

## Judge Kills \$5M Phone Caption Verdict, Rules Patent Obvious

By **Melissa Daniels**

*Law360, Los Angeles (October 3, 2016, 11:10 PM EDT)* -- A Wisconsin federal judge on Friday tossed out a \$5.4 million jury verdict awarded to text telecommunications Ultratec Inc. last year over a closed-captioned telephone system patent when he found in favor of defendant Sorenson Communications Inc. that the patent is invalid and obvious.

Last fall, a jury awarded \$5.4 million in damages to Ultratec in its patent infringement suit against Sorenson, just after U.S. District Judge James D. Peterson said that Sorenson did not comment any willful infringement.

Both parties filed a slew of post-trial motions. On Friday, Judge Peterson issued an order that denied Sorenson's bid for a new trial, but granted its motion for judgment as a matter of law on invalidity, saying there wasn't enough evidence to show that the patent was not obvious.

"In reaching its verdict that the '398 patent was not obvious, the jury implicitly found that such a person would not have been motivated to combine the prior art references," Judge Peterson said. "But the only evidence in the record to support that finding is the conclusory testimony by plaintiffs' expert. The court concludes that this implicit finding is not supported by substantial evidence."

The order granted Ultratec's motion to seal portions of the court transcript to protect its own information, but it also denied Ultratec's and co-plaintiff CapTel Inc.'s motions for a limited permanent injunction or enhanced royalties, to alter or amend the judgment and to submit a bill of costs.

"These are reasonable requests from a prevailing plaintiff that the court would likely grant, at least in part," the judge wrote. "But the court will deny these requests, because the court will grant defendants' motion for judgment as a matter of law that the '398 patent is invalid as obvious."

Ultratec filed the case against Sorenson in February 2014, describing itself as a leader in the market for assisting the hearing impaired with making telephone calls. While other companies in the industry sublicense its technology, Sorenson opted to infringe it, Ultratec argued.

In October 2015, Judge Peterson said that if Sorenson did infringe on the patent with its own closed-caption phone systems, it didn't do so wilfully.

Then a federal jury found for a per-minute running royalty at 3 cents per minute for 181,449,487 infringing minutes in Ultratec's suit over U.S. Patent Number 7,660,398.

Sorenson's motions for judgment were filed in November under seal.

In Friday's order, Judge Peterson wrote that because the jury found that the patent was not invalid, the jury implicitly found that there were secondary considerations of non-obviousness. But Judge Peterson wrote that Ultratec's evidence of secondary considerations was weakly tied to the patent's invention.

"There is no objective evidence that would significantly undermine the strong prima facie that claim 11 of the '398 patent merely combines known elements in the prior art to achieve a predictable result," Judge Peterson wrote.

Though Judge Peterson said that Sorenson's motion for judgment as matter of law on damages could be rendered as moot, he denied it on the merits to allow the issue to be addressed if a court of appeals reverses the decision on validity.

On Ultratec's motions, Judge Peterson said that the court found good cause to seal portions of the transcript to protect its commercially sensitive information. But its other post-trial motions were denied because Ultratec is "no longer the prevailing party," the judge wrote.

Attorneys for the parties didn't immediately return requests for comment.

The patent-in-suit is U.S. Patent Number 7,660,398.

Ultratec is represented by Kristin Graham Noel, Anthony A. Tomaselli, Matthew Duchemin, Martha Jahn Snyder, Stephen J. Gardner, Michael J. Curley, Nikia L. Gray and Brandon M. Krajewski of Quarles & Brady LLP.

Sorenson is represented by Steve Zager, Michael Kahn, Daniel Moffett and Michael Petegorsky from Akin Gump Strauss Hauer & Feld and Allen Arntsen from Foley & Lardner LLP.

The case is Ultratec Inc. et al. v. Sorenson Communications Inc. et al., case number 3:14-cv-00066, in the U.S. District Court for the Western District of Wisconsin.

--Additional reporting by Bryan Koenig. Editing by Joe Phalon.