

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
LUFKIN DIVISION**

Blackboard Inc.,	)	
	)	
Plaintiff,	)	Case No. 9:06 CV 155
	)	
v.	)	Judge Clark
	)	Judge Hines
Desire2Learn Inc.,	)	
	)	
Defendant.	)	

**JOINT FINAL PRE-TRIAL ORDER**

This cause came before the court at a final pre-trial conference held on February 1, 2008, pursuant to Local Rule CV-16 and Rule 16 of the Federal Rules of Civil Procedure.

**A. COUNSEL FOR THE PARTIES**

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**B. STATEMENT OF JURISDICTION**

Jurisdiction in this case is based on Title 28 U.S.C. §§ 1331 and 1338(a) in that Blackboard brings this action under the patent laws of the United States, Title 35 U.S.C. § 101 *et seq.*

Personal jurisdiction is not disputed. Desire2Learn disputes subject matter jurisdiction, alleging that Blackboard is not the proper owner of the patent in suit and, therefore, lacks standing to bring an action for infringement of U.S. Patent 6,988,138 B1.

**C. NATURE OF THE ACTION**

Blackboard instituted this action, pursuant to 35 U.S.C. § 271 against Desire2Learn for direct and indirect infringement of U.S. Patent 6,988,138 B1, entitled “Internet-Based Education Support System and Methods” (the “138 patent”). Blackboard claims that Desire2Learn’s alleged patent infringement has been willful.

Desire2Learn answered denying that the '138 patent is infringed and asserting that the patent is invalid, unenforceable, and expressly and/or implicitly licensed to Desire2Learn and/or Desire2Learn's customers. Desire2Learn further asserts that Blackboard is not the proper owner of the patent

**D. CONTENTIONS OF THE PARTIES**

**i. Blackboard's Contentions**

These are Blackboard's contentions:

1. In 1998, Robert Alcorn, Daniel Cane, Michael Chasen, Timothy Chi, Stephen Gilfus, Scott Perian, and Matthew Pittinsky (collectively, "the inventors") invented a method for education online.

2. On June 30, 1999, the inventors filed a provisional patent application with the United States Patent and Trademark Office for their method for education online, which was followed by two other provisional applications filed on July 1, 1999 and March 8, 2000, respectively. Blackboard claims a patent application priority date of the first provisional application filed on June 30, 1999. The inventors filed a non-provisional patent application for their method for education online on June 30, 2000.

3. On January 17, 2006, the United States Patent and Trademark Office awarded the inventors a patent on their method for education online. That patent issued as United States Patent No. 6,988,138 B1, entitled "Internet-Based Education Support System and Methods." The Court and the parties may refer to this patent from time to time as "the Blackboard patent," "the '138 patent," "the patent-in-suit" or "the Alcorn patent."

4. Prior to its issuance on January 17, 2006, the inventors assigned all rights, title, and interest in the '138 patent to their employer at the time, Blackboard Inc. Blackboard owns all rights, title, and interest in the Blackboard patent. Blackboard is the plaintiff in this case.

5. The defendant in this case is Desire2Learn Inc., which the Court and the parties may refer to from time to time as "Desire2Learn" or "D2L." Desire2Learn is liable for infringing claims 36 through 44 of the Blackboard patent, literally or under the Doctrine of Equivalents. The Court and the parties may refer to these patent claims from time to time as "the Asserted Claims."

6. Desire2Learn has directly infringed the Asserted Claims of the Blackboard Patent, literally or under the Doctrine of Equivalents, by importing into the United States and using, offering for sale, and selling in the United States its Desire2Learn eLearning Technology Suite, which includes its Desire2Learn Learning Environment software product (versions 7.3, 7.4, 8.1, and 8.2, and associated subversions and database data) and its LiveRoom software product (collectively the "Accused Products"), and all services associated with supporting these Desire2Learn products, specifically Desire2Learn's entire services spectrum, including hosting, training, help desk, implementation, customization, and content services, by whatever names those services have been previously or are currently called (collectively, the "Accused Services"), in the United States.

7. Using DesireLearn's Accused Products and Accused Services in combination, Desire2Learn and its U.S. customers have jointly directly infringed the Asserted Claims of the Blackboard Patent, literally or under the Doctrine of Equivalents.

8. Through Desire2Learn's Accused Products and Accused Services, Desire2Learn has indirectly infringed the Asserted Claims of the Blackboard Patent, literally or under the

Doctrine of Equivalents, by contributing to and actively inducing the direct infringement of its customers in the United States, who use the Accused Products, and receive from D2L the Accused Services in the United States.

9. Each of the Asserted Claims of the Blackboard patent is valid.

10. The Blackboard patent is enforceable. [*Not to be read to the jury.*]

11. Neither Desire2Learn nor its customers have a license to practice the Blackboard patent.

12. Desire2Learn knew at least as early as July 26, 2006 that its Accused Products and Accused Services infringed one or more of the Asserted Claims of the Blackboard patent and therefore is liable as a willful infringer under each of Blackboard's infringement claims.

13. Blackboard is entitled to money damages in the amount of its lost profits or a reasonable royalty.

14. Blackboard is entitled to an injunction to prevent Desire2Learn's continued infringement of the Blackboard patent. [*Not to be read to the jury.*]

**ii. Desire2Learn's Contentions**

*These are Desire2Learn's contentions:*

1. Robert Alcorn, Daniel Cane, Michael Chasen, Timothy Chi, Stephen Gilfus, Scott Perian, and Matthew Pittinsky did not invent a system and method for education online.

2. Blackboard is not the rightful owner of the '138 patent and does not have standing to bring this suit.

3. Desire2Learn does not infringe the Asserted Claims, directly or indirectly, literally or under the Doctrine of Equivalents.

4. Desire2Learn's customers do not infringe the Asserted Claims, directly or indirectly, literally or under the doctrine of equivalents.

5. Desire2Learn's customers do not perform every step of any Asserted Claim of the '138 patent.

6. Desire2Learn and its customers do not jointly infringe the Asserted Method Claims of the '138 patent, literally or under the Doctrine of Equivalents.

7. Desire2Learn does not perform every step of any Asserted Claim of the '138 patent by itself or in coordination with any customer over which it has direction and control.

8. Desire2Learn does not perform every step of any Asserted Claim of the '138 patent by itself or in coordination with any customer that has direction and control over Desire2Learn.

8. Desire2Learn does not exercise direction or control over its customers.

9. Desire2Learn does not exercise control and/or direction over the system users that interact with the Accused Products and Services.

10. The Asserted Claims of the '138 patent are invalid because they are anticipated in light of the prior art.

11. The Asserted Claims of the '138 patent are invalid because they are obvious in light of the prior art.

12. The '138 patent is unenforceable because of the inequitable conduct of any one of the named inventors, Daniel Cane, Stephen Gilfus, Timothy Chi, Matthew Pittinsky, and Michael Chasen, during the prosecution of the '138 patent. [*Not to be read to the jury.*]

13. Desire2Learn and its customers have a license to practice the '138 patent.

14. Desire2Learn was not aware of the '138 patent until July 26, 2006, after it was sued by Blackboard. Desire2Learn is not and cannot be liable as a willful infringer.

**E. STIPULATIONS AND UNCONTESTED FACTS**

1. The earliest of the three provisional applications that matured into the application for the '138 patent was filed with the United States Patent and Trademark Office on June 30, 1999. The second of the three provisional applications was filed on July 1, 1999. The third of the three provisional applications was filed on March 8, 2000.

2. The application for the '138 patent was filed with the United States Patent and Trademark Office on June 30, 2000.

3. The United States Patent and Trademark Office issued the '138 patent on January 17, 2006.

4. The '138 patent lists Blackboard as the assignee and lists Robert Alcorn, Daniel Cane, Michael Chasen, Timothy Chi, Stephen Gilfus, Scott Perian, and Matthew Pittinsky as the inventors.

5. Since at least January 17, 2006, Desire2Learn has imported into the United States and sold and offered for sale in the United States its Desire2Learn Learning Environment software product (including, at various points in time, versions 8.1, and 8.2, and associated subversions) and its LiveRoom product, and has sold and offered for sale in the United States services associated with supporting these D2L products, including hosting, training, help desk, implementation, customization, and content services.

6. The level of ordinary skill in the art for the technology disclosed and claimed in the '138 patent is someone with the equivalent of a "four-year" degree from an accredited institution (usually denoted in this country as a B.S. degree) in the field of computer science, or

related field, and between two and three years of applications programming experience. Experience and technical training may substitute for educational requirements, while advanced degrees may substitute for some of the experience.

**F. CONTESTED ISSUES OF FACT AND LAW**

**i. Contested Issues of Fact**

1. Whether Desire2Learn has directly infringed the Asserted Claims of the '138 patent, literally or under the Doctrine of Equivalents.

2. Whether Desire2Learn's customers directly infringe the Asserted Claims of the '138 patent, literally or under the Doctrine of Equivalents.

3. Whether Desire2Learn's customers perform every step of any Asserted Claim of the '138 patent.

4. Whether Desire2Learn and its customers jointly infringe the Asserted Method Claims of the '138 patent, literally or under the Doctrine of Equivalents.

5. Whether Desire2Learn performs every step of any Asserted Claim of the '138 patent by itself or in coordination with its customers.

6. Whether the relationship between Desire2Learn and its customers satisfies the "direction or control" requirement for establishing joint direct infringement.

7. Whether the relationship between Desire2Learn and its customers satisfies the "direction or control" requirement for system users?

8. Whether Desire2Learn has actively induced infringement by its customers of the Asserted Claims of the '138 patent, literally or under the Doctrine of Equivalents

9. Whether Desire2Learn has contributed to the infringement by its customers of the Asserted Claims of the '138 patent, literally or under the Doctrine of Equivalents.



10. Whether Desire2Learn is liable as a willful infringer of one or more of the Asserted Claims of the '138 patent, under Blackboard's claims of direct and indirect infringement, literally or under the Doctrine of Equivalents.

11. Whether the Asserted Claims are invalid as anticipated by the prior art.

12. Whether the Asserted Claims are invalid due to obviousness in light of the prior art.

13. Whether the priority date of the Asserted Claims is June 30, 1999, or June 30, 2000.

14. The following basic factual inquiries pertinent to obviousness: 1) the scope and content of the prior art; 2) the differences, if any, between the invention of the claims of the patent and the prior art; 3) the level of ordinary skill in the art at the time the invention was made; 4) any objective indications of nonobviousness.

15. The extent to which the following secondary factors relevant to the determination of obviousness are present: (a) long-felt and unmet need in the art of the invention; (b) failure of others to achieve the results of the invention; (c) commercial success of the invention; (d) copying of the invention by others in the field; (e) whether the invention was contrary to the wisdom of the prior art; (f) expression of disbelief or skepticism by those skilled in the art upon learning of the invention; (g) unexpected results; (h) praise of the invention by those in the field; and (i) independent invention by other.

16. Whether the inventions claimed by the Asserted Claims were developed under the agreement between Blackboard and the Sonoma State University Academic Foundation, Inc. ("SSU") to provide software development services in support of the National Learning Infrastructure Initiative Instructional Management System ("IMS").

17. Whether any one of the named inventors, Daniel Cane, Stephen Gilfus, Timothy Chi, Matthew Pittinsky, or Michael Chasen, withheld material information from the PTO during the prosecution of the '138 patent with an intent to deceive. [*Not to be read to the jury.*]

18. Whether Desire2Learn has a license, either express or implied, to practice the '138 patent.

19. Whether Desire2Learn's customers have a license, either express or implied, to practice the '138 patent.

20. Whether Desire2Learn is a "member of the NLII IMS partnership as may be designated by EDUCOM at a future time," as that term is used in Section 8 of the agreement between Blackboard and SSU.

21. Whether Blackboard developed any "products" under the agreement between Blackboard and SSU, as that term is used in Section 8 of the agreement.

22. If infringement of one or more of the asserted claims is proven, the amount of money, if any, Desire2Learn should pay Blackboard for Desire2Learn's infringement.

**ii. Contested Issues of Law**

1. Whether the Court should hold the '138 patent unenforceable on the grounds of inequitable conduct before the U.S. Patent and Trademark Office.

2. Whether the Court or the jury should determine whether the Asserted Claims are invalid as obvious.

3. Whether additional claim construction is necessary. If so, whether the method of claim 36 requires use of "role based access control."

4. Whether the question of the priority date for the Asserted Claims should be submitted to the jury or decided by the Court. If it is to be decided by the Court, whether the priority date for the Asserted Claims is June 30, 1999 or June 30, 2000.

5. Whether, under the agreement between Blackboard and the Sonoma State University Academic Foundation, Inc. for Blackboard to provide software development services in support of the National Learning Infrastructure Initiative Instructional Management System (“IMS”) project, the SSU Foundation owns the intellectual property claimed by the ‘138 patent.

6. Whether, under the agreement between Blackboard and the Sonoma State University Academic Foundation, Inc. for Blackboard to provide software development services in support of the National Learning Infrastructure Initiative Instructional Management System (“IMS”) project, the intellectual property claimed by the ’138 patent is usable in perpetuity by Desire2Learn.

7. Whether Blackboard may claim damages for the time period prior to July 26, 2006.

8. Whether Blackboard failed to properly plead or disclose a claim of “joint infringement” by Desire2Learn and its customers and thereby waived the claim.

9. Whether Desire2Learn failed to properly seek leave to amend its invalidity contentions and therefore has waived its claims invalidity based on references and contentions that appear for the first time in Desire2Learn’s Amended Invalidity Contentions (references listed at I.A. 61-65 and contentions listed at I.B. 16-19 and I.C).

10. Whether lost profits are appropriate damages under the circumstances of this case.

11. Whether the Court should enter an injunction pursuant to 35 U.S.C. § 283.

12. Whether the Court should increase the damages amount awarded by the jury, if any, up to three times the amount found, pursuant to 35 U.S.C. § 284.

13. Whether the Court should affix interest and costs to the amount awarded by the jury, if any, pursuant to 35 U.S.C. § 284.

14. Whether this case is exceptional under 35 U.S.C. § 285, thus entitling the prevailing party to recover its attorneys fees.<sup>1</sup>

**G. LIST OF WITNESSES**

Blackboard's Trial Witness List is attached as Exhibit A.

Desire2Learn's Trial Witness List is attached as Exhibit B.

**H. LIST OF EXHIBITS**

Blackboard's Exhibit List is attached as Exhibit C.

Desire2Learn's Exhibit List is attached as Exhibit D.

The Joint Exhibit List is attached as Exhibit E.

**I. PENDING MOTIONS**

*The following motions are now pending:*

1. Blackboard's Motion in Limine
2. Desire2Learn's Motion in Limine
3. Blackboard's *Daubert* Motion To Exclude Certain Expert Testimony of Thomas

W. Britven.

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<sup>1</sup> The parties have omitted the legal issues surrounding construction of the claim term "user" from this list as they are encompassed within D2L's motion for supplemental claim construction.

**J. PROBABLE LENGTH OF TRIAL**

The probable length of the jury trial is 7-9 days. Inequitable conduct will be tried before the Court while the jury deliberates.

**K. MANAGEMENT CONFERENCE LIMITATIONS**

The parties exchanged their exhibit lists for the first time on January 7, 2008. Lead counsel for the parties met and conferred on their exhibit lists on January 11, 2008. The parties will exchange updated exhibit lists on January 14, 2008. Demonstratives will not be exchanged on this date. On February 1, 2008, the parties will exchange and provide the Court with their most updated exhibit lists. The parties will provide two copies of their most updated lists and their original exhibits (with the proper exhibit stickers) and give them to the Deputy Clerk.

The parties have agreed to exchange demonstratives for opening statements on Saturday, February 9, 2007, by 5 PM. The parties will then exchange objections on Sunday, February 10, 2007, by 5 PM. From that point forward, the parties will exchange any demonstratives for the direct examinations that will take place the next day by 7 PM the night before those witness are to be presented. Any objections to those demonstratives will be sent by midnight that same night and presented to the Court on the morning of the day the demonstratives are to be used.

Pursuant to the Court's December 3, 2007 Order, each side has 18 hours of trial time. At the conclusion of 80% of a party's allotted time, a party may move for an extension of time. Such extension will only be granted for good cause shown, and such good cause shall include a showing that the party's past use of time and anticipated use of remaining and requested time does not constitute undue delay, waste of time, or needless presentation of cumulative evidence.

**L. CERTIFICATIONS**

Subject to any discovery issues to be addressed by motions in limine or other motions practice, the undersigned counsel of each of the parties do hereby certify and acknowledge the following:

Full and complete disclosure has been made in accordance with the Federal Rules of Civil Procedure and the Court's Orders;

Discovery limitations set forth in the Federal Rules of Civil Procedure, the Local Rules, and the Court's Orders have been complied with and not altered by agreement or otherwise, except that depositions were taken and certain documents exchanged subsequent to October 17, 2007 and January 11, 2008;

Each exhibit in the Lists of Exhibits herein:

- (a) is in existence;
- (b) is numbered; and
- (c) has been disclosed and shown to opposing counsel, except to the extent

that paper copies may be exchanged before February 4, 2008.

Subject to the rulings made at the pretrial conference.

So **ORDERED** and **SIGNED** this **2** day of **February, 2008**.



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Ron Clark, United States District Judge

Respectfully submitted,

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