IN THE UNITED STATES DISTRICT COURT

FOR THE WESTERN DISTRICT OF WISCONSIN

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ULTRATEC, INC. and CAPTEL, INC.,

MEMORANDUM

Plaintiffs,

v. 13-cv-346-bbc

SORENSON COMMUNICATIONS, INC.
and CAPTIONCALL, LLC,

Defendants.

- -

Attached for the parties' consideration is a draft of the post-trial jury instructions on liability.

Entered this 22d day of October, 2014.

BY THE COURT:
/s/
BARBARA B. CRABB
District Judge

II. POST-TRIAL INSTRUCTIONS

Introduction

Ladies and Gentlemen of the Jury:

Now that you have heard the evidence and the arguments, I will give you the instructions that will govern your deliberations in the jury room. It is my job to decide what rules of law apply to the case and to explain those rules to you. It is your job to follow the rules, even if you disagree with them or don't understand the reasons for them. You must follow all of the rules; you may not follow some and ignore others.

The decision you reach in the jury room must be unanimous. In other words, you must all agree on the answer to each question.

Your deliberations will be secret. You will never have to explain your verdict to anyone.

If you have formed any idea that I have an opinion about how the case should be decided, disregard that idea. It is your job, not mine, to decide the facts of this case.

The case will be submitted to you in the form of a special verdict consisting of four questions. In answering the questions, you should consider only the evidence that has been received at this trial. Do not concern yourselves with whether your answers will be favorable to one side or another, or with what the final result of this lawsuit may be.

Note that certain questions in the verdict are to be answered only if you answer a preceding question in a certain manner. Read the introductory portion of each question very carefully before you undertake to answer it. Do not answer questions needlessly.

Burden of Proof: Preponderance of the Evidence

When a party has the burden to prove any matter by a preponderance of the evidence, it means that you must be persuaded by the testimony and exhibits that the matter sought to be proved is more probably true than not true. On Questions Nos. 1 and 2 in the special verdict form, plaintiffs have the burden to prove the answer by a preponderance of the evidence. You should base your decision on all of the evidence, regardless which party presented it.

Burden of Proof: Clear and Convincing Evidence

In answering Questions Nos. 3 and 4, you are instructed that defendants have the burden to prove the answer by clear and convincing evidence. "Clear and convincing evidence" means evidence that convinces you that it is highly probable that the particular proposition is true. You should base your decision on all of the evidence, regardless which party presented it.

Answers Not Based on Guesswork

If, after you have discussed the testimony and all other evidence that bears upon a particular question, you find that the evidence is so uncertain or inadequate that you have to guess what the answer should be, then the party having the burden of proof as to that question has not met the required burden of proof. Your answers are not to be based on guesswork or speculation. They are to be based upon credible evidence from which you can find the existence of the facts that the party must prove in order to satisfy the burden of proof on the question under consideration.

The Patent Claims

The claims of a patent are the numbered sentences at the end of the patent. The claims describe what the patent owner may prevent others from doing. Claims are usually divided into parts, called "limitations" or "requirements." For example, a claim that covers the invention of a table may describe the tabletop, four legs and glue that holds the legs and the tabletop together. The tabletop, legs and glue are each a separate limitation or requirement of the claim.

Plaintiffs contend that defendants infringed claim 6 of the '482 patent, claims 1 and 2 of the '314 patent, claim 1 of the '346 patent, claims 7 and 8 of the '835 patent, claim 2 of the '740 patent and claim 2 of the '104 patent. Defendants deny that they infringe these claims and contend that claims 1 and 6 of the '482 patent, claims 1 and 2 of the '314 patent, claim 1 of the '346 patent, claim 1 of the '082 patent, claims 7 and 8 of the '835 patent, claim 2 of the '740 patent, claim 2 of the '104 patent and claims 7, 8 and 11 of the '578 patent are invalid. In deciding the infringement questions, disregard any other claims of the patents at issue.

To decide whether defendants infringed the patents, you must compare the claims to the accused product or service. In deciding a challenge to the validity of a patent, you must compare

the claims to the asserted prior art. In reaching your determinations with respect to infringement and invalidity, you must consider each claim of the patent separately.

Independent and Dependent Claims

Patent claims may exist in two forms, called independent claims and dependent claims. An independent claim stands on its own and does not refer to any other claim of the patent. A dependent claim refers to at least one other claim in the patent. A dependent claim includes each of the requirements of the other claims to which it refers, as well as the requirements in the dependent claim itself.

Earlier I described a hypothetical patent claim for a table that described the tabletop, four legs, and glue to hold the legs and tabletop together. That is an example of an independent claim. In that same hypothetical patent, a dependent claim might be one that stated, "the same table in the initial claim, where the tabletop is square."

Interpretation of the Patent Claims

I have previously defined certain phrases in the claims of the patents-in-suit. You must use these definitions in making your decision. The phrases I have defined are as follows:

1. “Telephone line” and "telephone connection" in the ‘482 patent and "telephone system" in the ‘314 patent may include internet protocol connections.

2. “Telecommunication device” in claim 1 of the ‘482 patent and claim 2 of the ‘314 patent and "telecommunication device within sight of the deaf person" in claim 1 of the '482 patent do not necessarily require a keyboard, display and specific type of modem.

3. “Communication between” in claim 6 of the '482 patent may refer to a one-way or two-way communication exchange.

4. “Modem” in claim 2 of the '314 patent is not limited to converting digital information into audio tone signals.

5. “Internet protocol connections between the hearing user and the relay and between the assisted user and the relay” in claim 2 of the '104 patent does not require two separate and distinct connections and cannot be merely a part of the signal path between the hearing user and the relay or the assisted user and the relay.

6. "Relay system" in the '482 patent does not require the call assistant to be connected directly to the primary call between the hearing user and assisted user.

7. The preamble to claim 1 of the '082 patent does not require the captioned telephone device itself to convey both the voice of the hearing user and text to the assisted user.

8. "Captioned telephone display device" in claim 1 of the '346 patent is not limited to a device that is connected to or integrated with a conventional telephone or that filters out text signals.

9. None of the claims at issue for invalidity require that voice recognition software be located or stored on any particular computer.

10. The preamble to claim 7 of the '578 patent is not a requirement of that claim.

11. None of the claims at issue contain any requirements regarding the speed of transcription of voice to text.

"Comprising"

When a patent claim uses the term "comprising," it means that the invention includes the listed requirements, but is not limited to those requirements.

Person of Ordinary Skill in the Field of Invention

Some issues in patent cases are determined by reference to a "person of ordinary skill in the field of the invention," a term that I will use later in these instructions. In this case, the field of the invention is the field of telecommunications and voice-to-text transcription.

It is up to you to decide the level of ordinary skill. In making this decision, you should consider all the evidence, including: (1) the levels of education and experience of the inventor and other persons actively working in the field; (2) the types of problems encountered in the field; (3) prior art solutions to those problems; (4) rapidity with which innovations are made; and (5) the sophistication of the technology.

Infringement: Definition and Elements

Questions Nos. 1, 2 and 3 on the special verdict form ask about plaintiffs' contention that defendants infringed claim 6 of the '482 patent; claims 1 and 2 of the '314 patent; claim 1 of the '346 patent; claims 7 and 8 of the '835 patent; claim 2 of the '740 patent; and claim 2 of the '104 patent.

To succeed on their contentions, plaintiffs must prove the following by a preponderance of the evidence:

1. Every requirement in the particular claim of the patent that you are considering is found in the accused CaptionCall products or service; and
2. One or both defendants made, used, sold, offered for sale, licensed or offered to license that product or service in the United States.

To determine whether defendants infringed plaintiffs' patents, you must compare the accused CaptionCall products or service against each one of the asserted claims. You must decide whether there is infringement for each claim separately.

Claim 6 of the '482 patent depends on claim 1. To determine whether the accused CaptionCall service or products infringe claim 6 of the '482 patent, you should compare them only to the requirements recited in claim 6 ("a single telephone line of the telephone system used to communication between the call assistant and the hearing person and the call assistant and the deaf person, the digital text message stream and the voice of the hearing person both being transmitted over that single telephone line").

There are two types of infringement: (1) literal infringement; and (2) infringement under the doctrine of equivalents. If all of the requirements of the claim are in the accused CaptionCall products or service exactly as they are in the claim, that is called "literal infringement." If all of the requirements of the claim are not in the accused CaptionCall products or service exactly as they are in the claim, but one or more of them is equivalent to what is in the claim, that is called "infringement by equivalence."

Plaintiffs' assertions that defendants infringed claims 7 and 8 of the '835 patent and claim 2 of the '740 patent are limited to circumstances, if any, in which an agent, employee or officer of defendants acts as the "assisted user."

Doctrine of Equivalents

A part of the CaptionCall product or a step in the CaptionCall service is equivalent to a claim requirement if a person of ordinary skill in the field of the invention would regard any differences between them as insubstantial.

A step is equivalent to a claim requirement if it performs substantially the same function, in substantially the same way, to reach substantially the same result. One factor you may consider in making that determination is whether a person of ordinary skill in the field of the invention would have regarded defendants' step to be interchangeable with the claim requirement.

In determining infringement by equivalence, you must still use the meanings for the claim requirements that I have provided.

Method Claims

The following asserted claims are method claims:

- Claim 6 of the '482 patent
- Claim 1 of the '346 patent
- Claims 7 and 8 of the '835 patent
- Claim 2 of the '740 patent
- Claim 2 of the '104 patent

A method claim is infringed only if defendants actually perform each step of the claimed method. The fact that a product or service is *capable* of an infringing use is insufficient to show infringement of a method patent.

Validity - General

Questions Nos. 4 and 5 on the special verdict form relate to defendants' defenses of invalidity. Defendants have challenged the validity of claims 1 and 6 of the '482 patent; claims 1 and 2 of the '314 patent; claim 1 of the '346 patent; claims 7 and 8 of the '835 patent; claim 1 of the '082 patent; claim 2 of the '740 patent; claim 2 of the '104 patent; and claims 7, 8 and 11 of the '578 patent on grounds of anticipation and obviousness. Claim 10 of the '578 patent is not at issue.

Each of the above claims is presumed to be valid. For that reason, defendants have the burden of proving invalidity by clear and convincing evidence. "Clear and convincing" evidence means evidence that convinces you that it is highly probable that the particular proposition is true.

If you find that any one of the requirements for a valid patent is not met for a patent claim, then that claim is invalid. You must consider the issue of validity separately for each claim that is at issue.

Date of Invention

The date of invention for each of the claims at issue is as follows:

- Claims 1 and 6 of the '482 patent: September 8, 1997
- Claims 1 and 2 of the '314 patent: September 8, 1997
- Claim 1 of the '346 patent: February 14, 2001
- Claim 2 of the '104 patent: February 14, 2001
- Claims 7 and 8 of the '835 patent: August 23, 2001
- Claim 1 of the '082 patent: August 23, 2001
- Claim 2 of the '740 patent: August 23, 2001
- Claim 7 of the '578 patent: September 8, 1997
- Claim 8 of the '578 patent: August 23, 2001
- Claim 11 of the '578 patent: February 14, 2001

Anticipation

Question No. 4 on the special verdict form asks whether certain patent claims are invalid as anticipated. A patent claim is invalid if the invention it describes is not new. If there is "prior art" that already shows the same invention covered by the asserted patent claim, then the claim is invalid because it is "anticipated" by the prior art. A disclosure in a prior art reference must contain all of the elements of the asserted patent claim arranged in the same way as the asserted claim.

Defendants contend that claim 1 of the '482 patent; claims 1 and 2 of the '314 patent; claim 1 of the '082 patent; and claim 7 of the '578 patent are invalid because they are anticipated by prior art.

To succeed on these contentions, defendants must prove two things by clear and convincing evidence:

1. All of the requirements of the claims you are considering are expressly stated or inherent in a single item of prior art.
2. If a person of ordinary skill in the field of the invention looked at the single prior art item, that person would be able to make and use the invention disclosed in the claim.

If you find that defendants have proved these two things by clear and convincing evidence as to a particular patent claim, then you must find for defendants on that patent claim.

Prior Art for Anticipation

In considering Question No. 4 regarding anticipation, the following reference is prior art to claim 1 of the ‘482 patent, claims 1 and 2 of the ‘314 patent and claim 7 of the ‘578 patent:

- U.S. Patent No. 5,809,112 (Ryan)

The following references are prior art to the asserted claim of the ‘082 patent:

- U.S. Patent No. 5,982,853 (Liebermann)
- U.S. Patent No. 6,181,736 (McLaughlin)

Obviousness

Question No. 5 of the special verdict form asks whether certain patent claims are invalid because they were obvious to one of ordinary skill in the field of invention.

Even though an invention may not have been identically disclosed or described before it was made by an inventor, in order to be patentable, the invention must also not have been obvious to a person of ordinary skill in the field of technology of the patent at the time the invention was made.

Defendants may establish that a patent claim is invalid by showing, by clear and convincing evidence, that the claimed invention would have been obvious to persons having

ordinary skill in the field of telecommunications and voice-to-text transcription at the time of the invention.

In determining whether a claimed invention is obvious, you must consider the level of ordinary skill in the field of telecommunications and voice-to-text transcription that someone would have had at the time the claimed invention was made, the scope and content of the prior art, and any differences between the prior art and the claimed invention.

Keep in mind that the existence of each and every element of the claimed invention in the prior art does not necessarily prove obviousness. Most, if not all, inventions rely on building blocks of prior art.

In considering whether a claimed invention is obvious, you may but are not required to find obviousness if you find that at the time of the claimed invention there was a reason that would have prompted a person having ordinary skill in the field of telecommunications and voice-to-text transcription to combine the known elements in a way the claimed invention does, taking into account such factors as:

1. Whether the claimed invention was merely the predictable result of using prior art elements according to their known functions;
2. Whether the claimed invention provides an obvious solution to a known problem in the relevant field;
3. Whether the prior art teaches or suggests the desirability of combining elements claimed in the invention;
4. Whether the prior art teaches away from combining elements in the claimed invention;
5. Whether it would have been obvious to try the combinations of elements, such as when there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions; and
6. Whether the change resulted more from design incentives or other market forces.

To find it rendered the invention obvious, you must find that the prior art provided a reasonable expectation of success. Obvious to try is not sufficient in unpredictable technologies.

In determining whether the claimed invention was obvious, consider each claim separately. Do not use hindsight; in other words, consider only what was known at the time of the invention.

In making these assessments, you should take into account any objective evidence, sometimes called "secondary considerations," that may have existed at the time of the invention and afterwards that may shed light on the obviousness or not of the claimed invention, such as:

1. Whether the invention was commercially successful as a result of the merits of the claimed invention, rather than the result of design needs, market-pressure advertising or similar activities;
2. Whether the invention satisfied a long-felt need;
3. Whether others had tried and failed to make the invention;
4. Whether others copied the invention;
5. Whether there were changes or related technologies or market needs contemporaneous with the invention;
6. Whether the invention achieved unexpected results;
7. Whether others in the field praised the invention;
8. Whether others sought or obtained rights to the patent from the patent holder;
9. Whether persons having ordinary skill in the field of the invention expressed surprise or disbelief regarding the invention; and
10. Whether the inventor proceeded contrary to accepted wisdom.

Prior Art for Obviousness

In considering Question No. 5 regarding obviousness, the following references are prior art to the asserted claims of the '482 and '314 patents:

- U.S. Patent No. 5,809,112 (Ryan)
- U.S. Patent No. 5,163,081 (Wycherley)
- U.S. Patent No. 5,649,060 (Ellozy)
- S. Yamamoto and M. Fujioka, New Applications of Speech Recognition (Yamamoto)
- U.S. Patent No. 5,982,853 (Liebermann)
- U.S. Patent No. 6,181,736 (McLaughlin)

The following references are prior art to the asserted claim of the ‘346 patent:

- Ryan
- Wycherley
- Ellozy
- Yamamoto
- Liebermann
- McLaughlin
- U.S. Patent No. 5,815,196 (Alshawi)
- UK Patent Application No. GB 2 285 895 (Sharman)
- U.S. Patent No. 5,724,405 (Engelke ‘405)
- U.S. Patent No. 7,117,152 (Mukherji)
- the ‘482 patent asserted in this case

The following references are prior art to the asserted claim of the ‘835 patent:

- Ryan
- Wycherley
- Ellozy
- Yamamoto
- McLaughlin
- Liebermann
- Alshawi
- Sharman
- Engelke ‘405
- Mukherji
- the ‘482 patent
- U.S. Patent No. 6,668,004 (Schwartz)
- U.S. Patent No. 5,710,806 (Lee)

The following references are prior art to the asserted claim of the ‘082, ‘740 and ‘578 patents:

- Ryan
- Wycherley
- Ellozy

- Yamamoto
- McLaughlin
- Liebermann
- Alshawi
- Sharman
- Engelke '405
- the '482 Patent
- Mukherji
- Schwartz

Multiple Patents

A single product or service can be covered by multiple, different and subsequent patents.

Selection of Presiding Juror; Communication with the Judge; Verdict

When you go to the jury room to begin considering the evidence in this case you should first select one of the members of the jury to act as your presiding juror. This person will help to guide your discussions in the jury room.

You are free to deliberate in any way you decide or select whomever you like as a presiding juror. When thinking about who should be presiding juror, you may want to consider the role that the presiding juror usually plays. He or she serves as the chairperson during the deliberations and has the responsibility of insuring that all jurors who desire to speak have a chance to do so before any vote. The presiding juror should guide the discussion and encourage all jurors to participate. I encourage you at all times to keep an open mind if you ever disagree or come to conclusions that are different from those of your fellow jurors. Listening carefully and thinking about the other juror's point of view may help you understand that juror's position better or give you a better way to explain why you think your position is correct.

Once you are in the jury room, if you need to communicate with me, the presiding juror will send a written message to me. However, don't tell me how you stand as to your verdict.

As I have mentioned before, the decision you reach must be unanimous; you must all agree.

When you have reached a decision, the presiding juror will sign the verdict form, put a date on it, and all of you will return with the verdict into the courtroom.