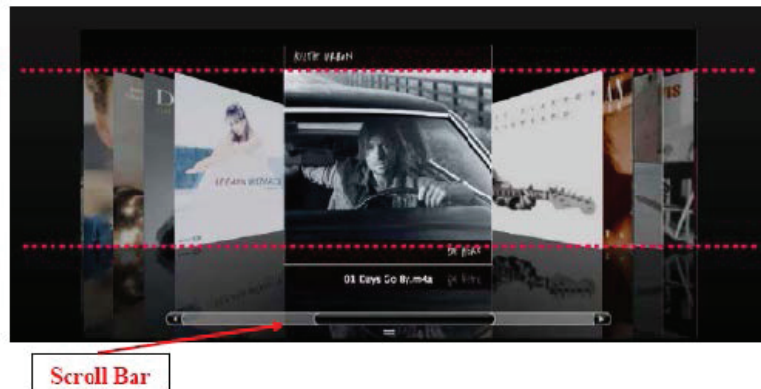
Mirror Worlds accused all Apple computers and servers that run the Mac OS X operating system versions 10.4 (“Tiger”), 10.5 (“Leopard”), and 10.6 (“Snow Leopard”) of infringement. Mirror Worlds also accused Apple’s mobile devices that run the iOS operating system, which is based on Mac OS X. Mirror Worlds accused, in various combinations, three specific features embedded in the accused operating systems of infringing the patents: Spotlight, Cover Flow, and Time Machine.

Spotlight, which Apple introduced for the first time in its Tiger operating system, is a search and indexing application. Spotlight continuously tracks all files that are generated in or received by the computer and collects certain information about their content. The information collected is used to compile both an index of all computer data and a database of metadata information about the content and form of each document such as the time and date of creation, author, or the location where the document is stored. By continuously maintaining and updating both the index and the metadata database, Spotlight enables the user to easily search and view, through a single interface, all of the computer’s contents (including, for example, the content of attachments to received e-mails). The user may also organize the search results based on various criteria, including the time that the documents within the search results were last modified.

Cover Flow, first introduced with Leopard, is a graphical user interface that allows a user to flip through a stack of documents on the computer. Files viewed in

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Cover Flow are displayed as a deck of album covers. A representative preview of each file is displayed, one at a time, in the center of the view with the rest of the files only partially displayed (in two side stacks) to the left and right. Unlike the patented interface, sliding a cursor over the documents in the side stacks will not result in a preview of the file being displayed. Rather, in Apple computers, the user must manipulate a horizontal scroll bar at the bottom of the application screen in order to browse through the files. In Apple's mobile devices, which are equipped with a touch screen, the user may look through the documents by swiping a finger across the screen. A screen-shot of Cover Flow is reproduced below.



Time Machine, also first introduced with Leopard, is an automatic backup and archiving application. When an external hard drive is connected to an Apple computer, Time Machine will prompt the user to select whether that device should be used to store a system backup. If a user answers yes, Time Machine will automatically archive and backup the user's files. Time Machine will also allow the

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user to restore and recover past versions of the files that have been previously backed up on the external hard drive.

## DISCUSSION

We review the grant or denial of a motion for judgment as a matter of law under the law of the regional circuit. *Summit Tech., Inc. v. Nidek Co.*, 363 F.3d 1219, 1223 (Fed. Cir. 2004). The Fifth Circuit reviews the grant or denial of judgment as a matter of law *de novo*. *Med. Care Am., Inc. v. Nat'l Union Fire Ins. Co.*, 341 F.3d 415, 420 (5th Cir. 2003). “If there is substantial evidence opposed to [judgment as a matter of law] ... [it] should be denied.” *Id.* (citation omitted). We have interpreted the Fifth Circuit’s standard to mean that the jury’s determination must be supported by substantial evidence. *ACCO Brands, Inc. v. ABA Locks Mfrs. Co.*, 501 F.3d 1307, 1312 (Fed. Cir. 2007). The jury’s determination of infringement is a question of fact, which we review for substantial evidence. *z4 Techs., Inc. v. Microsoft Corp.*, 507 F.3d 1340, 1347 (Fed. Cir. 2007).

We agree with the district court that Mirror Worlds’ infringement theory for all of the asserted claims of the ’313 and ’427 patents must fail because Mirror Worlds did not provide substantial evidence to show that the accused products have an equivalent for the “cursor or pointer” limitation. We also agree with the district court that Mirror Worlds failed to introduce substantial evidence to show that Apple itself directly infringed or induced its customers to infringe the ’227 method claims. In view of the fact that we are affirming the district court’s grant of

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judgment as a matter of law of non-infringement, we have no need to review its judgment on damages.

### I. The '313 and '427 Patents

The asserted claims of the '313 and '427 patents require a “cursor or pointer” to generate a glance view of a particular document in the file stack. Conceding on appeal that Cover Flow does not literally meet the “cursor or pointer” limitation, Mirror Worlds’ theory of infringement of the '313 and '427 patents relies on the doctrine of equivalents. We agree with the district court, however, that Mirror Worlds failed to present substantial evidence to the jury to support its infringement theory.

Under the doctrine of equivalents, “a product or process that does not literally infringe . . . the express terms of a patent claim may nonetheless be found to infringe if there is ‘equivalence’ between the elements of the accused product or process and the claimed elements of the patented invention.” *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 21, 117 S. Ct. 1040, 137 L. Ed. 2d 146 (1997). A patent is infringed under the doctrine of equivalents if any difference between a given limitation in the asserted claim and the corresponding element in the accused device is insubstantial. *Voda v. Cordis Corp.*, 536 F.3d 1311, 1326 (Fed. Cir. 2008). Alternatively, “an element in the accused device is equivalent to a claim limitation if it performs substantially the same function in substantially the same way to obtain substantially the same result.” *Id.* (citation omitted). Regardless how the equivalence test is articulated, “the doctrine of equivalents must be applied

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to individual limitations of the claim, not to the invention as a whole.” *Warner-Jenkinson*, 520 U.S. at 29.

Here, Mirror Worlds failed to present substantial evidence to the jury to establish equivalence under either test. The cursor or pointer limitation may be parsed into two components: 1) “a cursor or pointer” and 2) “responding to a user sliding the cursor or pointer over said displayed stack to display the glance view of the document . . . without requiring clicking on the document.” In other words, the claims require a cursor *and* a system that responds to the sliding (without clicking) of the cursor over the stack by generating a glance view of the document. Mirror Worlds has failed to show equivalence of the first component; thus, we need not consider the second component.

Mirror Worlds argued at trial that the “default” area at the center of Cover Flow was equivalent to the “cursor or pointer.” In support of its argument on appeal, Mirror Worlds relies exclusively on the testimony of its expert, Dr. John Levy. Dr. Levy’s testimony, however, is insufficient as it does not establish that Cover Flow has the equivalent of a cursor or a pointer. In pertinent part, Dr. Levy stated:

[Cover Flow] does not display a literal pointer, but I believe it has the equivalent, because the user always is looking at the center where the glance view is going to pop up, and that is where the cursor or pointer is by default.

J.A. 1588. That testimony is inadequate. Dr. Levy does not explain why the mere fact that users look at the center of



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the display, where glance views are shown, should mean that a cursor exists there by default. Nor does he explain what it means for a cursor to be present “by default” in the first place. Such an assertion amounts to an argument that the absence of a feature is equivalent to its presence, which is a negation of the doctrine of equivalents. Dr. Levy’s conclusory statement is thus insufficient to allow a reasonable juror to find that Mirror Worlds has met its burden of proof in showing that Cover Flow has the equivalent of a cursor or pointer.

Reading the “cursor or pointer” limitation out of the claim improperly vitiates claim language by allowing the exact opposite of what is required. *See Warner-Jenkinson*, 520 U.S. at 39 n.8 (“[I]f a theory of equivalence would entirely vitiate a particular claim element, partial or complete judgment should be rendered by the court.”). We therefore agree with the district court that the evidence was insufficient to support the jury’s finding of infringement for all of the asserted claims of the ’313 and ’427 patents.

## II. The ’227 Patent

The ’227 patent is drawn to a method of organizing documents in a computer. To infringe a method claim, all steps of the claimed method must be performed. *See Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1317 (Fed. Cir. 2009); *see also* 35 U.S.C. § 271. Infringement of claim 13 of the ’227 patent requires, at a minimum: searching in Spotlight, receiving data units from other computer systems (such as receiving e-mail), generating data units (sending an e-mail or creating a document), and

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generating a substream (“time-ordered” search results). ’227 patent col. 16 ll. 9-25; *see also* J.A. 7530-37 (Mirror Worlds’ claim chart). While Mirror Worlds also asserted claim 22 of the ’227 patent in the district court, Mirror Worlds’ opening brief on appeal hardly mentions claim 22 apart from a passing reference in a footnote that claim 22 is also infringed. Mirror Worlds Br. 21, 48 n.18. That does not sufficiently preserve the issue for appeal; thus we will focus on the only other asserted claim: claim 13. *See Otsuka Pharm. Co. v. Sandoz, Inc.*, 678 F.3d 1280, 1294 (Fed. Cir. 2012) (holding that issues raised only in a footnote may be deemed waived).

**A. Direct Infringement**

As stated above, the use of Spotlight to search for documents on a computer that has sent and received documents (via e-mail, for example) and generates time-ordered search results infringes claim 13. The district court found that Mirror Worlds failed to offer any evidence that showed Apple itself infringed claim 13 of the ’227 patent. We agree that Mirror Worlds has not offered substantial evidence that Apple directly infringed the ’227 patent.

Direct infringement of a method claim can be based on even one instance of the claimed method being performed. *See Lucent*, 580 F.3d at 1317. A patentee need not always have direct evidence of infringement, as infringement may be established by circumstantial evidence. *Id.* However, Mirror Worlds, as the patentee here, has to show that Apple performed all of the steps in the claimed methods. *Id.* Mirror Worlds failed to meet that burden.

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Mirror Worlds introduced a video of a January 2005 presentation by Apple's former CEO, Steve Jobs, during which he demonstrated use of Tiger's Spotlight to search for data on a computer. The searched data included thousands of photographs presumably received from another computer by e-mail. Mirror Worlds also introduced evidence that Apple tested the method by searching e-mails with Spotlight in 2004. But, as Mirror Worlds acknowledges, the cited demonstration and testing both occurred before Tiger, the earliest accused version of the operating system, was released to the public. Mirror Worlds Reply Br. 13. Mirror Worlds nonetheless argues that the jury could have reasonably inferred from that evidence that Apple possessed an infringing copy of Tiger before it released it to the public.

Mirror Worlds' damages expert, Walter Bratic, provided testimony that belies that position. Bratic testified that "the only evidence of an infringing product is the product that was released to the public in April 2005." J.A. 1813. Indeed, Bratic specifically stated that an incomplete version of Tiger that was used in another demonstration by Jobs in 2004 was not an infringing version. J.A. 1812-13. Mirror Worlds points to no other evidence or testimony in the record that would justify an assumption by the jury that the Tiger version used in Jobs' January 2005 presentation or Apple's internal testing was indeed an infringing version of the operating system.

Mirror Worlds also relies on the testimony of Bertland Serlet, an Apple executive, as evidence of direct infringement. Mirror Worlds Reply Br. 13. Serlet opined that "Spotlight works well, works fast, has a nice user

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interface” and is “especially useful in mail.” J.A. 1455-56. That statement is at best circumstantial evidence that Serlet knew that Spotlight could be used to search e-mails. It says nothing, however, about whether Serlet or anybody else at Apple used an infringing version of the accused products to search for e-mails. Thus, Serlet’s testimony does not provide a reasonable jury adequate ground on which to find direct infringement by Apple.

Finally, Mirror Worlds argues that Brian Croll, another Apple executive, infringed the method claims by presenting Spotlight to the jury during the trial. But demonstration to a jury during trial does not constitute evidence of infringement on which a claim of infringement can be based. Furthermore, Apple notes, and Mirror Worlds does not dispute, that this argument was not raised below. In view of that fact, we decline to consider it here. *See Becton, Dickinson & Co. v. Tyco Healthcare Grp., LP*, 616 F.3d 1249, 1260 (Fed. Cir. 2010).

In sum, the district court correctly found that Mirror Worlds failed to provide substantial evidence to the jury to support a verdict of direct infringement by Apple of claim 13 of the ’227 patent.

### B. Induced Infringement

In addition to alleging direct infringement by Apple, Mirror Worlds also alleges that Apple induced its customers to infringe claim 13. The Patent Act provides that a party who “actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. § 271(b).

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Inducement of infringement requires that there be a showing of an underlying act of direct infringement. *See Linear Tech. Corp. v. Impala Linear Corp.*, 379 F.3d 1311, 1326 (Fed. Cir. 2004).

After the close of evidence for Mirror Worlds, the district court granted judgment as a matter of law that Apple did not induce infringement, later clarifying that Mirror Worlds did not offer any evidence of actual performance of the patented method by third parties:

Mirror Worlds did not offer any evidence that anyone, Apple's customers or otherwise, actually performed the patented steps. While Mirror Worlds' expert, Dr. Levy, testified about the attributes and capabilities of the accused Spotlight, Cover Flow, and Time Machine features, he did not testify that anyone else performed all of the steps in the asserted method claims. Nor did Dr. Levy testify that he actually performed the claimed steps. Likewise, Mirror Worlds offered no documentary evidence (*e.g.*, instructions, manuals, or user guides) that instructed others to practice the patented steps. Mirror Worlds also failed to provide any corresponding testimony tying any documentation to the method steps or explanation of how Apple instructed users to perform each of the claim limitations. As such, no reasonable jury could conclude Apple was liable for indirect infringement. Accordingly, the Court ruled that, as a matter of law, Mirror

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Worlds had not proven that Apple induced or contributorily infringed any claims.

*Mirror Worlds*, 784 F. Supp. 2d at 710 n.7 (citations omitted).

As previously stated, infringement of the '227 patent requires at a minimum: searching in Spotlight, receiving data units from other computer systems (such as receiving e-mail), generating data units (sending an e-mail or creating a document), and generating a substream ("time-ordered" search results). '227 patent col. 16 ll. 9-25. Mirror Worlds relies on user manuals describing the various accused features, software reviews allegedly showing a customer performing each step of the asserted method claims, and Apple surveys listing Spotlight as the "most beneficial feature" of Tiger. However, Mirror Worlds cites no trial testimony of customers actually using each step of the method claims or tying together the various manuals, reviews, and surveys as evidence of actual use of the claimed method.

It is well settled that excerpts from user manuals as evidence of underlying direct infringement by third parties of products that can be used in a non-infringing manner are by themselves insufficient to show the predicate acts necessary for inducement of infringement. *E-Pass Techs., Inc. v. 3Com Corp.*, 473 F.3d 1213 (Fed. Cir. 2007). When manuals only teach "customers each step of the claimed method in isolation," but not "all the steps of the claimed method together," the manuals alone cannot support infringement. *Id.* at 1222. Such a manual does not

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show that all of the steps were performed together. Here, the operating systems, laptops, and accused features such as Spotlight, can be indisputably used in a non-infringing manner. The manual entries cited by Mirror Worlds do not directly instruct a user how to infringe. Instead, the manuals suggest searching Mail using Spotlight, but do not at the same time instruct a user to receive an e-mail (receive data units), send an e-mail or create a word document (generate data units), and display time-ordered search results (generating a substream). Such instruction is found only elsewhere in the manuals, and separately. The manuals teach customers each step of the claimed method only in isolation and thus do not suffice under *E-Pass* for showing inducement of infringement.

As noted in *Lucent*, instruction manuals, extensive sales, and testimony by an expert that the claimed method was used by him, his wife, and likely others was “barely sufficient” in that case to permit a jury to find underlying direct infringement. 580 F.3d at 1317-18. But here, unlike in *Lucent*, there was no similar testimony of total use of the claimed method from Mirror Worlds’ infringement expert, Dr. Levy. *Mirror Worlds*, 784 F. Supp. 2d at 710 n.7 (Dr. Levy “did not testify that anyone else performed all of the steps in the asserted method claims. Nor did Dr. Levy testify that he actually performed the claimed steps.”); J.A. 2373:13-16 (THE COURT: “I granted the JMOL with regard to the indirect infringement, because there was no expert testimony that I recall tying up or — or expressing an opinion about [indirect infringement].”). Instead, Dr. Levy’s testimony was focused on capability, not actual use, with no discussion of inducement of infringement. It is not

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disputed that the Apple products *could* infringe. However, such testimony alone is not sufficient to find inducement of infringement of a method patent. Evidence of actual use of each limitation is required.

In response, Mirror Worlds contends that the software review articles it submitted showed use of all three accused features and e-mail, thus infringing the claims. But a close review of those articles shows that, just like the manuals, they do not present the accused features together in an infringing manner. For example, the passage cited by Mirror Worlds from a macworld.com article states: “the improved speed of Spotlight, which makes searching for messages within Mail much less painful.” J.A. 6425. At best, that means the reviewer searched his Mail to test the speed. But it does not stand to reason that that search was done in a manner that infringes the claims—again, sending and receiving data units (e-mail) and displaying results in time order. For example, the reviewer might have only searched his existing mail, without sending any new mail.

Each of the reviewers’ articles cited by Mirror Worlds suffers from the same defect. Indeed, the reviewers’ articles are as minimally descriptive of actual use of the product as the previously discussed testimony of Serlet, an Apple executive, that “Spotlight works well” and is “especially useful in mail” that we find inadequate to support direct infringement. Much like the user manuals in *E-Pass*, one cannot selectively piece together disparate parts of an article to show an underlying act of infringement of a method claim. A method claim is only infringed if all of its parts are performed.



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Mirror Worlds points to the statement by the district court that it “defies logic” that not one user has used Spotlight and Tiger in an infringing manner as supporting its induced infringement theory. But the district court did not hold that a user had used Spotlight and Tiger in an infringing way. The district court, after hearing that evidence, actually stated: “I recall enough circumstantial evidence, I think, in the case, although not rising to the level of inducement or contributory [infringement], that it sort of defies logic to me that the users did not turn on these features.” J.A. 2380:22-2381:3. What the court meant by its statement is clear: although people may “turn on” these features (Spotlight, Cover Flow, Time Machine), that does not mean that the features were used to practice the claims, and thus cannot serve as the basis for induced infringement. Indeed, Mirror Worlds’ claims are not passive; they require additional user action beyond just turning on the tools, such as sending and receiving e-mail and using Spotlight. Logic in this case was defied for lack of evidence.

In short, the dispute comes down to the following observation made by the district court in relation to the lack of evidence of direct infringement:

If it was inconceivable to Mirror Worlds that the accused features were not practiced . . . , it should have no difficulty in meeting its burden of proof and introducing testimony. *See E-Pass*, 473 F.3d at 1222-23. Mirror Worlds simply failed to present sufficient evidence from which a reasonable jury could find that Apple, or anyone else, practiced each and every step of

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the claimed methods by using the Spotlight, Cover Flow, and Time Machine features in the accused Mac OS X 10.4-6. While it is important to persuade a jury, it is imperative to present a “legally sufficient evidentiary basis” to support that persuasion.

*Mirror Worlds*, 784 F. Supp. 2d at 715. That same reasoning applies here to inducement of infringement. There was a lack of substantial evidence on which a jury could render a verdict for inducement of infringement. We therefore affirm the district court’s grant of judgment as a matter of law that Apple did not induce infringement of the ’227 method patent.

## CONCLUSION

The necessary evidence was not put before the jury to support the verdict of infringement or damages. We therefore affirm the district court’s decisions in entering judgment of non-infringement.

**AFFIRMED**

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*Appendix A*

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

2011-1392

MIRROR WORLDS, LLC,

*Plaintiff-Appellant,*

v.

APPLE INC.,

*Defendant-Appellee.*

Appeal from the United States District Court for the  
Eastern District of Texas in case no. 08-CV-0088,  
Judge Leonard Davis.

PROST, *Circuit Judge*, dissenting in part.

Without justification, the majority reads two new limitations into claim 13—one of which is not even urged by either party—and then holds that Mirror Worlds’ evidence does not show that those limitations are met. I cannot agree. I believe that under the correct reading of the claim Mirror Worlds adduced sufficient evidence to allow a reasonable jury to conclude that Apple’s customers infringed (and continue to infringe) claim 13 of the ’227 patent. Thus, with respect, I dissent from the majority’s conclusion that the district court did not err in granting judgment as a matter of law that Apple did not induce infringement of the ’227 method patent.

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## I

There is no dispute that the use of Spotlight would infringe claim 13 if four things occur: 1) a search, 2) receiving data units from other computer systems, 3) generating data units, and 4) generating a substream. What the majority fails to note, however, is that for the most part, these four steps are performed automatically and without any need for user interaction. The first step (searching) occurs even when the user is not using Spotlight. Indeed, that is precisely what enables Spotlight to return search results quickly. Spotlight continuously combs through every file or document that exists on the computer and collects certain information from the file such as creation time, content, and owner. This information is then immediately incorporated into an all-inclusive index akin to a look up table. By having this comprehensive look up table ready at hand, Spotlight is able to return search results almost immediately upon request. As Mirror Worlds' expert explained, this constant monitoring of computer data reduces the search operation to a simple filtering of the already organized data based on the user's search query. In sum, Spotlight's search engine never sleeps.

The next two steps (generating and receiving data units) are so common to any computer operation that is hard to imagine one can do anything with a computer without also performing these steps. The user "generates data" every time she creates a file or document, such as a letter, a drawing, a photograph, a calendar entry, a shopping list, or anything of that sort. The computer

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“receives data” whenever the user receives an e-mail, an online instant message, or even a file while visiting a webpage. Simply put, chances are much better than 50/50 that every time an Apple computer has been used, data have been generated and received.

That leaves creating a substream. Under the district court’s undisputed claim construction, a substream is “a subset of data units, or documents, yielded by a filter on a stream.” J.A. 103. A “main stream” is on the other hand “inclusive of every data unit, or document, received by or generated by the computer system.” *Id.* at 102. In plain English, a substream is generated whenever the user runs a search query in Spotlight, which query is then used to filter the main stream (encompassing all the data) and generate a substream (the search result).

Putting it all together, claim 13 simply requires that a search query be run in Spotlight on a computer (that at least contains one file and also that at some point has received one e-mail or other type of file from another computer), and that Spotlight filter its organized database based on the inputted query (return search results).

That’s it.

## II

Mirror Worlds introduced ample evidence to allow a reasonable jury to determine that the required steps were performed. This court has consistently held that circumstantial evidence suffices to prove infringement.

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*Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1317 (Fed. Cir. 2009); *Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1272 (Fed. Cir. 1986). If that is true, then Mirror Worlds’ evidence should have sufficed. The evidence includes Apple brochures and manuals that encouraged users to use Spotlight to search through their files, including their e-mails. For example, one manual states that “Mail [(Apple’s e-mail interface)] uses the power of Spotlight for faster, more accurate searching.” J.A. 5449. Even more specifically mirroring the claim language, Apple taught its customers to use Spotlight to search through data that are both generated in and received by the computer. For example, one document explained that Spotlight could “search e-mail archives;” another taught users to use Spotlight to search their “entire system from anywhere to find *documents, email, contacts, calendars, music, movies, photos, bookmarks, and applications.*” J.A. 5461 (emphasis added). But the evidence of infringement is not limited to manuals and brochures. Mirror Worlds also introduced a macworld.com review article that states, “the improved speed of Spotlight, which makes searching for messages within Mail much less painful.” J.A. 6425. This evidence strongly suggests that at least one individual ran a search in Spotlight on a computer that had received data (e-mails). Surely, it would not have been unreasonable for a jury to also assume that the author of the article had at some point saved a single file on his computer too, so that the data generation requirement would be satisfied. Based on all this evidence, the jury could have reasonably found that at least one Apple customer, more likely than not, infringed claim 13—indeed, one would think it unlikely that the jury would arrive at the opposite conclusion.

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But the majority is not satisfied. It casually brushes the manuals and the review article aside, reasoning that they do not show that the Spotlight search was performed in a manner that would infringe claim 13. The majority's objection to the evidence appears to be based on two erroneous assumptions about what claim 13 requires: 1) that the search results be displayed in chronological order, and 2) that data be generated and received either while the user performs the search or at some point in time sufficiently close to the search. Neither assumption finds any support in the claim language, the district court's claim construction, or anywhere else in the record.

Take the macworld.com article as an example. The majority first complains that the article does not show that the search results were displayed chronologically. Majority Op. 17. Where does that requirement come from? Citing the claim language, the majority notes that the claim requires "'time-ordered' search results." *Id.* at 11 (citing '227 patent col. 16 ll. 9-25). From that, the majority simply assumes that the search results should be *displayed* chronologically. But the claim language and the district court's claim construction (or anything else in the record for that matter) do not justify this logical leap. To begin with, claim 13 does not even include the word "display." That sets it apart from other claims involved in this litigation that do expressly address how search results should be displayed. *See* J.A. 116. And, although claim 13 requires that data units be both associated with a "chronological indicator" and accordingly included in the main stream, *see* '227 patent col. 16 ll. 19-23, it never recites a similar requirement for a substream. Moreover, there is no reason to believe that bearing a chronological

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indicator or being “time-ordered” is the same thing as being displayed chronologically. Nor is there anything in the district court’s claim construction that supports the majority’s theory. The only requirement set by the district court is that the data units within the main stream bear a time-stamp, not that they be ordered chronologically. Indeed, the district court did not even address whether the search results should be displayed chronologically; it only addressed (and rejected) Apple’s argument that the main stream data units should be chronologically *stored*. *See* J.A. 103. And, Apple does not even whole-heartedly press the chronological display argument on appeal, apart from making two passing remarks neither one of which bears a helpful citation to the record. *See* Appellee’s Br. 8, 30 (citing J.A. 101, 6420). In similar conclusory fashion, the majority has endorsed Apple’s unsupportable argument.

The majority’s second reason for disregarding the macworld.com review article is even more fragile than the first. The objection is that “the reviewer might have only searched his existing mail, without sending any new mail.” Majority Op. 17. To try to understand this objection is to undermine it. It is not clear what the majority means by existing e-mail. If existing means “already searched,” then infringement has already occurred. If it means “unread,” then the majority’s reasoning has no basis in the claim language at all. At any rate, claim 13 does not have a temporal limitation; there is no requirement that the generated and received data be fresh. As long as the user at some point has created and received some data on her computer, the pertinent claim limitation is satisfied. And, as already explained, it goes without saying that any



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computer user has at some point generated and received data on her computer. After all, all computer data are either generated or received, and there would be nothing to search on a computer without data. Finally, and perhaps most remarkably, Apple has not even urged us to read a temporal requirement into claim 13.

In sum, it does not take much user interaction to infringe claim 13 with Spotlight; Mirror Worlds has offered sufficient evidence to allow a reasonable jury to find that Apple's customers used Spotlight to infringe claim 13; and the majority's reasons for discounting Mirror Worlds' evidence are wholly unconvincing. I respectfully dissent.

**APPENDIX B — MEMORANDUM OPINION  
AND ORDER OF THE UNITED STATES  
DISTRICT COURT FOR THE EASTERN  
DISTRICT OF TEXAS, TYLER DIVISION,  
DATED APRIL 4, 2011**

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

CASE NO. 6:08 CV 88

MIRROR WORLDS, LLC,

*Plaintiff,*

vs.

APPLE, INC.,

*Defendant.*

**MEMORANDUM OPINION AND ORDER**

Having considered the parties' written submissions and oral arguments, the Court **GRANTS IN PART** and **DENIES IN PART** Apple's Renewed Motion for Judgment as a Matter of Law, Motion for New Trial and Motion for Remittitur Pursuant to Federal Rules of Civil Procedure 50 and 59 (Docket No. 432); **DENIES** Apple's Motion for a Finding of Inequitable Conduct and Good Cause to Re-Open the Record for a Bench Trial (Docket

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No. 433);<sup>1</sup> **DENIES** Mirror Worlds' Motion for (1) Entry of Judgment, (2) Prejudgment Interest, (3) Post Verdict and Prejudgment Damages, (4) Post Judgment Royalties, (5) Enhanced Damages, (6) Attorneys' and Experts' Fees, (7) Costs, and (8) Post Judgment Interest (Docket No. 435); **GRANTS** Apple's Motion to Strike the October 29, 2010 Declaration of Walter Bratic and Documents Not in Evidence (Docket No. 446); and **DENIES** Apple's Motion Regarding Mirror Worlds' Waiver of Privilege for Documents Listed on the December 9, 2010 Privilege Log (Docket No. 465).

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1. The Court previously addressed Apple's request to reopen the record (Docket No. 433) granting leave to submit its inequitable conduct exhibits and testimony not offered at trial. *See* Docket No. 461. The Court's order setting time limits was clear that trial times were to apply to all issues including those before the jury and to the Court. *See* Docket No. 387. Trial includes all issues, jury and non-jury, upon which a judgment could be based. In every patent case it has tried, it has been this Court's practice to allow the parties to present inequitable conduct evidence, that is not otherwise relevant to jury issues, at the end of each trial day after the jury is discharged. This is for the convenience of the witnesses and so the Court may hear the evidence at the same time and in the context of the other jury related evidence presented at trial. Apple failed to properly allocate its time and resources within the time the Court allotted for trial and, for whatever reason, misconstrued the time allocations. To complete the record, the Court reopened the record so the Court had all of the evidence before it when considering Apple's inequitable conduct defense.

*Appendix B***BACKGROUND**

Mirror Worlds' Complaint, filed March 14, 2008, alleges that Apple infringes U.S. Patent Nos. 6,006,227 ("the '227 patent"), 6,638,313 ("the '313 patent"), 6,725,427 ("the '427 patent") (collectively "the patents-in-suit" or "the patents"), and 6,768,999.<sup>2</sup>

**The Patents-In-Suit**

The '227 patent issued on December 21, 1999, the '313 patent on October 28, 2003, and the '427 patent on April 20, 2004, all to Eric Freeman and David Gelernter. The '227, '313, and '427 patents stem from the same application and are of the same family.<sup>3</sup> The patents-in-suit disclose a document stream operating system and method where: 1) the documents are stored in one or more chronologically ordered streams; 2) the location and nature of file storage is transparent to the user; 3) information is organized as needed instead of at the time the document is created; 4) sophisticated logic is provided for summarizing a large group of related documents at the time a user wants a concise overview; and 5) archiving is automatic. '227, '313, & '427 patents at [57].

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2. Mirror Worlds did not proceed to trial on the 6,768,999 patent. *See* Docket No. 353.

3. The '427 patent issued from a divisional of application Ser. No. 09/398,611, now the '318 patent, which is a continuation of application Ser. No. 08/673,255, now the '227 patent.

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At the time of the invention, the inventors recognized that operating systems had increasing abilities to store data. The inventors noticed the potential problems associated with efficiently retrieving a growing amount of stored information and sought a way to uniquely display, organize, and access the data. The patented invention uses a “stream” to organize the data. A stream is a diary that organizes documents into a time ordered sequence with a past, present, and future.<sup>4</sup> *See* '227 patent at 4:6-8, 5:53-6:7. The documents in the stream can be text, pictures, animations, software programs, or any other type of data. *See* '227 patent at [57]. As illustrated below, the patents describe displaying the stream as stacked images so the images appear to be receding and foreshortened:

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4. The Court defined “stream” as “a time-ordered sequence of documents that functions as a diary of a person or an entity’s electronic life and that is designed to have three main portions: past, present, and future.” Docket No. 302 at 10.

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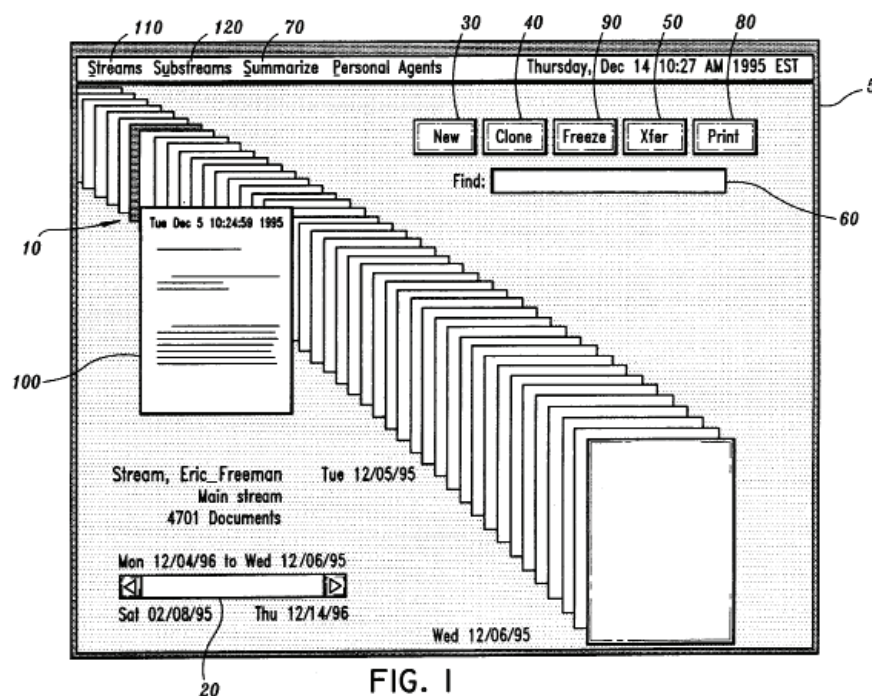


FIG. 1

'227, '313, & '427 patents at Fig. 1. The documents represented in the stream are automatically archived, and a time stamp is used to identify the data. *See* '227 patent at [57], 16:9-25. As a user scrolls through the documents in the stack, an abbreviated version of the document is presented, giving the user a glimpse of the document. *See* '313 patent at 15:21-22, 16:35-36. The inventors represented these attributes were advantageous over conventional operating systems in organizing and accessing electronic data.

*Appendix B***The Accused Products**

Mirror Worlds accused Apple's operating system, Mac OS X, of infringement. The "Tiger," "Leopard," and "Snow Leopard" operating systems are the various accused versions of Mac OS X. Mirror Worlds accused Apple's computers and servers that use Leopard and Snow Leopard of infringing the '227, '427 and '313 patents and computers and servers that use Tiger of infringing the '227 patent.<sup>5</sup> The accused Apple computers include the eMac, MacBook, MacBook Air, MacBook Pro, Mac mini, iMac, Mac Pro, iBook, PowerBook, Power Mac, and PowerPC. In addition to accusing Mac OS X, Mirror Worlds accused Apple's mobile devices, including the iPhone, iPod Touch, iPod Classic, iPod Nano, and iPad, of infringing the '427 patent.

Mirror Worlds identified three Mac OS X features—Spotlight, Cover Flow, and Time Machine—as practicing the patented invention. Transcript of Trial Proceedings 9/28/10 p.m. at 87:12-22 (hereinafter "TT"). Specifically, Mirror Worlds alleges that Spotlight implements the stream using Spotlight Store, Cover Flow practices displaying items in a stack, and Time Machine automatically archives as claimed by the patents. The Spotlight feature allows a user to search across the various contents (*e.g.* documents, picture, videos, music, calendar events) on

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5. The accused "Tiger" Operating System refers to Mac OS X 10.4 Tiger or Mac OS X Server V10.4 Tiger. The accused "Leopard" and "Snow Leopard" Operating Systems refer to 1) Mac OS X 10.5 Leopard, 2) Mac OS X Server V10.5 Leopard, 3) Mac OS X 10.6 Snow Leopard, and 4) Mac OS X Server V10.6 Snow Leopard.

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the operating system. Spotlight is implemented through Spotlight Store, which has a Content Index, a Metadata Store, and an interface. 9/28/10 TT at 89:13-93:9; 9/30/10 p.m. (pt. 1) TT at 89:17-91:11. The Content Index maintains an index of the contents of the data. Using a document as an example, the Content Index keeps track of the words in the document. Likewise, the Metadata Store maintains the metadata information. Again using a document as an example, the stored content could include the time and date of creation, author, or where the document is stored. Finally, the interface in Spotlight allows a user to submit search queries. The Tiger, Leopard, and Snow Leopard operating systems include Spotlight Store, and the Leopard and Snow Leopard operating systems also enter metadata in the Content Index. 9/28/10 TT at 104:8-15; 9/30/10 a.m. 39:13-15. Cover Flow is a graphical user interface that allows a user to flip through a stack of documents while representative versions of the document are displayed. 9/28/10 TT at 108:5-11. Time Machine is a backup utility that archives a user's data. 9/28/10 TT at 108:16-109:5.

**The Claims Pursued at Trial**

Before proceeding to trial, Mirror Worlds narrowed its asserted claims and accused products.<sup>6</sup> Docket No. 353. Mirror Worlds asserted 12 claims at trial: method claims 13 and 22 of the '227 patent, method claims 1-3, 9, and 11 of the '313 patent, and claims 1, 8, 16, 18, and 25 of the '427 patent. Mirror Worlds alleged that Apple both directly and indirectly infringed its patents and that the

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6. The Court found claims 1, 5, 6, 9-12, 25, 26, and 29 of the '227 patent invalid as indefinite. Docket Nos. 178, 302.



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infringement was willful. Mirror Worlds also contended it was entitled to damages (not less than a reasonable royalty), interest and costs, enhanced damages, attorneys' fees, and injunctive relief.

After the close of Mirror Worlds' case-in-chief, the Court granted Judgment as a Matter of Law that: 1) Apple did not infringe under 35 U.S.C. § 271(f); 2) Apple did not induce or contributorily infringe any claims;<sup>7</sup> and

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7. Mirror Worlds did not offer any evidence that anyone, Apple's customers or otherwise, actually performed the patented steps. While Mirror Worlds' expert, Dr. Levy, testified about the attributes and capabilities of the accused Spotlight, Cover Flow, and Time Machine features, he did not testify that anyone else performed all of the steps in the asserted method claims. Nor did Dr. Levy testify that he actually performed the claimed steps. Likewise, Mirror Worlds offered no documentary evidence (*e.g.* instructions, manuals, or user guides) that instructed others to practice the patented steps. Mirror Worlds also failed to provide any corresponding testimony tying any documentation to the method steps or explanation of how Apple instructed users to perform each of the claim limitations. As such, no reasonable jury could conclude Apple was liable for indirect infringement. Accordingly, the Court ruled that, as a matter of law, Mirror Worlds had not proven that Apple induced or contributorily infringed any claims. 9/29/10 p.m. TT at 96:25-97:16; *see Lucent*, 580 F.3d at 1317-23; *see also Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1312 (Fed. Cir. 2005) ("In order to succeed on a claim of contributory infringement, in addition to proving an act of direct infringement, plaintiff must show that defendant knew that the combination for which its components were especially made was both patented and infringing and that defendant's components have no substantial non-infringing uses.") (internal quotations omitted); *Manville Sales Corp. v. Paramount Sys., Inc.*, 917 F.2d 544, 553 (Fed. Cir. 1990) (plaintiff has the burden of showing that the alleged infringer's actions induced

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3) Apple did not literally infringe claims 16 and 18 of the '427 patent. 9/29/10 p.m. TT at 96:25-97:16 (Mirror Worlds' confirmation that it did not claim literal infringement for the claims 16 and 18 of the '427 patent).

The Court requested briefing regarding infringement under the doctrine of equivalents for claims 16 and 18 of the '427 patent. Upon consideration of the parties' written submissions and oral argument, the Court granted judgment as a matter of law that Apple's mobile devices did not infringe claims 16 and 18 of the '427 patent under the doctrine of equivalents, thereby removing the mobile devices from the case. Docket No. 400. Following these rulings, Mirror Worlds' case went to the jury on Apple's direct infringement of method claims 13 and 22 of the '227 patent; method claims 1-3, 9, and 11 of the '313 patent; and claims 1, 8, 16, 18, and 25 of the '427 patent by Apple making, using, offering to sell, selling, or importing Mac OS X 10.4-6. The jury found the patents-in-suit valid and infringed and listed damages of \$208.5 million for each patent. Docket No. 409.

**LEGAL STANDARDS**

Judgment as a matter of law is only appropriate when "a reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue." Fed. R. Civ. P. 50(a). "The grant or denial of a motion for judgment as a matter of law is a procedural issue

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infringing acts and that it knew or should have known its actions would induce actual infringement).

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not unique to patent law, reviewed under the law of the regional circuit in which the appeal from the district court would usually lie.” *Finisar Corp. v. DirecTV Group, Inc.*, 523 F.3d 1323, 1332 (Fed. Cir. 2008). The Fifth Circuit “uses the same standard to review the verdict that the district court used in first passing on the motion.” *Hiltgen v. Sumrall*, 47 F.3d 695, 699 (5th Cir. 1995). Thus, a jury verdict must be upheld, and judgment as a matter of law may not be granted, unless “there is no legally sufficient evidentiary basis for a reasonable jury to find as the jury did.” *Id.* at 700. A court reviews all evidence in the record and must draw all reasonable inferences in favor of the nonmoving party; however, a court may not make credibility determinations or weigh the evidence, as those are solely functions of the jury. *See Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 150-51, 120 S. Ct. 2097, 147 L. Ed. 2d 105 (2000).

**WAIVER**

As a threshold matter, the Court rejects Mirror Worlds’ argument that Apple waived its right to judgment as a matter of law for non-infringement of the Mac OS X products. Mirror Worlds argues that Apple’s motions at trial were limited to the mobile devices. Apple moved for judgment as a matter of law multiple times throughout the case. At the close of Mirror Worlds’ case-in-chief, among other grounds, Apple moved for judgment as a matter of law of non-infringement under the doctrine of equivalents. 9/29/10 p.m. TT at 89:13-90:1 (“Mirror Worlds has failed to establish any infringement under the DOE, because

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there is no evidence for a reasonable jury to find that the differences between the accused products and Mirror Worlds' patents-in-suit are insubstantial."). Again, after the close of evidence and before the case was submitted to the jury, Apple re-urged its motion. *See* 10/1/10 TT at 17:22-24, 19:9-13.

The Fifth Circuit construes Rule 50(a) liberally. *See Blackboard, Inc. v. Desire2Learn, Inc.*, 574 F.3d 1371, 1379-80 (Fed. Cir. 2009). A challenge to the sufficiency of a party's motion for judgment "should be examined in light of the accomplishment of its particular purpose as well as in the general context of securing a fair trial for all concerned in the quest for truth." *MacArthur v. Univ. of Tex. Health Ctr.*, 45 F.3d 890, 897 (5th Cir. 1995). The purpose of a Rule 50 motion is to: 1) alert the Court as to the party's legal position; and 2) put the opposing party on notice of the moving party's position as to the insufficiency of the evidence. *Blackboard, Inc.*, 574 F.3d at 1379-80. Apple's motions for judgment as a matter of law and renewed motions were not limited as Mirror Worlds asserts. Apple repeatedly objected to the adequacy of evidence supporting Mirror Worlds' claims, such that neither Mirror Worlds nor the Court could have failed to understand Apple's positions. Thus, Apple satisfied the procedural requirements for its motions for judgment as a matter of law.

*Appendix B***SUFFICIENCY OF EVIDENCE  
FOR INFRINGEMENT**

Next, the Court addresses whether the record contains sufficient evidence to support the jury's finding of infringement. The Court first examines the evidence supporting Apple's direct infringement of the asserted method claims of the '227 and '313 patents and then turns to the evidence supporting Mirror Worlds' claims of infringement under the doctrine of equivalents as to the '427 patent. The Court's determination regarding the asserted method claims affects all asserted claims of the '227 and '313 patents, thus is dispositive for these patents. Likewise, the Court's examination of Mirror Worlds' equivalency infringement claims addresses limitations that are required by all of the asserted claims of the '427 patent, thus is dispositive of the '427 patent. Accordingly, the Court's decisions addressing these two issues are case dispositive on all claims for all asserted patents.

**Direct Infringement of the Asserted Method Claims**

After the Court dismissed Mirror Worlds' indirect infringement claims from the case, Mirror Worlds' claims were restricted to Apple's direct infringement. Accordingly, the jury's verdict was limited to Apple's direct infringement of the '227, '313, and '427 patents by making, using, offering to sell, selling, or importing computers and servers containing Mac OS X 10.4-6. All of the asserted claims from the '227 patent (claims 13 and 22) and the '313 patent (claims 1, 2, 3, 9, and 11) are method claims.

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At trial, Mirror Worlds alleged that various capabilities of Spotlight, Cover Flow, and Time Machine infringed the asserted method claims. In support, Mirror Worlds relied on the testimony of its expert, Dr. Levy, who described the capabilities of the accused features and concluded they infringed.

Apple challenges the sufficiency of evidence that Apple directly infringed by practicing the steps required by the method claims. To practice the claimed steps, Apple contends that a user must interact with the accused Apple computers by accessing and using the accused features of Mac OS X (*i.e.*, Spotlight, Cover Flow, and Time Machine) to perform the claimed steps. Apple claims this is absent from the record.

Mirror Worlds first asserts that Apple “automatically” infringes because the accused Spotlight feature is “built into the core” of Apple’s operating systems that “are always on and necessarily practiced by Apple’s computers.” *See* Docket No. 445 at 3. Mirror Worlds contends that once the operating system is up and running, Spotlight performs the infringing steps “by automatically including every document generated or received by the computer, automatically selecting timestamps, and associating chronological indicators.” *Id.* Mirror Worlds also relies on exhibition video clips of Apple’s co-founder, Steve Jobs, and press releases that generally refer to “instant” and “automatic” integration of files into Spotlight Store. Taken together, Mirror Worlds contends this demonstrates Apple’s direct infringement.

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Second, Mirror Worlds argues that Apple's computer sales containing the accused Mac OS X software supports the jury's finding of direct infringement of the method claims. Citing Apple's documents that discuss the accused Spotlight, Cover Flow, and Time Machine features of Mac OS X, Mirror Worlds contends that "Apple's offers for sale were for the infringing applications, not a computer or software that was merely capable of infringement." Thus, Mirror Worlds concludes that Apple's advertisements, highlighting the accused features, is also legally sufficient evidence for the jury to have found direct infringement of the method claims. *Id.* at 7.

Finally, Mirror Worlds argues that it is undisputed that Apple developed and sold the accused products; therefore, it was reasonable for the jury to infer that Apple necessarily tested the accused products and performed the patented steps.

*Applicable Law*

To prove infringement, the plaintiff bears the burden of proof to show the presence of every element or its equivalent in the accused device. *Lemelson v. United States*, 752 F.2d 1538, 1551 (Fed. Cir. 1985). "A determination of infringement is a question of fact that is reviewed for substantial evidence when tried to a jury." *ACCO Brands, Inc. v. ABA Locks Mfr. Co.*, 501 F.3d 1307, 1311 (Fed. Cir. 2007).

"To infringe a method claim, a person must have practiced all steps of the claimed method." *Finjan, Inc.*

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*v. Secure Computing Corp.*, 626 F.3d 1197, 1206 (Fed. Cir. 2010) (citing *Lucent Techs. v. Gateway, Inc.*, 580 F.3d 1301, 1317 (Fed. Cir. 2009)). “[A] method claim is not directly infringed by the sale of an apparatus even though it is capable of performing only the patented method. The sale of the apparatus is not a sale of the method. A method claim is directly infringed only by one practicing the patented method.” *Joy Techs., Inc. v. Flakt, Inc.*, 6 F.3d 770, 774-75 (Fed. Cir. 1993); *Ricoh Co. v. Quanta Computer Inc.*, 550 F.3d 1325, 1335 (Fed. Cir. 2008) (“[A] party that sells or offers to sell software containing instructions to perform a patented method does not infringe the patent under § 271(a).”).

*Analysis*

Actual practice of the specific claim steps is required to infringe the asserted method claims. Viewing the record in a light most favorable to Mirror Worlds, there is insufficient evidence that Apple performed the claimed steps and therefore directly infringed the ’227 and ’313 patents. *See Lucent*, 580 F.3d at 1317.

Mirror Worlds’ reliance on Apple’s sales of computers that contain the accused Mac OS X 10.4-6 software does not prove direct infringement. The law is clear that the sale or offer for sale is insufficient to prove direct infringement of a method claim. *See Joy Techs.*, 6 F.3d at 773 (“The law is unequivocal that the sale of equipment to perform a process is not a sale of the process within the meaning of section 271(a).”). Mirror Worlds attempts to skirt this precedent by alleging that Apple specifically



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offered the accused methods for sale—citing Apple’s marketing materials and user manuals, which highlight some of the steps required by the method claims. However marketed, Apple’s computer sales containing the accused Mac OS X software do not constitute direct infringement of the method claims without the requisite evidence showing Apple actually performed the claimed steps. *See Ricoh Co. v. Quanta Computer Inc.*, 550 F.3d 1325, 1335 (Fed. Cir. 2008) (“we hold that a party that sells or offers to sell software containing instructions to perform a patented method does not infringe the patent under § 271(a)”); *see also Finjan, Inc. v. Secure Computing Corp.*, 626 F.3d 1197, 1205-06 (Fed. Cir. 2010) (applying *Lucent* and reversing the denial of defendants’ motion for judgment as a matter of law of non-infringement of method claims where the record, which included sales of the accused software and hardware containing the accused software, did not contain sufficient evidence to support direct infringement for the asserted method claims); *cf. Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 127 S. Ct. 1746, 1753-55, 167 L. Ed. 2d 737 (2007) (holding that as a set of instructions, software is not a component of a patented device within the meaning of § 271(f) until it is reduced to a machine-readable copy).

Not only is it legally insufficient to show direct infringement of the method claims through Apple’s sales, it is insufficient to merely assume that Apple conducted tests that performed the method while the accused features were under development. Mirror Worlds did not present any evidence of testing. General development alone is insufficient to prove that Apple performed the claimed

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steps. Mirror Worlds’ arguments that it is reasonable to infer that testing occurred during development of the accused features does not replace the evidence required to prove infringement. *See, e.g., Gemtron Corp. v. Saint-Gobain Corp.*, 572 F.3d 1371, 1380 (Fed. Cir. 2009) (criticizing parties’ reliance on unsworn attorney argument as “evidence”).

Mirror Worlds’ characterization of the accused features as “automatic” also fails to show that each step of the method claims was performed. Contrary to Mirror Worlds’ contentions, the method claims are not “automatically” infringed by Apple’s computers because of the accused products’ capabilities; rather, the claims require user interaction to perform the steps. For example, the claims require “generating a mainstream of data units and at least one substream,” “receiving data units from other computer systems,” “generating data units in the computer system,” and “responding to a user sliding the cursor or pointer over said displayed stack to display a glance view.”<sup>8</sup> ’227 patent at 16:9-25; ’313 patent at 15:10-37, 16:14-36. And to show infringement, Mirror Worlds’ expert, Dr. Levy, represented that generating a “substream” requires a user to enter a search query into Spotlight and receive search results (*i.e.* data units) in response to the query. 9/28/10 TT at 116:24-117-21 (Dr. Levy’s testimony of using Spotlight to meet the “substream” limitation of claim 13 of the ’227 patent: “So the Court’s definition of a substream is a stream that is a

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8. The Court defined a “data unit” as “an item of information of significance to the user that the user considers as a unit.” Docket No. 302 at 37.

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subset of data units or documents yielded by a filter on the screen and the filter identifying certain documents within the screen. Well, that's just a very good description of a search that we've described that selects certain documents out of that mainstream or out of the full set of all the data units on the computer system.""). Dr. Levy testified about Mirror Worlds' theory of infringement regarding the capability of the accused Mac OS X to perform the claimed steps, but not without user involvement to perform these steps. Thus, the steps required by the method claims are not "automatically" infringed by the accused products.

The remaining evidence presented by Mirror Worlds also fails to show that Apple performed the steps required by the claims. Throughout trial, Mirror Worlds continually referenced and played clips of Mr. Jobs demonstrating the Spotlight and Cover Flow features. Both during and after trial, Mirror Worlds asserted the video was evidence of infringement; however, this assertion is unsupported by the record. First, the video did not demonstrate Mr. Jobs performing all of the steps of the claimed method. At best, the video clips highlighted and promoted a few attributes of the accused Spotlight and Cover Flow features and practiced some of the claimed steps. Second, despite representing to the jury that the videos showed Mr. Jobs using the accused products, Mirror Worlds did not establish that the features demonstrated in the videos were actually the features accused of infringement in this case. Common to the industry, Apple has different versions of its software. In this case, Mirror Worlds accuses the Spotlight, Cover Flow, and Time Machine features of Mac OS X 10.4-6. Contrary to Mirror Worlds'

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representations, Mr. Jobs' demonstration of Spotlight in June 2004 and January 2005 were of non-accused software that did not practice all of the steps—Mirror Worlds' damages expert admitted that there was no evidence of infringement before April 2005 and the June 2004 version used in the video clips of Spotlight "wasn't infringing." 9/29/10 p.m. TT at 75:6-11 ("Q. Sir, at that conference in June of 2004, Apple handed out 3,000 copies of the accused infringing software, correct? A. No, that's not true at all. Q. That software wasn't infringing? A. It was not."), 76:19-21; *see* PX933 (no "main stream," because 2004 version of Spotlight only found files "some of the time"). Thus, contrary to Mirror Worlds' contentions, the videos featuring Mr. Jobs fail to meet the evidentiary burden showing the patented method was practiced by Apple.

Likewise, Mirror Worlds did not show Apple's direct infringement through circumstantial evidence. Direct infringement of a method claim can also be proved by circumstantial evidence. *See Lucent*, 580 F.3d at 1317-18. In *Lucent*, the jury was presented with circumstantial documentary evidence of infringement—evidence of sales by the defendant with manuals teaching how to perform the claimed method steps. This evidence was supported by explanatory expert testimony. *Id.* at 1318. This was sufficient evidence for the jury to conclude that, more likely than not, someone had performed the claimed method steps using the accused products. *Id.* However, this is distinguished from the case at hand. Mirror Worlds did not introduce circumstantial evidence that would support a finding of Apple's direct infringement. For example, there was neither supplemental documentary

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evidence nor corresponding testimony (*e.g.* evidence of Apple’s employees testing the method steps, guides or manuals provided to its employees with supplemental testimony explaining how the limitations are met) that would allow the jury to reasonably conclude that Apple performed the method steps and, therefore, infringed. *See Lucent*, 580 F.3d at 1318. Nor did Mirror Worlds present documents containing instructions that teach all of the steps of the method claims. Mirror Worlds likewise offered no explanatory testimony matching any documentary evidence to the corresponding claimed steps. Mirror Worlds’ post-trial citations to Apple employees’ testimony—who briefly discuss the development of the accused features—a few email exchanges—which generally acknowledge the accused products were tested—and surveys—which generally acknowledged the accused features—likewise fail to show any Apple employee actually performed all the claimed steps. Thus, Mirror Worlds failed to present even circumstantial evidence of direct infringement for the asserted method claims. *See E-Pass Techs., Inc. v. 3Com Corp.*, 473 F.3d 1213, 1222 (Fed. Cir. 2007).

At the post-trial hearing, Mirror Worlds stated it is “disingenuous” for Apple to argue that Mirror Worlds failed to prove direct infringement. Mirror Worlds protests that, with Apple’s development, marketing, and testing of the features, it is hard to imagine that Apple and its customers did not use the accused Spotlight, Cover Flow, and Time Machine features of Mac OS X 10.4-6. However, direct infringement of a method claim cannot be determined on speculation, assumptions, or inferences.

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If it was inconceivable to Mirror Worlds that the accused features were not practiced by Apple, it should have had no difficulty in meeting its burden of proof and in introducing testimony of such use. *See E-Pass*, 473 F.3d at 1222-23. Mirror Worlds simply failed to present sufficient evidence from which a reasonable jury could find that Apple, or anyone else, practiced each and every step of the claimed methods by using the Spotlight, Cover Flow, and Time Machine features in the accused Mac OS X 10.4-6. While it is important to persuade a jury, it is imperative to present a “legally sufficient evidentiary basis” to support that persuasion.

Construing this evidence most favorably to Mirror Worlds, the record does not contain evidence that Apple performed each of the claimed steps in the asserted method claims. Accordingly, no reasonable jury could have concluded that Apple directly infringed claims 13 and 22 of the ’227 patent and claims 1, 2, 3, 9, and 11 of the ’313 patent.

**Direct Infringement of the Asserted System Claims**

In addition to the Court’s dismissal of indirect infringement, the Court also granted judgment as a matter of law specific to the asserted system claims of the ’427 patent. The Court ruled that Apple did not literally infringe claims 16 and 18 of the ’427 patent, 9/29/10 p.m. TT at 96:25-97:16, and further ruled that Apple’s mobile devices did not infringe claims 16 and 18 of the ’427 patent under the doctrine of equivalents. Docket No. 400. These rulings removed the mobile devices from the case. Thus,

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Mirror Worlds' infringement claims for the '427 patent were limited to Apple's alleged direct infringement by the Mac OS X 10.4-6 that use Leopard and Snow Leopard operating systems. At trial, Dr. Levy relied on the doctrine of equivalents to conclude Apple's Mac OS X infringed the asserted system claims of the '427 patent.

Apple argues that Mirror Worlds failed to present sufficient evidence to show the accused Mac OS X infringes the asserted system claims and that the features of Mac OS X do not meet several of the claim limitations. In response, Mirror Worlds argues it presented sufficient evidence to support the jury verdict of infringement and Apple's evidence of non-infringement was rejected by the jury. Mirror Worlds contends that Dr. Levy explained how each limitation of each asserted claim is found in Apple's infringing products.

*Applicable Law*

To prove literal infringement, the patentee must show that the accused device contains every limitation in the asserted claims. *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1467 (Fed. Cir. 1998) (en banc). To find infringement under the doctrine of equivalents, any differences between the claimed invention and the accused product must be insubstantial. *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 608, 70 S. Ct. 854, 94 L. Ed. 1097, 1950 Dec. Comm'r Pat. 597 (1950). The "essential inquiry" in any determination under the equivalents doctrine is whether "the accused product or process contain[s] elements identical or equivalent to each

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claimed element of the patented invention.” *See Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 40, 117 S. Ct. 1040, 137 L. Ed. 2d 146 (1997). One way of proving infringement under the doctrine of equivalents “is by showing on a limitation by limitation basis that the accused product performs substantially the same function in substantially the same way with substantially the same result as each claim limitation of the patented product.” *Id.* at 39-40. However, “[e]quivalence, in the patent law, is not the prisoner of a formula and is not an absolute to be considered in a vacuum.” *Id.* at 24-25 (quoting *Graver Tank*, 339 U.S. at 609).

To support a finding of infringement under the doctrine of equivalents, Mirror Worlds must have presented, on a limitation-by-limitation basis, “particularized testimony and linking argument as to the ‘insubstantiality of the differences’ between the claimed invention and the accused device or process, or with respect to the function, way, result test.” *Amgen Inc. v. F. Hoffman-LA Roche Ltd.*, 580 F.3d 1340, 1382 (Fed. Cir. 2009) (quoting *Tex. Instruments v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1567 (Fed. Cir. 1996)). “Generalized testimony as to the overall similarity between the claims and the accused infringer’s product or process will not suffice.” *Tex. Instruments*, 90 F.3d at 1567. Particularized testimony is essential, so that a patentee cannot “under the guise of applying the doctrine of equivalents, erase a plethora of meaningful structural and functional limitations of the claim on which the public is entitled to rely in avoiding infringement.” *Perkin-Elmer Corp. v. Westinghouse Elec. Corp.*, 822 F.2d 1528, 1532 (Fed. Cir. 1987). These requirements



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“ensure that a jury is provided with the proper evidentiary foundation from which it may permissibly conclude that a claim limitation has been met by an equivalent.” *Comark Commc’ns, Inc. v. Harris Corp.*, 156 F.3d 1182, 1188 (Fed. Cir. 1998).

*Analysis*

The Court’s evaluation of Mirror Worlds’ evidence of infringement by equivalents addresses limitations that are common to all of the asserted claims of the ’427 patent and thus dispositive of the ’427 patent. With some variation in the claim language,<sup>9</sup> all the asserted claims of the ’427 patent require: 1) displaying a cursor

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9. The asserted independent claims of the ’427 patent have insubstantial differences in the wording of this limitation:

Claim 1 of the ’427 patent requires: “**displaying a cursor or pointer and responding to user-controlled sliding without clicking of the cursor over said displayed stack to display a glance view of a document whose document representation is currently touched by the cursor or pointer;**”

Claim 8 of the ’427 patent requires: “**displaying a cursor or pointer and responding to user-controlled sliding without clicking of the cursor or pointer over the displayed document representations to display at least a glance view of a document whose document representation is currently touched by the cursor or pointer;**”

Claim 16 of the ’427 patent requires: “**displaying a cursor or pointer and responding to a user sliding without clicking the cursor or pointer over a portion of a displayed document representation to display the glance view of the document whose document representation is touched by the cursor or pointer;**”

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or pointer; 2) responding to a user sliding without clicking the cursor or pointer over a displayed stack of document representations; and 3) displaying a glance view of a document when the document representation is touched by the cursor or pointer.<sup>10</sup> At trial, Mirror Worlds' infringement claims were limited to the doctrine of equivalents for these limitations—alleging the Mac OS X Cover Flow feature practiced the equivalent.<sup>11</sup>

Viewing the record in the light most favorable to Mirror Worlds, Mirror Worlds did not present sufficient

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Claim 25 of the '427 patent requires: “**displaying a cursor or pointer and responding to a user sliding without clicking the cursor or pointer over said displayed stack of document representations to display the glance view of the document whose document representation is currently touched by the cursor.**”

10. With some variation, the method claims of the '313 patent similarly require these limitations. Claim 1 of the '313 patent also requires the same limitations as the '427 patent; however, claim 9 requires “responding to a user sliding the cursor or pointer over said displayed stack,” but it does not require “sliding without clicking.” Likewise, claim 11, which depends from claim 9, does not require “sliding without clicking.”

11. Dr. Levy acknowledged that moving a cursor over the accused Cover Flow display did not produce an infringing response that would literally meet the claim limitation. 9/28/10 p.m. TT at 145:11-17 (Dr. Levy's testimony that Cover Flow does not literally display a cursor or pointer); *see also* 9/29/10 a.m. TT at 29:1-21 (Dr. Levy's testimony regarding a video demonstration of the operation of Cover Flow (DX1043 Clip 6): “Q. Does that demonstrate infringement right there, that black cursor passing over the stack? A. The black cursor does not.”).

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evidence to allow a reasonable jury to conclude that the asserted claims of the '427 patent were infringed under the doctrine of equivalents. In asserting its infringement claim under the doctrine of equivalents, Mirror Worlds had an obligation to provide the jury with particularized testimony linking Mac OS X to the patents. During the post-trial hearing, Mirror Worlds acknowledged that Dr. Levy's testimony did not include the "function, way, result test"; however, Mirror Worlds argued that Dr. Levy's testimony of the "insubstantial differences" between the claims and Cover Flow feature of the accused Mac OS X was sufficient to support the jury verdict. Yet, contrary to Mirror Worlds' arguments, Dr. Levy failed to specifically describe the "insubstantial differences" to the jury.

The following trial excerpts illustrate the insufficiency of Dr. Levy's testimony under the doctrine of equivalents. First, to demonstrate Cover Flow met the "displaying a cursor or pointer" portion of the claim limitation, Dr. Levy offered general testimony that Cover Flow's moving stack of document representations over a stationary pointer is equivalent to the claimed moving pointer over a stationary stack:

Q. And what is it in the Cover Flow view that you consider to be the equivalent?

A. In the Cover Flow view, instead of having a moving pointer and a stationary stack, we have a moving stack and essentially a stationary pointer, because the user knows that he's looking always at the center here.

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9/28/10 p.m. TT at 144:23-145:3. Dr. Levy testified that a cursor or pointer somehow existed “by default” at the center of the display:

Q. Dr. Levy, does the Cover Flow display — display a pointer?

A. It does not display a literal pointer, but I believe it has the equivalent, because the user always is looking at the center where the glance view is going to pop up, and that is where the cursor or pointer is by default.

*Id.* at 145:11-17; *see also id.* at 150:24-151:2 (’427 claim 8), 153:3-9 (’427 claim 16), 155:18-20 (’427 claim 25), 158:2-4 (’313 claim 1), 162:12-20 (’313 claim 9).

Second, Dr. Levy addressed the “responding to a user sliding without clicking the cursor or pointer over a displayed stack of document representations” and “displaying a glance view of a document” limitations. He testified that with Cover Flow “you don’t have to click on each document in order to get it to move—or pop up in the center. You can achieve that by moving this scroll bar thumb [sic], by dragging it, or you can use a gesture of two fingers across or down a touch pad which will cause the stack to move.” *Id.* at 146:18-23. Without further specific testimony or linking argument, Dr. Levy surmised that Cover Flow met these claim limitations.

Dr. Levy offered no substantive explanation for how or why Mac OS X operates in a similar way to the

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asserted claims. Instead, Dr. Levy merely repeated the claim language when testifying about the accused Mac OS X Cover Flow features and summarily considered them equivalent. Specifically, Dr. Levy did not offer particularized testimony describing how the differences are insubstantial between Cover Flow's moving stack of document representations over a stationary pointer and the claimed moving pointer over a stationary stack. At best, Dr. Levy's testimony summarily addressed the Cover Flow functions but failed to discuss why or how Cover Flow operates in a way that is substantially similar to the claim limitation. Rather, he merely described the Cover Flow attributes and provided no explanation specifically linking any functions to the limitation.<sup>12</sup> For example, Dr. Levy testified that a bathroom scale showed an example of why "the moving stack and the stationary stack are equivalent" by referencing a demonstrative picture of two types of bathroom scales: one scale with a movable pointer and a stationary dial, the other with a moving dial and stationary pointer. *Id.* at 147:-148:1. Without any further explanation than merely describing the photographs of the scales for the jury, Dr. Levy testified that the scale illustrations were "equivalent in the same way that the Cover Flow and the Gelernter stack are equivalent." *Id.* As with his narrative regarding Cover Flow, Dr. Levy

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12. In its post-trial briefing, Mirror Worlds contends that the demonstratives used at trial also depict infringement; however, it is the obligation of the testifying expert to reduce the demonstrative to words and testify accordingly. However useful, pictorials are conclusory and cannot be used as a substitute for the rigorous comparison of the claims to the accused products that is required to prove infringement by equivalents.

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made the jump from describing the pictorials of his examples to a conclusion of infringement without making any connection explaining why the exemplar scales were analogous to his infringement theory. While Dr. Levy's examples were illustrative, they were insufficient to show insubstantial differences between the claims and the accused products.

In addition, Mirror Worlds' infringement theory under the doctrine of equivalents regarding the cursor or pointer vitiates that claim limitation by accusing Apple's products of functioning in a way that is opposite of what the claim requires. Dr. Levy admitted that Cover Flow does not literally display a cursor or pointer but alleged the equivalent exists "by default" at the area in the center of the display where the glance view pops up. 9/28/10 p.m. TT at 145:11-17. Dr. Levy's general testimony that Apple's products do not display a cursor or pointer, while maintaining infringement under the doctrine of equivalents of a claim that requires the display of a cursor or pointer, reads this claim limitation out of the claim. Thus, based on Dr. Levy's theory of infringement, no reasonable jury could determine the accused Apple products to be insubstantially different from the claimed limitation. *See Warner-Jenkinson*, 520 U.S. at 39 n.8 ("Under the particular facts of a case . . . if a theory of equivalence would entirely vitiate a particular claim element, partial or complete judgment should be rendered by the court.").

In its post-trial briefing, Mirror Worlds attempts to distance itself from the "default" pointer Dr. Levy

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presented at trial by contorting his testimony. Dr. Levy referenced the scroll bar as a way of moving the stack in Cover Flow to meet the “sliding without clicking” limitation, and his “default” pointer theory was used to meet the “displaying a cursor or pointer” limitation. *Compare* 9/28/10 p.m. TT. at 144:23-145:3, 146:7-23 *with* 144:11-145; *see also* Docket No. 398 at 4. Post-trial, Mirror Worlds argues the scroll bar meets the “displaying a cursor or pointer” limitation and argues this theory is distinguished from the “default” pointer theory the Court found legally insufficient due to claim vitiation as to the mobile devices. *See* Docket No. 400. Specifically, Mirror Worlds contends that unlike the mobile devices, the Cover Flow feature in Mac OS X displays a cursor and a scroll bar. Mirror Worlds argues the pointer or cursor requirement is literally infringed by a black arrow that is displayed on the screen and the scroll bar is the equivalent to the display stack. Using a cursor to manipulate the scroll bar, a user can flip through the display stack. Mirror Worlds now argues, contrary to Dr. Levy’s testimony, that the scroll bar used by Cover Flow in the accused Mac operating systems meets the “displaying a cursor or pointer” limitation. This revised infringement theory is not what Mirror Worlds presented to the jury and likewise fails. Dr. Levy did not testify that the black arrow displayed by the Cover Flow feature in Mac OS X literally met the claim limitation, nor did he testify that the scroll bar is equivalent to the display stack as required by the claims. The record is absent of any particularized testimony equating the scroll bar to the display stack or explanation of the insubstantiality of the differences between the two, and Mirror Worlds cannot rewrite the

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evidence at trial by its post-trial arguments to justify the jury verdict. As such, the Court rejects this argument.

Dr. Levy's bald recitation of Cover Flow features and references to pictures and demonstratives without supportive reasoning of why the accused devices are substantially similar to the claim limitation is simply legally insufficient. Dr. Levy's testimony was far from the required limitation-by-limitation testimony that specifically links the features of the asserted patents to the accused features in Mac OS X that would provide the jury with substantive evidence to support a finding of infringement by equivalence. To be clear, the Court is not evaluating the weight of Dr. Levy's testimony or comparing it to Apple's expert as the jury was entitled to decide what infringement theories to accept or reject. Rather, the Court evaluates the legal sufficiency of the proffered evidence of infringement under the doctrine of equivalents, which requires "particularized testimony and linking argument as to the 'insubstantiality of the differences' between the claimed invention and the accused device or process, or with respect to the function, way, result test." *Tex. Instruments*, 90 F.3d at 1567. Dr. Levy's generalized testimony as to the overall similarity between the claims and Mac OS X's Cover Flow is not "particularized testimony and linking argument" of the "insubstantial differences" that would support a finding of infringement by equivalence.

For these reasons, the record lacks sufficient evidence to support the jury's finding of infringement for the



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asserted claims of the claims 1, 8, 16, 18, 25 of the '427 patent.<sup>13</sup>

**Infringement Conclusion**

For the reasons stated above, the Court **GRANTS** Apple's Renewed Motion for Judgment as a Matter of Law for Apple's direct infringement of the '227, '313, and '427 patents. Although Apple's motion for judgment raises additional arguments regarding the sufficiency of evidence for other claim limitations, the grounds set forth above are case dispositive; therefore, the Court need not address these additional challenges.

**WILLFULNESS**

To establish willful infringement, Mirror Worlds was required to "show by clear and convincing evidence" that (1) Apple "acted despite an objectively high likelihood that its actions constituted infringement of a valid patent," and (2) "[the] objectively defined risk . . . was either known or so obvious that it should have been known to the accused infringer." *In re Seagate Tech.*, 497 F.3d 1360, 1371 (Fed. Cir. 2007).

Because the record lacks sufficient evidence to support the jury's finding of infringement, the Court further vacates the jury's finding of willfulness. Accordingly, the

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13. For the same reasons, the record lacks sufficient evidence to support a finding of infringement for the asserted method claims of the '313 patent.

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Court **GRANTS** Apple's Renewed Motion for Judgment as a Matter of Law for no willful infringement of the '227, '313, and '427 patents.

**DAMAGES**

The scope of Mirror Worlds' case and Apple's potential liability exposure changed during the course of trial. At the onset of trial, Mirror Worlds accused Apple's operating systems contained in its computers and mobile devices of both direct and indirect infringement and sought aggregate damages totaling \$625 million for infringement of all three patents (the "patent portfolio"). 9/29/10 p.m. TT at 15:25-16:14. Mirror Worlds' expert, Mr. Bratic, based the damages calculation on a hypothetical negotiation as set forth in *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116 (S.D.N.Y. 1970). Mirror Worlds' damages theory was based on the accused features of the patent portfolio, and Mirror Worlds did not present evidence of damages on a "per patent" basis. 9/29/10 p.m. TT at 44:12-47:7, 50:25-52:5.

For the royalty base, Mr. Bratic used the revenue from the sales of the Apple products that contained the accused Mac OS X 10.4-6 Spotlight, Cover Flow, and Time Machine features. 9/29/10 p.m. TT at 19:10-22:15. While Apple offers a software upgrade with the accused features, it does not sell the features separately, nor does it attribute specific portions of its revenue to the features of its operating system. *Id.* at 39:19-40:9; 43:9-45:16, 51:10-52:5. Mirror Worlds' royalty base not only included the revenue from sales of the software upgrade, it included revenue from hardware sales as well—Mac

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desktops, portables, servers, iPods, iPhones, and iPads that contained the accused operating system—totaling \$72 billion dollars. *Id.* at 19:10-22:15. Mr. Bratic opined that the hypothetical negotiation would have occurred in April 2005, and he applied a royalty rate of 8.8% for the software product sales and 0.81% for the hardware sales. *Id.* at 35:20-36:4, 39:19-40:9. This resulted in a royalty of \$11.26 or 8.81% of the \$129 operating system upgrade. *Id.* at 44:12-45:16. Mr. Bratic then applied the \$11.26 royalty to the price of a Mac computer (approximately \$1200), to arrive at a 0.81% hardware royalty rate. *Id.*

At the end of Mirror Worlds’ case-in-chief, the Court granted Apple’s motion for judgment as a matter of law that Mirror Worlds had not presented any evidence of indirect infringement on any of the patents-in-suit. The Court also granted judgment as a matter of law that Apple’s mobile products did not infringe literally or under the doctrine of equivalents. Thus, the case was then limited to only Apple’s direct infringement by its computers using Mac OS X 10.4-6, which use the accused Spotlight, Cover Flow, and Time Machine features. Following the Court’s ruling that removed the mobile devices from the case, Mr. Bratic was recalled and testified that if the “iPhone, iPad, and iTunes” were removed from the case, the total aggregate damages requested by Mirror Worlds would be reduced by approximately 50 percent—approximately \$300 million. 9/30/10 p.m. (pt. 2) TT at 83:1-5. However, Mr. Bratic did not adjust his damages calculations after dismissal of Mirror Worlds’ indirect infringement claims.

After the close of evidence, Apple re-urged its motion for judgment as a matter of law for no direct infringement

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of the asserted method claims of the '227 and '313 patents, which if granted would have only left the '427 patent in the case. The Court expressed serious concern whether Mirror Worlds had met its evidentiary burden for the method claims for the '227 and '313 patents. However, the Court decided to allow the '227 and '313 patents to go to the jury, informing the parties that the Court would consider the motion post-verdict. 10/1/10 TT at 11:14-21. In an attempt to provide Mirror Worlds with a basis for a damages award if the Court granted a post-trial motion for judgment as a matter of law dismissing the '227 and '313 patents, the Court revised the verdict form to provide separate damage findings for each patent. *Id.* at 15:9-16; Docket No. 409 at 2. The Court specifically asked Mirror Worlds if there was sufficient evidence of record to support a per-patent damage award for the '427 patent if the '227 and '313 patents were dismissed. Mirror Worlds responded it “didn’t have a clue.”<sup>14</sup> *Id.* at 13:3-14:1. The Court then gave both parties the opportunity to re-open

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14. Specifically, the Court asked:

Court: Do you believe that the damages can be apportioned between those two groups of patents?

Mirror Worlds: I think—and I don’t want this to sound flip, but I think the jury can do whatever they want.

Court: I’m talking about as a matter of law. I know the jury can do whatever they—

Mirror Worlds: I don’t have a clue, Judge. I mean, all I know is—

Court: That’s an honest answer.

10/1/10 TT at 13:4-13.

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the record for additional damages testimony to establish damages on a per-patent basis. *Id.* at 15:21-16:11. Mirror Worlds declined the Court's offer.<sup>15</sup> *Id.* at 23:20-21.

**The Jury's Verdict**

During closing argument, Mirror Worlds' counsel, consistent with Mr. Bratic's testimony, argued that if the jury found any one of the patents infringed, Mirror Worlds was entitled to approximately \$300 million in damages. Because infringement of any one of the patents resulted in infringement of the patented features—which Mr. Bratic said supported an approximately \$300 million award—Mirror Worlds asked the jury to award approximately \$300 million if it found even one of the patents infringed. Likewise, using a demonstrative verdict form, Mirror Worlds' counsel wrote approximately \$300 million next to each of the '427, '227, and '313, and patents:<sup>16</sup>

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15. After the parties had time to consider the Court's offer to re-open the record, Mirror Worlds chose to stand on the evidence already presented at trial:

Court: All right. Did the parties have an opportunity to decide whether you wish to have—to present any additional testimony?

Mirror Worlds: We don't believe it's necessary, Your Honor.

Court: Okay.

10/1/10 TT at 23:15-22.

16. Mirror Worlds' counsel did not state on the record the specific numbers he wrote on the demonstrative, nor was a copy of this demonstrative offered for the Court's records. However,

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Okay. So this is the verdict form. This is what I think.  
... [Mirror Worlds' counsel

writes in damages of \$322, 336, and 320 million for each of the patents-in-suit] Now, these are the damage numbers, and I'll talk to you more about these, but you remember the Judge told you that the — the iPods are out; that's all been resolved. So what that means is that the numbers that Mr. Bratic — you remember I got him up at the very last and I said, if you take the i's [iPhone, iPad, iTunes, iPod] out, what do you have, and he said about 50 percent. These are the allocations that I thought were appropriate based on what I heard Bratic say, but in each instance, it's about 50 percent of that 6-1/4 [\$625 million] that Bratic told you about during his testimony, and that still means that [Apple is] making \$25 million every day.

*Id.* at 92:11-93:24. However, in Apple's closing arguments, its counsel apparently misunderstood Mirror Worlds' request and stated that Mirror Worlds was asking for \$300 million for each patent, which added together would award close to a "billion dollars." *Id.* at 123:3-6. In rebuttal closing argument, Mirror Worlds' counsel clarified for the jury that it was not asking for a billion dollars—rather, it was asking the jury to award \$300 million if it found any one of the patents infringed:

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in Apple's closing, counsel repeated the numbers written on the demonstrative for the record, noting that Mirror Worlds had written "322, 336, 320" for the three patents. 10/1/10 TT at 123:3-6.

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These are the Judge's questions. He wants damage numbers for each separate patent. *That doesn't mean we're going to get a billion dollars.* That just means the Judge wants to know why you believe or if you believe what the value of the reasonable royalty for each patent. The reason these numbers made sense to me is, they were all infringed at the same time. They would have all been part of the same hypothetical negotiation. The numbers are a little different, based on the different products; but that's up to you. *I think they're all around 300, 300-and-a-quarter apiece, if you believe that we were, in fact, the victim of patent infringement.*

*Id.* at 132:18-133:8 (emphasis added). Presumably, Mirror Worlds made this argument to ensure that it would still be entitled to \$300 million even if the Court, or jury, found one or more of the patents invalid or non-infringing.

Following deliberation, the jury found the patents-in-suit valid and infringed and listed damages of \$208.5 million on the lines provided for each patent. Docket No. 409. Accordingly, and consistent with the record established at trial, the Court evaluates the sufficiency of evidence to support the jury's award of \$208.5 million.

**Mirror Worlds' Post-Trial Arguments**

Despite Mirror Worlds' representation to the jury that it was only entitled to approximately \$300 million,

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Mirror Worlds now asserts it is entitled to aggregate the \$208.5 million answer for each patent, totaling \$625.5 million. Specifically, Mirror Worlds requests: 1) entry of the total damages of \$625.5 million awarded by jury's verdict; 2) prejudgment interest on the awarded damages; 3) damages for Apple's infringement from the date of the verdict through the date of entry of final judgment; 4) ongoing royalties for Apple's continued infringement after final judgment; 5) enhanced damages; 6) grant of attorneys' fees and experts' fees; 7) grant of costs; and (8) grant of post judgment interest.<sup>17</sup> Curiously, Mirror Worlds now requests judgment for aggregate damages of \$625.5 million, notwithstanding Mr. Bratic's testimony and counsel's representations to the jury and the Court that its total \$625.5 million damages model was reduced by 50 percent. *See* 9/30/10 p.m. (pt. 2) TT at 83:1-5 (Mr. Bratic testified that removal of the "iPhone, iPad, and iTunes" reduced damages by 50 percent).

**Applicable Law**

"A district court's duty to remit excessive damages is a procedural issue, not unique to patent law." *Imonex Servs., Inc. v. W.H. Munzprufer Dietmar Trenner GMBH*, 408 F.3d 1374, 1380 (Fed. Cir. 2005). In the Fifth Circuit, a decision on remittitur and new trial is within the sound

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17. With its post-trial briefing, Mirror Worlds attached an additional declaration from Mr. Bratic that contains information and arguments that were not presented at trial. The Court **GRANTS** Apple's Motion to Strike the October 29, 2010 Declaration of Walter Bratic and Documents Not in Evidence (Docket No. 446).



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discretion of the trial court. *See Thompson v. Connick*, 553 F.3d 836, 865 (5th Cir. 2008). The standard is highly deferential, and damages are set aside “only upon a clear showing of excessiveness.” *ili Ltd. v. Microsoft Corp.*, 598 F.3d 831, 857 (Fed. Cir. 2010) (*cert. granted* 131 S. Ct. 647, 178 L. Ed. 2d 476 (Nov. 29, 2010)) (quoting *Duff v. Werner Enters., Inc.*, 489 F.3d 727, 730 (5th Cir. 2007)). An excessive award exceeds the “maximum amount calculable from the evidence.” *Carlton v. H.C. Price Co.*, 640 F.2d 573, 579 (5th Cir. 1981).

A patentee is entitled to damages for infringement under 35 U.S.C. § 284 (“Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.”). The burden of proving damages falls on the patentee. *Dow Chem. Co. v. Mee Indus., Inc.*, 341 F.3d 1370, 1381 (Fed. Cir. 2003). There are two alternative categories of infringement compensation: the patentee’s lost profits and the reasonable royalty the patentee would have received through arms-length bargaining. *See Lucent*, 580 F.3d at 1324.

To ascertain the reasonable royalty, patentees commonly consider a hypothetical negotiation, in which the asserted patent claims are assumed valid, enforceable, and infringed, and attempt to ascertain the royalty upon which the parties would have agreed had they successfully negotiated an agreement just before infringement began. *Id.* at 1324-25; *Georgia-Pacific Corp.*, 318 F. Supp. at 1120;

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*see also Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1554 n.13 (Fed. Cir. 1995) (en banc). Calculation of a reasonable royalty requires determination of two separate and distinct amounts: 1) the royalty base, or the revenue pool implicated by the infringement and 2) the royalty rate, or the percentage of that pool “adequate to compensate” the plaintiff for the infringement. *See Cornell Univ. v. Hewlett-Packard Co.*, 609 F. Supp. 2d 279, 286 (N.D.N.Y. 2009).

The entire market value rule “recognizes that the economic value of a patent may be greater than the value of the sales of the patented part alone.” *See King Instruments Corp. v. Perego*, 65 F.3d 941, 951 n.4 (Fed. Cir.1995). “The entire market value rule allows a patentee to assess damages based on the entire market value of the accused product [if] the patented feature creates the ‘basis for customer demand’ or ‘substantially create[s] the value of the component parts.’” *Uniloc USA Inc. v. Microsoft Corp.*, 632 F.3d 1292 (Fed. Cir. 2011), 2011 WL 9738, \*22 (citing *Lucent*, 580 F.3d at 1336; *Rite-Hite*, 56 F.3d at 1549-50). “[T]he patentee . . . must in every case give evidence tending to separate or apportion the defendant’s profits and the patentee’s damages between the patented feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural or speculative,” or show that “the entire value of the whole machine, as a marketable article, is properly and legally attributable to the patented feature.” *Uniloc*, 632 F.3d 1292, 2011 WL 9738 at \*22 (citing *Garretson v. Clark*, 111 U.S. 120, 121, 4 S. Ct. 291, 28 L. Ed. 371, 1884 Dec. Comm’r Pat. 206 (1884)); *see also Lucent*, 580 F.3d at 1336-37. For minor

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patent improvements, a patentee cannot justify using the entire market value of an accused product simply by asserting a low enough royalty rate. *Uniloc*, 632 F.3d 1292, 2011 WL 9738 at \*24 (rejecting contrary interpretation of *Lucent*, 580 F.3d at 1338-39); see *Garretson*, 111 U.S. at 121. Although a reasonable royalty analysis “necessarily involves an element of approximation and uncertainty,” *Unisplay, S.A. v. Am. Elec. Sign Co.*, 69 F.3d 512, 517 (Fed. Cir. 1995), the Court must ensure that the jury verdict is supported by sufficient evidence.

**Sufficiency of Evidence to Support the Jury’s Damages Award of \$208.5 Million**

Separate and apart from the sufficiency of evidence regarding infringement, there is insufficient evidence to support the jury’s \$208.5 million damages award. The jury was charged with determining whether Apple directly infringed the patents-in-suit and Apple’s liability for such infringement.

*The ’227 and ’313 Method Patents*

First addressing the ’227 and ’313 patents, from which only method claims were asserted, Apple’s liability was limited to its use of the patented method since the Court had granted judgment of no indirect infringement. Thus, Mirror Worlds was only entitled to recover damages that resulted from Apple’s direct infringement. However, Mirror Worlds’ infringement theory was based on Apple’s sales, and Mirror Worlds did not present sufficient evidence to allow the jury to determine liability resulting

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from Apple's own use (direct infringement) of the methods in the '227 and '313 patents.

Apple's sales cannot be used to determine damages for Apple's direct infringement of the method claims. As explained above, a sale or offer for sale is insufficient to prove direct infringement of a method claim—sale of the apparatus is not the sale of the method—and thereby irrelevant in calculating liability for direct infringement. *See Joy Techs.*, 6 F.3d at 774-75; *see also Embrex Inc. v. Service Eng'g Corp.*, 216 F.3d 1343, 1350 (Fed. Cir. 2000) (where experimental testing performed by defendant's employees formed the evidentiary basis for direct infringement of a method claim, but the record lacked evidence showing testing likewise formed the basis of the damages award, the award was reversed and remanded to determine damages based on defendant's infringing uses of the patent). Accordingly, because Apple's sales or offers for sale do not infringe the asserted method patents, they cannot be the basis for damages. *See Gen. Motors Corp. v. Devex Corp.*, 461 U.S. 648, 654-55, 103 S. Ct. 2058, 76 L. Ed. 2d 211 (1983) (upon a finding of infringement, the patentee is entitled to full compensation for damages "suffered as a result of the infringement").

Even after the Court's rulings at the close of Mirror Worlds' case-in-chief that removed indirect infringement from the case, Mirror Worlds did not supplement its damages evidence. Mirror Worlds did not present any evidence of a reasonable royalty based solely on Apple's own use of the patented methods. Thus, Mirror Worlds left the jury without an adequate basis to award damages

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for Apple's direct infringement of the method claims. Therefore, the evidentiary record is insufficient to support the jury's damage awards for the '227 and '313 patents, even if there had been sufficient evidence to support the jury's finding of infringement.

*The '427 Patent*

Likewise, the record lacks sufficient evidentiary basis to support the jury's damages award for Apple's direct infringement of the '427 patent. Since the asserted claims of the '427 patent were system claims the jury could properly include Apple's sales or offers for sale in determining its damages award. However, the evidence is insufficient to show how inclusion of sales for the system claims of the '427 patent, but not the method claims of the '227 and '313 patents, affected Mr. Bratic's damages calculation.

During trial, Mr. Bratic evaluated the damages as to Mirror Worlds' patent portfolio rather than on a per-patent basis. Mr. Bratic's only testimony separating the damages by patents was limited to the timing of the hypothetical negotiation:

[I]f you assume the '227 patent is a valid patent and has been infringed, then the date of first infringement and the HN, hypothetical negotiation, occurs in April 2005, and the damages of 625 million in royalties. If you assume that the '227 patent is not a valid patent or has not been infringed, and we're only

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dealing with the '313 patent and the '427 patent, then we have to have a separate hypothetical negotiation September 2006 using the same methodology I just walked through with you but different royalty rates, and you end up with a—royalties due of \$748 million.

9/29/10 p.m. TT at 61:22-62:10. Likewise, removing the revenue from the sales relating to the '227 and '313 patents would have affected Mr. Bratic's evaluation and determination of the reasonable royalty. Since Mirror Worlds accused the Leopard and Snow Leopard operating systems of infringing the '227, '427 and '313 patents and the Tiger operating system of infringing the '227 patent, at the very least, Mirror Worlds would need to account for removing sales of the Tiger operating system (Mac OS X 10.4). As such, there is insufficient evidence to determine how Mr. Bratic would have re-evaluated his damages calculation for the asserted system claims of the '427 patent.

*Mirror Worlds' "Reasonable Royalty" Analysis*

Moreover, Mirror Worlds presented a fatally flawed reasonable royalty analysis. First, Mirror Worlds did not present a legally sound justification for its royalty base. Mirror Worlds used both software and hardware incorporating the accused Mac OS X 10.4-6 to calculate a \$72 billion royalty base. This included revenues from sales of software upgrades, iTunes, Macs (desktops, portables, and servers), iPods, iPhones, and iPads that contained the accused operating systems. *Id.* at 19:10-22:15. However,

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Mirror Worlds argues it did not rely on the entire market value rule, thus the rule does not apply to its damages calculation. Mirror Worlds further contends that because Mr. Bratic started with the smallest saleable units in his damages calculation, it need not perform an entire market value rule analysis. *Id.* at 52:1-54:15.

Despite Mirror Worlds' protestations that the entire market value rule does not apply, it undisputedly used the entire market value of the accused commercial products in calculating its royalty base—and the accused products contain several features, both accused and non-accused. Therefore, Mirror Worlds must show the connection between the accused commercial products, which form its royalty base, and the patented features. Accordingly, at trial Mirror Worlds was obligated to show that the Spotlight, Cover Flow, and Time Machine features create the “basis for customer demand” or “substantially create[s] the value of the component parts” in the accused software and hardware products that contain Mac OS X 10.4-6. *See Uniloc*, 632 F.3d 1292, 2011 WL 9738 at \*22.

At trial, Mirror Worlds presented consumer surveys and emails indicating customer demand for an upgrade to the Tiger operating system, which includes over 200 features. *See* 9/29/10 TT at 52:9-56:24; *see also* Ex. No. DX 851. Mr. Bratic presented an email that lists Spotlight as a “Key Tiger feature,” and 23% of customers surveyed ranked Spotlight as the “[m]ost beneficial Tiger feature.” *See* 9/29/10 TT at 52:9-56:24; *see also* Ex. No. DX 851. Mr. Bratic also discussed a customer email regarding the positive feedback Apple received about adding the

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Spotlight feature to the Tiger operating system. *See* 9/29/10 TT at 52:9-56:24; PX 983.

The survey and emails only addressed Spotlight—the remaining accused Mac OS X operating features, Cover Flow and Time Machine, were not included. Thus, there is no evidence these features similarly drove customer demand. Moreover, the survey and emails were not tied to any of the accused hardware devices (*e.g.* eMac, MacBook, MacBook Air, MacBook Pro, Mac mini, iMac, Mac Pro, iBook, PowerBook, Power Mac, and PowerPC), thus there is no indication that Spotlight drove customer demand for the hardware products. While the surveys indicated Spotlight generally related to customer demand for Tiger, which had over 200 features, the surveys cannot simply be translated to encompass Apple’s various hardware, all which have exponentially more features with varying attributes that are unaccounted for. Likewise, the evidence only pertained to the Tiger operating system, it did not address the accused Leopard and Snow Leopard operating systems, and Mirror Worlds did not present any evidence that would indicate Spotlight continues to drive customer demand in the Leopard and Snow Leopard operating systems as well. Thus, the record lacks sufficient evidence that a jury could reasonably rely on to find customer demand of the Spotlight features created the “basis for customer demand” or “substantially create[s] the value of the component parts” for the software and hardware revenues used in the royalty base. *Uniloc*, 632 F.3d 1292, 2011 WL 9738 at \*22.



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As Mirror Worlds is not entitled to use the entire market value of the accused products, it was obligated to properly apportion the royalty base to address the accused features, which it did not do. *See* 9/29/10 TT at 56:25-61:16. The law is clear, courts “do not allow consideration of the entire market value of accused products for minor patent improvements simply by asserting a low enough royalty rate.” *Uniloc*, 632 F.3d 1292, 2011 WL 9738 at \*24. Apportionment cannot be achieved by the mere downward adjustment of the royalty rate in a purported effort to reflect the relative value of the accused features because doing so fails to remove the revenues associated with the non-accused features from the revenue base. *Id.* (clarifying *Lucent* and rejecting the argument that “the entire market value of the products may appropriately be admitted if the royalty rate is low enough”). Thus, Mirror Worlds cannot simply apply “haircuts” adjusting the royalty rate to apportion damages, and thereby justify the jury award, because the entire market value of the accused products has not been shown to be derived from the patented contribution. *Uniloc*, 632 F.3d 1292, 2011 WL 9738 at \*25.

Second, Mirror Worlds also failed to present a legally sound justification for its royalty rate. Mirror Worlds did not present evidence that would support a 8.8% running royalty on software or 0.81% running royalty for hardware. For example, Mr. Bratic did not explain why Apple, in the hypothetical negotiation, would agree to a running royalty. Nor did Mr. Bratic account for Apple’s license agreements relating to “graphical user interface technology,” which did not award similar royalties. *See*

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DX1085; DX0392; DX0393; DX0394; DX0398; DX0419; DX0420; DX0636. And while Mr. Bratic calculated the rate “leaving a lot of meat on the bone for Apple” he did not explain why the accused Spotlight, Cover Flow, and Time Machine features would be in such demand, or so frequently used, to command a 8.8% running royalty on software or 0.81% running royalty for hardware. *See* 9/29/10 TT at 39:19-40:15; *see also Lucent*, 580 F.3d at 1326-27. Therefore, the evidentiary record is insufficient to support the jury’s damage awards for the ’427 patent, even if there had been sufficient evidence to support the jury’s finding of infringement.

For these reasons, the record lacks substantial evidence to support the jury’s award of damages. The Court **GRANTS** Apple’s request for Judgment as a Matter of Law to vacate the jury’s damages award. Based on the findings of non-infringement set forth above, the Court **DENIES AS MOOT** Apple’s motion in the alternative for a new trial or remittitur.

**INVALIDITY**

Apple argues it presented clear and convincing evidence that all claims of the patents-in-suit are invalid as anticipated and obvious under 35 U.S.C. §§ 102, 103. Apple generally cites the numerous prior art references admitted at trial, arguing that “every asserted claim is rendered obvious over at least the following primary references and/or combinations of the following systems: (1) the ‘Piles’ system, as described in at least U.S. Patent No. 6,243,724, to Mander *et al.*; (2) the ‘Workspace’

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system, as described in U.S. Patent No. 5,499,330 to Lucas *et al.*; (3) the Lifestreams system as described in ‘The “Lifestreams” Approach to Reorganizing the Information World,’ YALEU/DCS/TR-1070 (‘TR-1070’); and (4) Retrospect software, as described in the 1993 and 1995 Retrospect Manuals.” Apple makes no other specific arguments regarding the patents’ validity; rather, Apple submits three exhibits of claim charts that provide the entirety of its invalidity arguments.

In response, Mirror Worlds argues that Apple’s invalidity case was defective because (1) Apple’s expert applied a different claim construction for invalidity than he did for infringement and (2) Apple did not sufficiently compare the prior art to the claim elements.

**Applicable Law**

In order to show that it is entitled to judgment as a matter of law on its affirmative defense of invalidity, Apple must prove the essential elements of that defense to a virtual certainty. *ClearValue, Inc. v. Pearl River Polymers, Inc.*, 735 F. Supp. 2d 560, 577 (E.D. Tex. 2010) (citing *Bank of La. v. Aetna U.S. Healthcare Inc.*, 468 F.3d 237, 241 (5th Cir. 2006) (“For a defendant to obtain summary judgment on an affirmative defense, it must establish beyond dispute all of the defense’s essential elements.”)). A patent claim is invalid as obvious “if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the

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art.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406, 127 S. Ct. 1727, 167 L. Ed. 2d 705 (2007). A patent is invalid as anticipated if “the invention was patented or described in a printed publication in this or a foreign country . . . more than one year prior to the date of the application for patent in the United States.” 35 U.S.C. § 102(b). Although § 102 refers to “the invention” generally, the anticipation inquiry proceeds on a claim-by-claim basis. *See Hakim v. Cannon Avent Group, PLC*, 479 F.3d 1313, 1319 (Fed. Cir. 2007). The single prior art reference must expressly or inherently disclose each claim limitation to anticipate a claim. *Finisar*, 523 F.3d at 1334. Additionally, the reference must “enable one of ordinary skill in the art to make the invention without undue experimentation.” *In re Gleave*, 560 F.3d 1331, 1334 (Fed. Cir. 2009).

**Analysis**

Apple presented its theories of invalidity to the jury, and the jury was free to disbelieve Apple’s experts. In its post-trial briefing regarding anticipation and obviousness, Apple fails to specifically address how the prior art invalidates the patents-in-suit or how the weight of the evidence was against the jury’s validity determination. Instead of providing concise arguments with supporting evidence that highlights its positions, Apple instead attaches hundreds of pages of claim charts with generalized assertions that the prior art “either anticipate or render obvious, individually or in combination, each and every asserted claim.” Docket No. 432 at 22. It is Apple’s burden, not the Court’s, to piece together and present an invalidity defense. Apple failed to show that it is entitled to

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judgment as a matter of law on invalidity, and Dr. Levy's testimony in this regard is sufficient evidence to support the jury's finding of no anticipation or obviousness. 9/30/10 p.m. (part 2) TT at 60:1-72:19. The jury's verdict is not against the weight of the evidence; therefore, the Court **DENIES** Apple's request for Judgment as a Matter of Law that the patents-in-suit are invalid.

**INEQUITABLE CONDUCT**

Apple asserts the applicants' and prosecuting attorney's submission of false statements, false declarations, and concealment of prior art demonstrate a pattern of deceptive intent that is grounds for a finding of inequitable conduct. Apple argues that the applicants failed to properly identify prior art by misrepresenting its availability and that the inventors and their attorney submitted false declarations relating to inventorship. Apple also contends there were other material prior art references that the applicants knew of but failed to disclose to the Patent Office.

**Applicable Law**

"Inequitable conduct resides in failure to disclose material information, or submission of false material information, with an intent to deceive, and those two elements, materiality and intent, must be proven by clear and convincing evidence." *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 872 (Fed. Cir. 1988); *see also Praxair, Inc. v. ATMI, Inc.*, 543 F.3d 1306, 1313 (Fed. Cir. 2008). Because an actual "intent to deceive" is

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required, “[m]istake or negligence, even gross negligence, does not support a ruling of inequitable conduct.” *Abbott Labs. v. Sandoz, Inc.*, 544 F.3d 1341, 1353 (Fed. Cir. 2008). A court only has discretion to invalidate a patent for inequitable conduct after a showing of both materiality and intent to deceive. *Id.* When examining intent, the alleged conduct must be “viewed in light of all the evidence, including evidence indicative of good faith.” *Kingsdown*, 863 F.2d at 876. However, when a “failure to disclose” is alleged, intent to deceive may be inferred when 1) highly material information is withheld, 2) the applicant knew of the information and knew or should have known of the materiality of the information, and 3) the applicant has not provided a credible explanation for the withholding. *Praxair*, 543 F.3d at 1313-1314.

**Analysis**

First, Apple’s arguments center around representations regarding the availability of the Yale Technical Report 1070 (“TR-1070”), dated April 1995, entitled “The ‘Lifestreams’ Approach to Reorganizing the Information World.” DX0004 at 0344-54, 0384-85. TR-1070 was co-authored by the inventors of the ’227 patent, Dr. David Gelernter and Eric Freeman. Apple contends that if it was available, and indeed a printed publication under § 102(b), it would have been material prior art. In the Information Disclosure Statement (“IDS”), the applicants stated that TR-1070 was not publicly available:

This Technical Report [TR-1070] was stored at Yale University in the files of Christopher

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Hatchell, an Administrative Associate, whose tasks included distribution of this Technical Report. According to Mr. Hatchell's records and to the best of his knowledge, this Technical Report was not distributed outside of the Department of Computer Science at Yale. Further, the list containing bibliographic information about the Technical Report from which the technical report number was determined, is kept in a locked file in the Office of Computer Science at Yale University.

DX0004 at 0384-85.

To demonstrate the report was publicly available, Apple references an internet archiving website and presented evidence that the inventors made TR-1070 available on the Computer Science Department's website at Yale. DX1126 at 0049, 0117. In addition, Yale administrative employees testified that copies of technical reports were made available upon request; however, hard copies of the reports were generally kept locked in either a cabinet or locked in a department office. 10/8/10 TT at 22:20-28:1; 37:22-42:9. The prosecuting attorney testified that he did not believe TR-1070 was publicly available, and therefore he did not believe it was a material reference. Even though he concluded TR-1070 was not material, he intended to inform the Patent Office of the document and thus included it in the IDS. 10/8/10 TT at 46:24-52:15.

Although there is conflicting evidence regarding the availability of TR-1070, the Court is not persuaded that

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the prosecuting attorney or the inventors believed TR-1070 was a printed publication at the time the statement was made in the IDS. The evidence indicates Technical Reports were generally under “lock and key” and supports the prosecuting attorney’s conclusion that TR-1070 was not a printed publication under § 102(b). As the Court finds the prosecuting attorney’s reasoning sound, and his testimony credible, the totality of evidence supports a conclusion that the prosecuting attorney and the applicants were candid with the Patent Office about TR-1070. Weighing the materiality of the statements made regarding TR-1070 with the lack of intent, the Court does not find this evidence meets the clear and convincing burden to prove inequitable conduct.

Second, Apple argues the inventors and their attorney submitted false declarations of inventorship. Yale’s Patent Policy required University employees to assign their patents to the school. DX0793 at ¶ 6. The ’227 patent originally named Yale student, Mr. Freeman, as the sole inventor. DX0004 at 0056-57. Citing the prior art references in the application, the examiner noted that “the record appears to indicate that David Gelernter should be included as an inventor.” *Id.* at DX0065; *see also* DX0065-68. The applicants subsequently filed an Amendment adding Dr. Gelernter, with a declaration that asserted that the correction “is necessitated by amendment of the claims.” Apple contends this constitutes inequitable conduct because the first declaration intentionally misrepresented inventorship, and the second declaration misrepresented the reason for the correction because the amendments did not necessitate a change of inventorship.



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However, Dr. Gelernter testified that there was no deceptive intention on his part. 9/27/10 p.m. TT 144:9-146:21. Although the prosecuting attorney testified he did not have a specific recollection of the statements made in the declaration, he also testified that it was his typical practice to investigate such statements before submitting them to the Patent Office. 10/8/10 TT at 44:6-46:23.

While representations regarding inventorship are material to patentability, the Court does not find the declarations were filed with deceptive intent. *See PerSeptive Biosystems, Inc. v. Pharmacia Biotech, Inc.*, 225 F.3d 1315, 1321 (2000). The evidence does not indicate that the patentees or the prosecuting attorneys intentionally presented falsehoods or omissions to the Patent Office, and the Court finds Mr. Gelernter's and the prosecuting attorney's testimony credible. Weighing the materiality of the statements regarding inventorship with the lack of intent, the Court does not find this evidence meets the clear and convincing burden to prove inequitable conduct.

Finally, Apple argues the inventors were aware of prior art references they did not disclose to the Patent Office. Apple argues that in December 1999 Mr. Freeman's dissertation and other publications described the Piles prior art reference (9/27/10 pm 127:18-128:23; DX0375 at 0002; DX0789 at 0015, 0172; DX0641), but the applicants did not disclose Piles to the Patent Office until June 2003 after receiving a Notice of Allowance for a related patent. DX0385. Apple also contends the inventors concealed the existence of Yale Technical Report 1054 entitled, "The

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Lifestreams Software Architecture.” DX0794 at 0002. Although Apple does not have a copy of TR-1054, as it was not produced in this case, Apple contends it was likely material prior art.

Apple summarily argues that the Piles reference is “highly” material without providing support for this conclusion, and Apple failed to present any evidence of the inventors’ deceptive intent. Likewise, Apple’s arguments regarding TR-1054 are based on conjecture, and there is no evidence of deceptive intent. Weighing the materiality of the references with the lack of intent, the Court does not find this evidence meets the clear and convincing burden to prove inequitable conduct.

Accordingly, the Court **DENIES** Apple’s Motion for a Finding of Inequitable Conduct (Docket No. 433) and **DENIES** Apple’s Motion Regarding Mirror Worlds’ Waiver of Privilege for Documents Listed on the December 9, 2010 Privilege Log (Docket No. 465).

**CONCLUSION**

While a jury’s collective wisdom should always be honored as to disputed factual issues, it is equally true that the party with the burden of proof must present sufficient evidence as to each and every element required in its cause of action. This is often a painstaking task—especially in a complex patent case—but it is important. Perhaps it is even more important in patent cases where the jury must consider multilayered claims and interconnected arguments.

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The jury often relies on the representations of parties, who bear the burden of being accurate and complete and living up to the representations they make to the jury. No matter how attractive a party paints the facade of its case, it is worthless without the requisite foundational support. It is the Court's job to inspect that foundation, and where it has not been properly laid under the law, to set aside the verdict to protect the reliability of our jury system. In this case, Mirror Worlds may have painted an appealing picture for the jury, but it failed to lay a solid foundation sufficient to support important elements it was required to establish under the law. Accordingly, the Court rejects Mirror Worlds' case as to infringement and damages, while affirming it as to validity and inequitable conduct.

Upon consideration of the parties' arguments and the evidence of record established at trial, the Court **GRANTS** Apple's Renewed Motion for Judgment as a Matter of Law, Motion for New Trial and Motion for Remittitur Pursuant to Federal Rules of Civil Procedure 50 and 59 as to Apple's direct infringement of the '227, '313, and '427 patents, **DENIES** the motion as to invalidity, and **DENIES AS MOOT** the request for a new trial or remittitur; **DENIES** Apple's Motion for a Finding of Inequitable Conduct and Good Cause to Re-Open the Record for a Bench Trial (Docket No. 433); **DENIES** Mirror Worlds' Motion for (1) Entry of Judgment, (2) Prejudgment Interest, (3) Post Verdict and Prejudgment Damages, (4) Post Judgment Royalties, (5) Enhanced Damages, (6) Attorneys' and Experts' Fees, (7) Costs, and (8) Post Judgment Interest (Docket No. 435); **GRANTS** Apple's Motion to Strike the October 29, 2010 Declaration

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of Walter Bratic and Documents Not in Evidence (Docket No. 446); and **DENIES** Apple's Motion Regarding Mirror Worlds' Waiver of Privilege for Documents Listed on the December 9, 2010 Privilege Log (Docket No. 465). All other pending motions not previously resolved are **DENIED AS MOOT**.

**So ORDERED and SIGNED this 4th day of April, 2011.**

/s/  
LEONARD DAVIS  
UNITED STATES DISTRICT JUDGE

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**APPENDIX C — ORDER DENYING PETITION  
FOR PANEL REHEARING AND REHEARING  
*EN BANC* OF THE UNITED STATES COURT OF  
APPEALS FOR THE FEDERAL CIRCUIT,  
DATED DECEMBER 21, 2012**

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

2011-1392

MIRROR WORLDS, LLC,

*Plaintiff-Appellant,*

v.

APPLE INC.,

*Defendant-Appellee.*

Appeal from the United States District Court for the  
Eastern District of Texas in case no. 08-CV-0088, Judge  
Leonard Davis.

**ORDER**

A combined petition for panel rehearing and for  
rehearing *en banc* having been filed by the Appellant, and  
a response thereto having been invited by the court and  
filed by the Appellee, and the petition for rehearing and  
response, having been referred to the panel that heard the  
appeal, and thereafter the petition for rehearing *en banc*

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and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

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

ORDERED that the petition for rehearing *en banc* be, and the same hereby is, DENIED. The mandate of the court will issue on December 28, 2012.

FOR THE COURT

/s/\_\_\_\_\_  
Jan Horbaly  
Clerk

Dated: 12/21/2012