



UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

---

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the**  
**Securities Exchange Act of 1934**

Date of earliest event reported: April 24, 2003

**INTUITIVE SURGICAL, INC.**

---

(Exact Name of Registrant as Specified in Charter)

Delaware

000-30713

77-0416458

---

(State or Other Jurisdiction of  
Incorporation)

(Commission File Number)

(I.R.S. Employer  
Identification No.)

950 Kifer Road, Sunnyvale, California 94085

---

(Address of Principal Executive Offices) (Zip Code)

(408) 524-2100

---

(Registrant's telephone number, including area code)

---

(Former Name or Former Address, if Changed Since Last Report)

---

## **TABLE OF CONTENTS**

[ITEM 5. OTHER EVENTS AND REQUIRED FD DISCLOSURE](#)

[ITEM 9. REGULATION FD DISCLOSURE](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[EXHIBIT 99.1](#)

---

## [Table of Contents](#)

### **ITEM 5. OTHER EVENTS AND REQUIRED FD DISCLOSURE**

#### Patent Infringement Litigation

As previously disclosed, on September 1, 2000 Brookhill-Wilk 1, LLC (“Wilk”) filed a lawsuit against Intuitive Surgical, Inc. (“Intuitive Surgical”) in the United States District Court for the Southern District of New York (Case No. 00 Civ. 6599 (NRB)) alleging that by making, using, selling or offering for sale its *da Vinci* Surgical System, Intuitive Surgical is infringing U.S. Patent Nos. 5,217,003 and 5,368,015 in willful disregard of Wilk’s patent rights. These patents concern methods and devices for “remote” surgery. In March 2001, Wilk withdrew its assertion of infringement of the 015 patent against Intuitive Surgical. On November 8, 2001, in response to a motion on one of Intuitive Surgical’s noninfringement defenses, the District Court granted summary judgment of noninfringement of the 003 patent in favor of Intuitive Surgical and dismissed Wilk’s complaint in its entirety without prejudice. Wilk appealed the summary judgment ruling to the U.S. Court of Appeals for the Federal Circuit.

On April 11, 2003, the Court of Appeals reversed the District Court’s judgment and remanded the case for further proceedings. This reversal is based on the Court of Appeals’ determination that the particular claim limitation at issue should be interpreted differently than as construed by the District Court. Nevertheless, Intuitive Surgical believes that the Court of Appeals’ opinion is not necessarily inconsistent with the noninfringement defense initially presented by Intuitive Surgical to the District Court and does not impact Intuitive Surgical’s other noninfringement defenses. Intuitive Surgical expects to request clarification from the Court of Appeals on the claim construction adopted before returning to the District Court to continue to defend the claims relating to the 003 patent. Upon remand, Intuitive Surgical intends to continue to vigorously defend its rights and, if necessary, is prepared to continue to dispute the meaning of other portions of the asserted claim language and to conduct discovery and file further motions on whether the patent is infringed, valid and/or enforceable. Intuitive Surgical believes that it will prevail in the litigation and that it has multiple meritorious defenses to Wilk’s allegations. However, litigation is unpredictable and Intuitive Surgical may not prevail. The case remains in its early stages of discovery.

For a discussion of the risks associated with this litigation, please see Intuitive Surgical’s Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and Registration Statement on Form S-4 (File No. 333-104093) filed with the Securities and Exchange Commission on March 28, 2003.

### **ITEM 9. REGULATION FD DISCLOSURE**

The information contained in this Item 9 is being furnished pursuant to “Item 12. Results of Operations and Financial Condition” of Form 8-K in accordance with SEC Release Nos. 33-8216 and 34-47583.

The information, including Exhibit 99.1 attached hereto, in this Item 9 is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that

---

## [Table of Contents](#)

Section. The information in this Item 9 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as otherwise expressly stated in such filing.

Attached and incorporated by reference as Exhibit 99.1 is a copy of the press release of Intuitive Surgical, dated April 24, 2003, reporting Intuitive Surgical's financial results for the quarter ended March 31, 2003.

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INTUITIVE SURGICAL, INC.

By: /s/ Lonnie M. Smith

---

Name: Lonnie M. Smith  
Title: Chief Executive Officer

Dated: April 24, 2003

---

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release, dated April 24, 2003

Taking surgical precision and technique beyond the limits of the human hand.(TM)

FOR IMMEDIATE RELEASE

Contacts: Ben Gong 408-523-2175  
Sarah Norton 408-523-2161

INTUITIVE SURGICAL ANNOUNCES \$19.2 MILLION FIRST QUARTER REVENUE, UP 33%

SUNNYVALE, CALIF. April 24, 2003 - Intuitive Surgical, Inc. (NASDAQ: ISRG), the leader in operative surgical robotics, today reported sales of \$19.2 million in the first quarter of 2003, up 33% from \$14.4 million in sales reported in the first quarter of 2002. Higher sales were driven by continued recurring revenue growth and additional DA VINCI(R) Surgical System unit shipments. First quarter 2003 recurring revenue totaled \$5.4 million, up 103% over the prior year and up \$0.7 million sequentially from the fourth quarter of 2002. Intuitive shipped 14 DA VINCI(R) Surgical Systems during the first quarter 2003 compared to 13 during the first quarter last year.

	Q103	Q102	INCREASE
	----	----	-----
REVENUE (\$MILLIONS)			
- - - - -			
Systems	\$ 13.8	\$ 11.7	\$ 2.1
Instruments/Accessories	\$ 3.6	\$ 1.7	\$ 1.9
Service	\$ 1.8	\$ 1.0	\$ 0.8
	-----	-----	-----
	\$ 19.2	\$ 14.4	\$ 4.8
SYSTEM POPULATION			
Placements	14	13	1
Cumulative Placements	163	102	61

Gross margin for the first quarter of 2003 was 54.6%, compared with 47.9% for the first quarter of 2002. Improved 2003 gross margin was driven by a higher DA VINCI(R) Surgical System average selling price and lower product warranty costs.

Net loss for the first quarter 2003 was \$2.3 million, or (\$0.06) per share compared to a net loss of \$5.6 million, or (\$0.15) per share during the first quarter 2002. Intuitive used \$5.8 million of cash during the first quarter, ending the period with \$45.0 million in cash, cash equivalents and short-term investments.

Commenting on the announcement, Lonnie Smith, President and CEO of Intuitive Surgical said: "We are pleased with our continued revenue growth and recurring revenue momentum. Our sequentially lower operating expenses and shrinking net loss demonstrate our progress towards achieving profitability. We are pleased with our momentum as we move forward with our plans to merge with Computer Motion."

Intuitive Surgical and Computer Motion continue to expect to close the proposed merger by the end of June 2003. Currently, planning for the post-merger transition is underway and the companies expect to meet the estimated \$18 million in annual operating pre-tax cost savings. The outlook for the combined entity is to record between \$110 and \$130 million of 2003 revenue on a pro forma basis. The companies are targeting profitability by the fourth quarter of 2003 for the combined entity, excluding amortization of intangible assets and one-time charges associated with the merger. The companies are analyzing possible post-merger plans to enhance the efficiency and productivity of a merged company. While no final decisions have been made, the companies are considering various post-merger opportunities including the consolidation of manufacturing and administrative functions at corporate headquarters, maintaining an engineering presence in existing locations, and creating a single sales and service force to cost-effectively serve and support customers world-wide.

The company will also announce these results at a conference call today at 1:30 PM PST. The dial-in numbers for this call are 877-909-3508 for U.S. calls and 484-630-4228 for international calls. The passcode is ISRG and the meeting leader is Mr. Lonnie Smith. To access financial information that will be discussed on the call, please visit Intuitive Surgical's website at [www.intuitivesurgical.com](http://www.intuitivesurgical.com).

About the DA VINCI(R) Surgical System:

The DA VINCI(R) Surgical System consists of a surgeon's viewing and control console having an integrated, high-performance INSITE(R) 3-D vision system, a patient-side cart consisting of three robotic arms that position and precisely maneuver endoscopic instruments and an endoscope, and a variety of articulating ENDOWRIST(R) Instruments. By integrating computer-enhanced technology with surgeons' technical skills, Intuitive believes that its System enables surgeons to perform better surgery in a manner never before experienced. The DA VINCI(R) Surgical System seamlessly and directly translates the surgeon's natural hand, wrist and finger movements on instrument controls at the surgeon's console outside the patient's body into corresponding micro-movements of the instrument tips positioned inside the patient through small puncture incisions, or ports.

# # #

This news release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including statements about future financial and operating results and Intuitive Surgical's anticipated merger with Computer Motion. You can identify these forward-looking statements when you see us using words such as "intends," "expects," "anticipates," "estimates" and other similar expressions. These statements are based on current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described in the forward-looking statements. Actual results could differ materially from those expressed or implied in any forward-looking statements as a result of certain risks and uncertainties, including, without limitation, competition and market acceptance of products; ability to obtain regulatory approvals and third-party reimbursements; ability to raise additional capital; non-consummation of the proposed merger; prior to the closing of the proposed merger the businesses of Intuitive Surgical or Computer Motion suffer due to uncertainty; that the parties are unable to successfully execute their integration strategies, or achieve planned synergies; and other factors described in the Securities and Exchange Commission reports filed by Intuitive Surgical and Computer Motion, including their most recent filings on Form 10-K. Intuitive Surgical and Computer Motion undertake no obligation to publicly update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

In connection with Intuitive Surgical's proposed merger with Computer Motion, Intuitive Surgical has filed a registration statement on Form S-4 containing a joint proxy statement/prospectus and other relevant materials. INVESTORS AND SECURITY HOLDERS OF INTUITIVE SURGICAL AND COMPUTER MOTION ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND THE OTHER MATERIALS CONTAINED IN THE REGISTRATION STATEMENT BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT INTUITIVE SURGICAL, COMPUTER MOTION AND THE PROPOSED MERGER. The registration statement and any other documents filed with the SEC by Intuitive Surgical or Computer Motion may be obtained free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders may obtain free copies of the documents filed with the SEC by Intuitive Surgical by directing a request to Intuitive Surgical, Inc., 950 Kifer Road, Sunnyvale, CA 94086, Attn: Sarah Norton. Investors and security holders may obtain free copies of the documents filed with the SEC by Computer Motion by contacting Computer Motion, Inc., 130-B Cremona Drive, Goleta, CA 93117, Attn: Dan Tamkin.

INTUITIVE(R), DA VINCI(R), INSITE(R), and ENDOWRIST(R) are registered trademarks of Intuitive Surgical, Inc.

INTUITIVE SURGICAL, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	3 MONTHS ENDED	
	3/31/03	3/31/02
	-----	-----
Sales	\$ 19,235	\$ 14,409
Cost of sales	8,738	7,507
	-----	-----
Gross Margin	10,497	6,902
Gross Margin %	54.6%	47.9%
Operating costs and expenses		
Selling, general and administrative	10,209	8,785
Research and development	3,423	4,232
	-----	-----
Total operating costs and expenses	13,632	13,017
Loss from operations	(3,135)	(6,115)
Interest income/(expense)	842	498
	-----	-----
Net loss	\$ (2,293)	\$ (5,617)
	=====	=====
Net loss per share - basic and diluted	\$ (0.06)	\$ (0.15)
	=====	=====
Shares used in computing basic and diluted net loss per common share	36,862	36,308
	=====	=====

INTUITIVE SURGICAL, INC.  
CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS)

	UNAUDITED 03/31/03 -----	12/31/02 * -----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 22,774	\$ 17,607
Short-term investments	22,235	33,232
Accounts receivable, net	20,895	16,887
Inventory, net	8,282	8,738
Prepaid expenses	2,037	2,161
	-----	-----
Total current assets	76,223	78,625
Net property, plant, equipment	9,823	10,388
Other assets	3,370	2,568
	-----	-----
Total assets	\$ 89,416	\$ 91,581
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 10,142	\$ 9,282
Accrued compensation and employee benefits	2,225	4,666
Warranty accrual	2,100	2,269
Accrued liabilities	3,485	3,497
Deferred revenue	6,140	4,838
Current portion of long-term debt	1,434	1,511
	-----	-----
Total current liabilities	25,526	26,063
Long term liabilities	1,531	1,838
Stockholders' equity:		
Common stock	37	36
Additional paid-in capital, net of issuance costs	192,412	191,020
Deferred compensation	(112)	(223)
Accumulated deficit	(131,084)	(128,791)
Accumulated other comprehensive income	1,106	1,638
	-----	-----
Total stockholders' equity	62,359	63,680
Total liabilities and stockholders' equity	\$ 89,416	\$ 91,581
	=====	=====

\* - Derived from the audited financial statements included in our annual report on Form 10K for the year ended December 31, 2002 but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.