

PUBLIC VERSION

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of)	
)	
CERTAIN VIDEO GAME MACHINES)	Investigation No. 337-TA-658
AND RELATED THREE-DIMENSIONAL)	
POINTING DEVICES)	
)	

Order No. 37: Requiring Submissions From Complainant, Respondents And The Staff

Pursuant to the procedural schedule set forth in Order No. 5, expert reports and rebuttal expert reports have been exchanged and discovery has been completed, with the hearing set to commence on May 11, 2009. On April 20, 2009, each of complainant and respondents filed their prehearing statements. The staff's prehearing statement is due on April 28, 2009.

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 OFFICE OF THE SECRETARY
 U.S. INTERNATIONAL TRADE COMMISSION

The administrative law judge is not having any tutorial relating to the subject matter of this investigation. However, as an educational vehicle, he is requiring complainant to answer Questions 1- 50 (Item 1), infra, respondents to answer Questions 100 - 128 (Item 2), infra, the private parties to respond to Item 3, infra, the staff to respond to Item 4, infra, and the private parties to respond to Item 5, infra.¹ Responses should be detailed and cite all supporting information. Said responses should not be mere argument. In view of the completion of discovery and submission of the expert reports and prehearing statements, it is expected that said parties will have formulated final positions by the due dates, infra, for the responses to Items 1 to 5, infra. With respect to said responses, the administrative law judge recognizes that a position of a

¹ There are no questions numbered 51-99.

party may change before the hearing commences or even during the hearing, although there should be no surprises sprung at the evidentiary hearing. If there is a change in position subsequent to submitting responses to this order, a party should indicate the change, in a timely manner, by letter to the administrative law judge and the other parties, which letter should also state in detail the basis for the change. In the absence of such notification, the party is committed to the position stated in its responses to this Order.

In issue, inter alia, at the present time are the alleged infringement and validity of claims 23, 24, 28, 30, 38, 39, 40, 45, 46, 50, 52, 60 and 62 (a total of 13 claims of which two are independent and with two claims relying on claims not in direct issue) of U.S. Patent No. 7,262,760, B2 (the '760 patent), of claims 20, 21, 25, 27, 34, 58, 59, 63, 65, 72, 77, 78, 82, 84 and 91 (a total of 15 claims of which three are independent and with two claims relying on claims not in direct issue) of U.S. Patent No. 7,414, 611 B2 (the '611 patent) and claims 11, 15 and 16 (a total of 3 claims which one is independent and with two claims relying on claims not in direct issue) of U.S. Patent No. 7,139,983 B2 (the '983 patent).

Item 1. Questions to Complainant

1. Each of U.S. 7,262,760 ('760 patent), U.S. 7,414,611 ('611 patent) and U.S. 7,139,983 ('983 patent) have the code "B2" "According to the USPTO website, said code means "[h]aving a previously published pre-grant publication and available March 2001." Does said code have any significance with any issue the administrative law judge has to decide in the evidentiary hearing. If the answer is in the affirmative, explain in detail.
2. Each of '760 and '611 patents has the language "[t]his patent is subject to a terminal disclaimer." What is the significance of said language to any issue the administrative law judge has to decide.

3. Referring to the '760 patent at 1:11-12, 16-17, 20-21 and 27-28 and at 3:50-1 there is the language "the disclosure of which is incorporated here by reference" and "all of which are incorporated here by reference." Gregory Welch in his 2/23/09 expert report at 10 makes reference to two provisional applications. Do any of these listed citations relate to disclosure not specifically found in the '760 patent in issue and which the parties are relying on for any purpose, in connection with issues that the administrative law judge has to decide. If the answer is in the affirmative for any citation, explain in detail.
4. The '760 patent makes reference to U.S. Patent No. 5,440,326 (the '326 patent). See '760 patent 4:1-18. Do any of the claims in issue of the '760 patent improve over or build on what is disclosed in said '326 patent. If the answer is in the affirmative, explain in detail and describe all evidence that the party is relying on and it hopes to develop at the evidentiary hearing to support its position.
5. The '760 patent at 12:40-45 makes reference to an equation. What is the significance of said equation as to any issues the administrative law judge has to decide with respect to the asserted claims of the '760 patent. If said equation has any significance, explain in detail and describe all evidence that the party is relying on and evidence it hopes to develop at the evidentiary hearing to support its position.
6. Does the equation ('760 patent at 12:40-45) allow the frame of reference of a device to be transformed into a frame of reference of the user. If the answer is in the affirmative explain in detail and describe all evidence that the party is relying on and hopes to develop at the evidentiary hearing to support its position.
7. Was the equation ('760 patent at 12:40-45) explicitly added to the asserted independent claims of the '760 patent by the inventor Mathew G. Liberty to overcome a rejection of the Patent Office during prosecution. If the answer is in the affirmative explain in detail the significance of the amendment and describe all evidence that the party is relying on and hopes to develop at the evidentiary hearing to support its position.
8. Respondents in its Prehearing Statement (Pre) at 290-91 argued that complainant amended claims of the Liberty patents to overcome an anticipation rejection by adding a certain element and hence is barred by the doctrine of prosecution history estoppel from asserting infringement based on equivalents. Does complainant agree with the assertion. If not explain in detail and cite all evidence it has and will present at the evidentiary hearing as well as relevant case law to support its position.
9. Is the following a correct summary of the '760 patent:

The '760 patent is directed to a remote pointing device that a user can hold and move in three-dimensional space (as opposed to a

pointing device such as a computer mouse that can only move in two-dimensional space) to control user interface commands, e.g., movement of a cursor, on a display screen. The remove pointing device includes multiple sensors that determines motion quantities of the device such as acceleration and rotational velocity. To control the movement of a cursor on a display screen, mathematical mapping is performed between the motion quantities sensed by the device and the movement of the cursor on the display screen.

10. Is the following correct with respect to the '760 patent:

In prior art "3D pointing" devices, said mapping of the sensed movement of the device to the desired cursor movement on the display screen is mathematically performed with respect to a coordinate system, or "frame of reference," of the device rather than a "frame of reference" of the user holding the device. Thus, the user must hold the device in a certain orientation in order to obtain the desired cursor movement.

If the answer is in the negative, explain in detail.

11. Is the following correct as to the asserted independent claims of the '611 patent:

The asserted independent claims of the '611 broadly recites "performing a two-dimensional rotational transform" to transform the frame of reference of the device into the frame of reference of the user. This broader limitation of the '611 patent is the novel feature of the '611 patent, as explicitly pointed out by the inventor during prosecution. The limitation likely finds its support in latter parts of the specification in which two additional mathematical equations for computing transformations are disclosed.

If the answer is in the negative explain in detail.

12. Is the following a correct summary of the '983 patent:

The '983 patent is directed to a user interface that allows the user to browse media content on a display screen in a more intuitive manner. When there are numerous content to be presented to a user, e.g., numerous television channels, programs, movies, etc., prior art user interfaces often present the content in many levels using a tree-like hierarchal structure. According to the '983 patent, these formats are cumbersome to use and the user will often loose interest before a desired content can be selected. The '983 patent discloses an interface that allows a user to browse among

numerous content in various levels of "magnification." For example, at a "low level" of magnification, the invention displays "a plurality of objects" representing broad categories such as movies, news, sports, etc. Various "selectable media items," e.g., actual movie titles, available to the user may appear along with each category. If the user wants to see more "selectable media items" for the movie category, instead of selecting a movie to watch at the "low level" of magnification, the user can "zoom" into a "higher level" of magnification for movies, in which various sub-categories for "movies" will appear, e.g., comedy, romance, drama, etc. More selections available to the user will appear along with each sub-category at this "higher level" of magnification.

If the answer is in the negative explain in detail.

13. Complainant has put in issue 14 disputed claim terms of the Liberty patents. With respect to complainant's allegation of each of literal infringement and infringement under the doctrine of equivalents of the asserted claims of the Liberty patents, complainant should set forth the disputed terms of the Liberty patents that must be interpreted to find each element literally infringed or infringed under the doctrine of equivalents, keeping in mind complainant's assertion that Riviere "will testify that the differences between Nintendo's construction and the accused product are insubstantial, and that those claims with Nintendo's constructions are infringed under the doctrine of equivalents." (Pre at 95). In other words, in addition to explaining what terms have to be interpreted and how to be interpreted to establish literal infringement, complainant should set forth in detail the evidence to establish how said terms as interpreted by Nintendo can infringe under the doctrine of equivalents.
14. Respondents in their Pre at 84-98 and relying on six "elements" argued that the Wii does not infringe the 3D Pointing patents. Said arguments appear inconsistent with arguments made by complainant at pages 100-44 of its Pre. For each element raised by respondents, complainant should set forth in detail all the evidence it has and hopes to offer at the evidentiary hearing which refutes the evidence relied on by respondents in its Pre for each of said six elements and further explain in detail how the elements do not refute complainant's position.
15. With respect to alleged infringement of the Liberty patents, complainant has represented that it

"will prove that each and every asserted claim is literally infringed by the accused Nintendo product. If the Court finds that certain constructions proposed by Nintendo are more appropriate, then Dr. Riviere will testify that that the differences between Nintendo's construction and the accused product are insubstantial, and that

those claims with Nintendo's constructions are infringed under the doctrine of equivalents"

(Complainant's Pre at 94-95). Respondents have filed an Appendix 2 which is a summary of non-infringement of the Liberty patents under respondents' proposed claim constructions and an Appendix 3 which is a summary of non-infringement of the '760 and '611 patents under complainant's proposed claim construction. The parties are put on notice that the administrative law judge in the course of the evidentiary hearing will not find any proposed claim construction more appropriate. Thus with respect to alleged infringement complainant in its direct case must establish both literal infringement and any infringement under the doctrine of equivalents. Hence, in response to this order complainant should specifically cite all evidence it has to establish literal infringement and infringement by the doctrine of equivalents of each element of the asserted claims of the Liberty patents. On this point Nintendo has alleged that complainant has not asserted infringement of certain elements under the doctrine of equivalents, see elements D1a, 5a and 6a of respondents' Pre at 84-98. Does complainant agree.

16. Complainant's construction for handheld device (complainant's Pre at 7) appears to be different from its later construction (complainant's Pre at 9, first complete para.). Explain the reason for the difference.
17. Respondents in their prehearing statement allege, with reference to the Liberty patents, that there is a failure to enable non-inertia sensors, failure to enable the detection and computation of absolute position, failure to enable detection of and compensation for Yaw and with respect to a written description, lack of written description of non-inertial sensors, lack of written description of detection and computation of absolute position, lack of written description of detection of and compensation for Yaw and lack of written description of the formula claimed in the '760 patent (respondents' Pre at 99-106). For each of those seven items, does complainant agree with respondents' allegation. If not, for each item, complainant should explain in detail all evidence it will rely of at the evidentiary hearing in support of its position and cite all case precedent to support its position. In addition, complainant should set forth how a person of ordinary skill in the art would interpret each of said items. For example how would such a person interpret "detection and compensation for Yaw, " failure to "enable non-inertia sensors" etc. In complainant's answer complainant should make specific reference to respondents' arguments in their Pre at 99-106 and explain the inadequacy of said arguments.
18. Respondents in their prehearing statement at 117-120 list ten "common features" of the asserted independent and dependent claims of the Liberty patents, termed ten conceptual "feature" groups by respondents. Does complainant agree that a person of ordinary skill in the art would understand each of said common features to encompass all of the limitations specified in the asserted claims of said

patents. On this point see respondents' Appendix 5. If the answer is in the negative for any of said ten "common features" complainant should explain in detail and cite all evidence it will provide at the evidentiary hearing in support of its position.

19. Reference is made to footnote 27 of respondents' prehearing statement at 118. Does complainant agree with said footnote. If the answer is in the affirmative, what is the position of complainant as to whether claim 20 of the '611 patent requires that orientation be determined using the output of an accelerometer and cite all evidence in support of said position. If the answer is in the negative, explain in detail where there is agreement and not agreement and cite all evidence in support of complainant's position.
20. Section V A 1 of respondents' Pre at 32-43 has a section titled "3D Pointing Background." Merely as illustrative, reference is made to the first complete paragraph on page 33. Does complainant agree with the substance of said paragraph and the substance of any other statement in said section that makes factual assertions. For example page 34 states "[a]bsolute and relative pointing are thus entirely difference approaches, each with its own advantages and drawbacks." Is complainant in agreement that this would be the knowledge of a person of ordinary skill in the art.
21. With respect to the Kelts '983 patent, respondents in their Pre at 159 have argued that there are five claim terms for which there does not appear to be any material dispute as to the meaning of those terms and that because it does not appear that any of the terms are dispositive on issues of infringement, invalidity or unenforceability of the asserted claims it is unnecessary for the administrative law judge to construe them. Does complainant agree and if not explain in detail the basis for any disagreement. On this point, complainant has listed only two limitations as to undisputed claim terms (see complainant's Pre at 55-56). Complainant should explain any inconsistency.
22. Does complainant agree with respondents' allegation (respondents' Pre at 159-160) as to what the crux of the claim construction dispute of the asserted claims of the '983 patent centers on. Comparing said portion of respondents' prehearing statement with complainant's Pre at 56-74, there appears to be some inconsistency. Complainant should explain in detail why the administrative law judge should consider the alleged disputed claim terms as set forth by complainant over the alleged disputed terms that is set forth by respondents.
23. Are any of the disputed claim terms in issue with respect to the asserted claims of the '983 patent dispositive of any of the following issues: literal infringement, infringement under the doctrine of equivalents, invalidity, unenforceability and domestic industry. For each issue for which the answer is in the affirmative, explain in detail how each of any disputed terms affects said issues. For example if the administrative law judge finds that a person of ordinary skill in the art

would interpret a claimed term as respondents argued then there would be no infringement.

24. Are any of the disputed terms in issue with respect to the asserted claims of the Liberty patents dispositive of any of the following issues: literal infringement, infringement under the doctrine of equivalents, invalidity, unenforceability or domestic industry. For each issue for which the answer is in the affirmative, explain in detail how each of any disputed terms affects said issues.
25. With respect to any of the asserted claims of the three patents in issue does complainant take the position that the preambles of said claims should be construed as limiting said claims. In answering said question complainant should address each claim in issue and set forth detailed reasons for the position.
26. Respondents, with respect to the asserted claims of the '983 patent, has cited this administrative law judge's final initial determination in In re Certain Set-Top Boxes and Components Thereof Inv. No. 337-TA-454 of June 21, 2002. See respondents' Pre at 160. Does complainant agree with respondents' reliance on Set-Top and if not why not.
27. Complainant in its Pre at 449-54 and with respect to the domestic industry for each of the three patents in issue cites law for the legal standard for "Technical and Economic Prongs" and the legal standard for a domestic industry based on licensing. Does complainant want the administrative law judge find a domestic industry for each of the three patents based on each of said standards and if so why is it not sufficient to show a domestic industry based on either of said standards. On this point respondents in their Pre at 223 have argued that Hillcrest has specifically represented that it does not rely upon any of its licensee's products for the purpose of domestic industry; that in fact Hillcrest's expert provided a superficial analysis only for the HoME system and only for claim 1 of the '983 patent ; and that any attempt to utilize any licensee's product or to apply any other claim of the '983 patent to the HoME system for purposes of domestic industry should be denied. Does complainant agree with said assertions of respondents and if not explain in detail complainant's answer.
28. Respondents in their Pre at 223-24 argued that, with respect to the '983 patent, Hillcrest's expert Norman is expected to opine that Hillcrest's HoME software could be configured to practice the method steps required by claim 1. Is that a correct statement and if so explain the reference to "could." If said statement is incorrect explain in detail why.
29. Respondents in their Pre at 223 have argued that the HoME System is not, by itself, an actual "user interface on a television" that performs the steps of zooming in on selectable media items and instead the HoME System only operates in this manner after being connected to a service provider to receive content; that if a substrate cannot anticipate or make obvious the claims of the '983 patent, then the

HoME System cannot practice the '983 patent for domestic industry purposes as complainant's HoME System is only such a substrate. Does complainant agree and if not explain in detail.

30. With respect to the claim term of the Liberty patents at respondents' Pre at 57-58, complainant should address in detail respondents' arguments as respondents have characterized complainant's arguments. For example, at respondents' Pre at 58, respondents argued that complainant "proposes a construction that perpetuates rather than resolves the ambiguity of the claim term..." Complainant should cite all evidence that contradicts each of the arguments raised by respondents.
31. Referring to the claim term "detecting movement" (respondents' Pre at 63-64), respondents argued that "Hillcrest's expert is expected to admit that a person of skill in the art would normally intend 'detect' to describe what is being explicitly measured by the design and intention of the sensor." Is that a correct statement and if not why not.
32. Respondents in their Pre at 64 argued that Hillcrest's proposal to construe the term "sensor" to mean "a device that converts a measured parameter into a signal" is not based on any intrinsic evidence. Complainant should cite all intrinsic evidence complainant is relying on for its interpretation.
33. Respondents in their Pre at 65-66 argued that a person of ordinary skill in the art would understand that the output of a sensor is a sampled signal. Does complainant agree and if not why not. Respondents also argued that complainant's proposed construction of "second output" introduces ambiguity as to how the signal is "associated with" the accelerometer. Does complainant agree and if not why not. Respondents further argued that complainant's construction of "at least one other sensor" is inadequate because it fails to clearly state the other sensor is not an accelerometer. Does complainant agree and if not why not.
34. How would a person skilled in the art interpret the claimed phrase that respondents have designated "f" in their Pre at 66, and what intrinsic evidence supports complainant's position. Does complainant disagree with the appropriateness of respondents' proposed construction of "f" and if so explain in detail all intrinsic evidence that supports complainant's position.
35. Respondents argued that complainant's proposed construction of the claim term designated "g" in respondents' Pre at 73 is unhelpful. (Respondents' Pre at 74.) Does complainant agree and if not why not.
36. Reference is made to the claim phrase designated "h" in respondents' Pre at 75. Respondents in the bridging paragraph in Pre 75-76 argued that complainant's proposed constructions are "vague and confusing and appear to be inconsistent with the plain and ordinary meaning of these terms." Complainant in particular

should respond to the arguments made by respondents in the bridging paragraph of respondents' Pre at 76-77.

37. Respondents argued that complainant's construction of "user's frame of reference" fails to specify "how the fixed set of axes is associated with a perspective of the user and how the axes relate to rotating motion data." (Respondents' Pre at 77.) How does complainant respond. Also, complainant should address respondents' assertions in the bridging paragraph at respondents' Pre at 77-88.
38. Referring to the claim term that respondents refer to as "j" (respondents' Pre at 78) reference is made to the first complete paragraph at 79. How does complainant respond to said paragraph.
39. Reference is made to the claim term that respondents refer to as "k" (respondents' Pre at 80). Respondents argued in their Pre at 82 that complainant disregards the "specification's disclosures." Does complainant agree and if not why not.
40. With respect to the claim term respondents refer to in their Pre at 83, in the bridging paragraph at 83-84, respondents argued that the "claim term would be indefinite under Hillcrest's proposed construction." What evidence does complainant rely on for its construction and how does said evidence contradict respondents' position.
41. Referring to the claim term designated "l" by respondents in their Pre at 84, what is complainant's proposed construction for "l" and the basis for said construction.
42. Referring to the '983 patent, respondents in their Pre at 161 argued that "the patentee surrendered his broader claims to interactive program guides displayed on a 'display element' in order to obtain allowance of the patent." Does complainant agree and if not why not.
43. Referring to respondents' Pre at 162, respondents argued that complainant has inserted a new requirement to preserve the validity of the claims. Does complainant agree and if not why not.
44. How does complainant interpret what respondents have termed "ii" in their Pre at 163. What is the basis for complainant's proposed construction. In particular complainant should address respondents' assertions in the three paragraphs in respondents' Pre at 165, the second complete paragraph in respondents' Pre at 166, the first complete paragraph in respondents' Pre at 167, the third complete paragraph in respondents' Pre at 168 and the bridging paragraph in respondents' Pre at 168-69.

45. Referring to respondents' Pre at 169, does complainant agree that "Hillcrest's construction has no textual support in the claims or specification as the patent never defines the term 'television.'" If not, why not.
46. Referring to respondents' "iv" in their Pre at 170, how does complainant respond to the first complete paragraph in respondents' Pre at 171. Is complainant's construction inconsistent with the plain language of the claims, the specification and the prosecution history and if not why not.
47. Referring to respondents' "v" in their Pre at 172, how does complainant respond to the third complete paragraph of respondents' Pre at 173?
48. Referring to respondents' "vi" in their Pre at 173, does complainant agree that said "vi" should be construed as means-plus-function limitations under 35 U.S.C. § 112, ¶ 6 and if not why not.
49. Referring to dependent claim 12 of the '983 patent, respondents disagree with complainant's interpretation of "visual characteristic." (Respondents' Pre at 175.) How does complainant respond. Are the asserted claims not limited to geometric scaling? Also, how does complainant's interpretation limit claim 12 in any meaningful way.
50. Referring to dependant claim 13 of the '983 patent and respondents' Pre at 176-78, complainant should set forth in detail its positions as to each of respondents' "i," "ii," "iii," and "iv" and why respondents' characterizations of complainant's positions are inaccurate.

Item 2. Questions to Respondents

100. (Question 1 supra).
101. (Question 2 supra).
102. (Question 3 supra).
103. (Question 4 supra).
104. (Question 5 supra).
105. (Question 6 supra).
106. (Question 7 supra).
107. (Question 8 supra).
108. (Question 9 supra).

109. (Question 10 supra).
110. (Question 11 supra).
111. (Question 12 supra).
112. While respondents alleged that under In re Bilski, Flook and Diehr, the claims of the '760 and '611 patents are invalid as a matter of law (respondents' Pre at 99), complainant has argued to the contrary. (Complainant's Pre at 339-48). Respondents are ordered to address each assertion so made by complainant in its Pre at 339-48 and state any disagreement with said assertions. For example complainant in its Pre at 341 states that "[a]ll of the asserted method claims are tied to particular machines and apparatus." Do respondents so agree.
113. Complainant in its Pre at 43-45, referring to the Liberty patents (the 3D Pointing Patents as referring to by respondents), make reference to "undisputed" claim terms. Do respondents agree with complainant that said terms are undisputed as to any determination this administrative law judge has to make as to validity and infringement and further agree with complainant's interpretation of said terms. If the answer is in the negative as to any of said terms, please explain in detail and cite all evidence respondents intend to offer at the evidentiary hearing which supports respondents' position.
114. Respondents in their Pre at 55-57 argued that their construction of "handheld device" and "free space pointing device" is drawn from the specification. Yet complainant in its Pre at 9-12 argued that rewriting the claim to add a condition that does not appear in the claim or the specification in a manner that is inconsistent with the claim drafter's intent cannot be justified under any theory. Respondents should explain in detail all evidence they intend to present which supports their position that the arguments at said 9-12 have no merit. For example is not the purpose of the '760 patent at 4:1-6 simply to establish 3D pointing as pointing in free space, which requires no utilization of a surface as a proxy like a conventional computer mouse. Also is it not fact that Bowman conceded that there is nothing specific he can recall in the Liberty patents that discusses the possible requirement of the device to be on a user's hand. Also, is not the description of the patents in the bridging paragraph at 9-10 correct, and that as stated in bridging paragraph at 10-11, including a term like "whose movement" in the construction of "handheld device" and "free space pointing device" excludes, for example, situations in which position and/or acceleration data, rather than velocity data, is used to control the cursor and Nintendo's proposed construction and which is much narrower than the plain meaning of the claim language. Moreover, is it not a fact that including a term like "whose movement" which is at least somewhat similar to a disputed term in a proposed construction introduces ambiguity in that construction.

115. Respondents in their prehearing statement at 116-120 list what they term are ten common features of the asserted claims of the 3D Pointing patents (the Liberty patents). Respondents should set forth in detail how a person of ordinary skill in the art would understand each of said features, citing all evidence they intend to offer at the evidentiary hearing in support of their position and also commenting on all evidence complainant cites in its prehearing statement which would appear to contradict the position respondents are taking with respect to each of said items and in response to this question.

116. Respondents in their Pre at 120 argued that they “will present clear and convincing evidence that the Ide ‘187 Patent standing alone, discloses or renders obvious all of the elements of all of the asserted independent claims of the ‘760 Patent (claims 23 and 45) and ‘611 Patent (claims 20, 58, and 77)” Respondents further state at 120 that because

“the Ide ‘187 patent discloses detecting movement using inertial sensors, this patent serves as a primary invalidity reference under both parties’ proposed claim constructions and therefore invalidates all of the asserted independent claims. This conclusion stems from the fact that the Ide ‘187 Patent satisfies or renders obvious the limitations corresponding to Features 1-6 under both parties’ proposed claim constructions, as set forth below.”

They also have submitted Appendices 6, 7, 8, 9, 10, 11, 12, and 13 on “obviousness” of the Liberty patents as well as Appendix 4 which relates to a summary of “obviousness arguments” for the Liberty patents. The term “standing alone” used by respondents is ambiguous. However it would appear that respondents are challenging the validity of the Liberty patents, based on section 103 only. Also is it correct that said asserted claims are invalid based only on the Ide ‘187 patent. It would appear to be the case from Appendix 6. Yet said appendix recites “obvious” at least with respect to the claim element “device to said system controller.” On this point complainant in its Pre at 214 has argued that the asserted claims of the Liberty patents are not “anticipated” by the Ide ‘187 patent. If the answer to the question whether said asserted claims are invalid based only on the Ide ‘187 patent is in the positive explain the argument of respondents that the rejection is only on section 103. On the other hand do respondents agree with complainant that said asserted claims are not anticipated by the Ide ‘187 patent.

117. Complainant in its Pre at 214-222 argued that the Ide ‘187 patent fails to disclose certain claimed elements of asserted claims and further make reference to concessions of Welch and inherent arguments by Welch. Is not the critical question for inherency whether, as a matter of fact, a reference necessarily features or results in each and every limitation of an asserted claim. Also should not elements in a prior art reference, when only that reference is relied on as prior art, be arranged or combined in said prior art reference in the same way as they

are in the patent claim in issue. Respondents should comment on these statements with respect to their allegation that the Ide '187 patent standing alone invalidates certain asserted claims. Moreover respondents should set forth in detail the evidence they intend to rely on to refute complainant's assertion that the Ide '187 patent fails to disclose certain claimed elements of asserted claims and explain the alleged concessions of Welch and his testimony as to inherency.

118. Do respondents agree with complainant that limitation [b] and limitation [e] are undisputed claim terms of the Kelts '983 patent. (See complainant's Pre at 55-56) If the answer is in the negative explain in detail. On this point respondents have argued (respondents' Pre at 159) that there are five claim terms for which there does not appear to be any material dispute as to the meaning of those terms and also that it does not appear that any of said terms are dispositive on issues of infringement, invalidity or unenforceability of the asserted claims.
119. It would appear according to respondents that no claim interpretation as to the Liberty patents is necessary, as to the issues of literal infringement and infringement under the doctrine of equivalents, because respondents take the position that there is non-infringement of the Liberty patents under either respondents' proposed claim construction (Appendix 2) or complainant's proposed constructions. (Appendix 3). Do respondents so agree. If not explain in detail.
120. Complainant in its Pre at 430-449 have argued that the patents in issue were obtained in full compliance of the rules and regulations established by the United States Patent and Trademark Office. For example, it is argued that respondents will be unable to demonstrate materiality of the alleged withheld references and any deceptive intent by anyone with a duty of disclosure. It was also argued, with respect to respondents' assertions regarding small entity status and payments of small entity fees associated with the prosecution and issuance of the patents in issue, that those assertions will fail because the evidence will show small entity payments and claims of small entity status were made in good faith and because complainant, upon becoming aware of "this potential issue" took immediate steps to address any inadvertent errors associated with prior payments of small entity fees. Respondents have the burden in establishing the defense in issue. Why should not the evidence complainant has put forth (see complainant's Pre at 430-449) establish that respondents' defense has no merit. Respondents should explain in detail and cite all evidence in support of its position.
121. Respondents argued that it is not expected that Hillcrest will be able to provide sufficient reliable, probative evidence linking significant investments in plant, equipment, labor or capital to the method of claim 1 of the '983 patents allegedly practiced by this configuration of the HoME System and the same with engineering research or development. (See respondents' Pre at 223-24.) Respondents have been able to review complainant's Pre. Does said Pre cite to

evidence that would meet complainant's burden. If the answer is in the negative explain in detail the evidence that supports respondents' position.

122. With respect to the Liberty patents, respondents in their Pre at 224-25 argued that complainant is expected to rely upon its Freespace Reference Kit (FSRK) to meet its burden on domestic industry but as with the '983 patent Hillcrest will not be able to provide sufficient reliable probative evidence that its FSRK actually practices claim 23 of the '760 patent and/or claim 58 of the '611 patent. Respondents have been able to review complainant's Pre. Does said Pre cite to evidence that would meet complainant's burden. If the answer is in the negative explain in detail the evidence that support's respondents' position.
123. Respondents argued in their Pre at 225-26 that there is insufficient nexus between Hillcrest's licenses and the patents in issue. Respondents have had the opportunity to review complainant's Pre. Does said Pre cite to evidence that would establish said nexus. If the answer is in the negative, explain in detail.
124. Respondents, with respect to the Liberty patents, argued that they will demonstrate the scope and content of the prior art based on a plurality of some eight references, viz. the Ide '187 patent, the Odell '479 patent, the Morishta '565 patent, the ADXL 202 Data Sheet, the XWand references, the Nitta '360 patent and the Foxlin '077 patent. (See respondents' Pre at 108.) It would appear that the need to rely on said plurality of references would support an argument for patentability. Correct? If not correct explain.
125. Respondents have cited KSR Int'l Co. v.. Teleflex, Inc. 550 U.S. 398 (2007) in their Pre. However it appears that the case is relied on, with respect to issues the administrative law judge has to decide, only at in respondents' Pre at 186 where respondents argued that "the '983 patent 'simply arranges old elements with each performing the same function it had been know [sic] to perform' and yields no more than one would expect from such an arrangement, the combination is obvious." Respondents should explain in detail the factual basis for said argument. Also is the administrative law judge correct that KSR is relevant only with respect to said assertion made in respondents' Pre at 186. If the answer is the negative, explain in detail.
126. Complainant in its Pre at 5-7 has a section titled "Summary of the Invention Disclosed in the Liberty Patents. " Do respondents agree with each statement set forth in said section. For example it is argued that "the patents disclose a novel and more intuitive 3D pointing device that allows, for example, the user's horizontal hand translation to result in horizontal cursor translation on the screen regardless of the roll angle at which the pointing device is being held by the user." It appears, from respondents Pre, that respondents would not agree that the patents discloses "a novel and more intuitive 3D pointing device". However would respondents agree to the remaining portion of said statement. If not, explain in detail.

127. Complainant in its Pre at 45-52 has a section titled "Summary of the Invention Disclosed in the '983 Patent." Do respondents agree with each statement set forth in said section. It appears from respondents Pre that respondents would not agree for example with the statements that "[t]he '983 patent marked a distinct shift in electronic program guides ("EPGs"), breaking with the decades-old paradigm that had dominated the field" and that "Kelts broke entirely with the conventional, grid-based paradigm and, instead, used graphical objects and media items to organize and navigate media content by genre, rather than by time slot and channel as is inherent in a grid-based system." Correct? However do respondents at least agree to the basic facts in said statements.
128. Complainant, in its Pre at 79-94, referring to certain exhibits, has described the accused Nintendo Wii. It is unclear whether every statement in said section is accurate. For example, complainant in its Pre at 83 qualifies a sentence with the phrase "[a]s currently understood by Hillcrest." Respondents in their Pre at 43-47 provide insight of the accused item, and should have an understanding of the accused Nintendo Wii. Can the administrative law judge assume that all the factual assertions made by complainant in its Pre at 79-94 are accurate. If not, explain in detail any inaccuracy providing all evidentiary support for respondents' position.

Item 3. Responses of Complainant And Respondents

Complainant should respond to respondents' submissions in Item 2 and respondents should respond to complainant's submissions in Item 1.

Item 4. Staff Responses

The staff should respond to the private parties' submissions in Items 1-3.

Item 5. Reply Submissions From Complainant And Respondents

Complainant should reply in detail to the positions taken by respondents in Item 3 and the staff in Item 4. Respondents should reply in detail to the positions taken by complainant in Item 3 and by the staff in Item 4. The procedural schedule (Order No. 5) set April 16, 2009 as deadline for the private parties to exchange direct exhibits. Accordingly, complainant and respondents in their Item 5 submissions should indicate by exhibit number which exhibits support complainant's and respondents' positions in their Item 1 and Item 2 submissions, respectively.

Due Dates for Submissions Related to Items 1-5

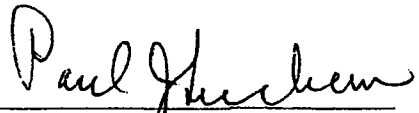
Complainant and respondents should have in the hands of the administrative law judge the Item 1 and Item 2 submissions by noon on April 30, 2009. Item 3 submissions from said private parties must be received by the administrative law judge by the close of business on May 4, 2009. The staff should have the Item 4 submissions in the hands of the administrative law judge by noon on May 6, 2009. Complainant and respondents should have the Item 5 submissions in the hands of the administrative law judge by noon on May 8, 2009. The parties should file their submissions with the Office of the Secretary and submit three copies of each submission to the administrative law judge.

Additional Submission

In addition to the foregoing, the private parties are ordered to meet and confer and, after consultation with the staff, are ordered to submit to the administrative law judge no later than the close of business on May 8, 2009, a joint stipulation regarding the technology at issue in this investigation and further state the position of the staff on the joint stipulation. Said stipulation should have one section for each patent or family of patents, if it would be more appropriate (e.g. the Liberty and/or 3D Pointing patents and the Kelts '983 patent), and, if applicable, a general technology section should be included that discusses technology common to all three of the patents at issue. At a minimum, said stipulation should provide sufficient background information to understand the disputed claim constructions of each of the asserted claims in issue and should not include any facts upon which the parties are not in agreement. It is expected that any facts listed in said stipulation may be used and relied upon throughout the remainder of the investigation, including, inter alia, in the administrative law judge's final initial determination on violation. Also, said stipulation should not be a vehicle for presenting legal arguments. The joint stipulation to be submitted should have substance and not be comparable to the "Joint Stipulation Regarding The Technology In Issue" dated February 23, 2009 and which was submitted by the private parties while discovery was in process.

This order will be made public unless a bracketed confidential version is received by May 8, 2009.

On April 23, 2009, each of the private parties and the staff received a copy of this order.


Paul J. Luckern
Chief Administrative Law Judge

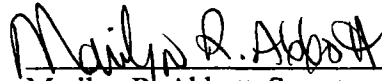
Issued: April 23, 2009

**CERTAIN VIDEO GAME MACHINES AND
RELATED THREE-DIMENSIONAL POINTING
DEVICES INTERMEDIATES, AND PRODUCTS
CONTAINING THE SAME**

Inv. No. 337-TA-658

PUBLIC CERTIFICATE OF SERVICE

I, Marilyn R. Abbott, hereby certify that the attached **Public Version Order** has been served by hand upon the Commission Investigative Attorney, Christopher G. Paulraj, Esq., and the following parties as indicated, on July 2, 2009.


Marilyn R. Abbott, Secretary *SUE*
U.S. International Trade Commission
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**CERTAIN VIDEO GAME MACHINES AND
RELATED THREE-DIMENSIONAL POINTING
DEVICES INTERMEDIATES, AND PRODUCTS
CONTAINING THE SAME**

Inv. No. 337-TA-658

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