IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

OXBO INTERNATIONAL CORPORATION,

Plaintiff,

v.

H&S MANUFACTURING COMPANY, INC.,

Defendant.

FINAL PRETRIAL CONFERENCE ORDER

15-cv-292-jdp

The court held a final pretrial conference on Wednesday, May 31, 2017, before United States District Judge James D. Peterson. Plaintiff Oxbo International Corporation appeared by counsel, Shane Brunner, Jeffrey Ward, Thomas Johnson, Stephen Howe, and Emily Wessels. Defendant H&S Manufacturing Company, Inc., appeared by counsel, Eric Chadwick, Aaron Davis, and Adam Szymanski.

GENERAL PRETRIAL INSTRUCTIONS

Counsel predicted that the case would take 5-10 days to try. The court will tell the jury 10. The jury will consist of 8 jurors to be selected from a qualified panel of 14. Each side will exercise three peremptory challenges against the panel. Trial days will begin at 9:00 a.m. and will run until 5:30 p.m., with at least an hour for lunch, a short break in the morning, and another in the afternoon. Counsel may be required to be in court earlier than 9:00 a.m. to address matters without the presence of the jury. On the first day of trial, counsel are directed to appear at 8:30 a.m.

Witnesses, with the exception of experts and corporate representatives, will be sequestered.

The court directed counsel to meet and confer regarding their exhibit lists and deposition designations, to pare down objections. The court will rule on any meaningful objections that the parties are unable to resolve themselves. The court is not inclined to referee a large number of otherwise minor disputes.

The parties must submit electronic versions of their exhibits for the court not later than 8:30 a.m. on Monday, June 12, 2017. Unless otherwise agreed by the parties, counsel must disclose any exhibits to be used in opening statements not later than 6:00 p.m. on Friday, June 9, 2017, and identify the witnesses they anticipate calling not later than 6:00 p.m. on the business day before that witness is expected to testify.

Counsel should keep in mind that opening statements are an overview of the evidence. Arguments are to be reserved for the end of the trial.

Counsel indicated that they are familiar with the court's visual presentation system. Counsel should use the microphones at all times and address all objections to the bench, not to opposing counsel. If counsel need to consult with one another, they should ask for permission to do so. Only the lawyer questioning a particular witness may raise objections to questions put to the witness by the opposing party and argue the objection at any bench conference.

If counsel call the opposing party's witness as an adverse witness, counsel for the opposing party may choose whether to ask only clarifying questions of the witness and call the witness in its own case or do all its questioning during its opponent's case, in which case the party calling the witness will have an opportunity to respond with questioning. If counsel choose the first option, they are free to call the witness during their case. Counsel have the same two options as to any adverse witness; they are not bound by their decision on

questioning any previous witness. Counsel for the witness should inform the court which approach it will be taking before beginning the examination.

VOIR DIRE AND JURY INSTRUCTIONS

The court and the parties discussed the draft voir dire and introductory instructions as distributed. Neither party objected to the circulated draft voir dire.

Oxbo asked the court to instruct the jury on the court's summary judgment holdings and its claim constructions during introductory instructions; H&S generally opposed. The parties briefed the issue after the conference. The court will inform the jury that certain issues have been decided by the court before trial, and it will provide the claim construction instruction. But the court will not instruct the jury on the specific summary judgment findings on infringement in the liability phase. The court concludes that such an instruction will unfairly stack the deck against H&S, and it is not needed to alleviate any juror confusion. (The issue of commercial success is discussed below.)

The court will consider whether to instruct the jury about the nature of the cross-license and the reasonable royalty calculation, although the court is not convinced that cross-examination on this issue will not be sufficient (as discussed below). Dkt. 468, at 5-7.

The court will consider the "harvesting in the winter" instruction only if H&S attempts to take advantage of the timing of those tests. *Id.* at 7-8.

The court will circulate a draft of the post-trial instructions and a draft of the special verdict forms in the coming days. Final decisions on the post-trial instructions and verdict forms will be made at the instruction conference near the end of the liability phase of trial.

RULINGS ON MOTIONS

A. Oxbo's objections to H&S witnesses

The court resolved Oxbo's objections to H&S's witness list: H&S does not intend to call either Mark Foley or Bob Snape. Witnesses available to testify for trial may not testify by deposition. The court's rulings on the motions in limine will govern the scope of permissible witness testimony.

B. H&S's anticipation case against the '929 patent

H&S concedes that under the court's claim constructions, it cannot show that the Beougher reference anticipates claim 44 of the '929 patent. Accordingly, summary judgment is granted to Oxbo on that issue.

C. Oxbo's motion for sanctions

As announced during the final pretrial conference, the court has determined that (1) H&S lost or destroyed potentially relevant design and development documents; (2) H&S's duty to preserve those documents arose not later than August 2010, when H&S claimed work product privilege and began preparing for litigation; and (3) the loss has prejudiced Oxbo. H&S's duty to preserve did not expire in August 2011, when Paul Dow and Chris Heikenen discussed the potential infringement issue, prompted by an Oxbo salesperson's comments. The court already determined that it would not have been reasonable for H&S to believe that Oxbo would not enforce its patent rights as a result of that conversation. Dkt. 392, at 12-16.

The evidentiary hearing on the motion for sanctions revealed that documents were lost as a result of a regular business practice: despite its policy of preserving all documents, H&S wiped computers when individuals left the company and transferred the computers to

new users. Thus, H&S destroyed key design and developments documents in 2012 and 2013. But, critically, Oxbo made no showing that the destruction was the result of any effort to hide adverse information from Oxbo. Thus, the remedy for H&S's spoliation is limited to putting Oxbo in the position in which it would have been, but for the spoliation.

The court will award Oxbo its reasonable fees and costs in bringing the motion. But crafting the other elements of an appropriate remedy for H&S's spoliation has proven difficult. Oxbo asks the court to: preclude H&S from offering testimony or other evidence regarding the design and development of the Tri-Flex; and preclude H&S from offering testimony or other evidence that it did not copy the patents-in-suit. This goes too far.

To allow Oxbo to argue and present evidence that H&S copied Oxbo's product while precluding H&S from responding would be tantamount to allowing the jury to draw an adverse inference from the spoliation. An adverse inference instruction—instructing the jury that it should or even may infer that the missing documents are not favorable to H&S—is a remedy appropriate only for bad faith spoliation. Oxbo has not argued, much less proven, that H&S acted in bad faith or to hide certain information from Oxbo. *See Faas v. Sears, Roebuck & Co.*, 532 F.3d 633, 644 (7th Cir. 2008) (holding that the district court properly denied the adverse inference when the record showed that Sears did not destroy the documents to destroy adverse information; Sears shredded the docs as a regular business practice). "Recent Seventh Circuit precedent on the proper standard for determining whether a party destroyed or failed to preserve evidence such that the other party is thus entitled to an adverse inference involves a requirement to show 'bad faith.'" *In re Text Messaging Antitrust Litig.*, 46 F. Supp. 3d 788, 797 (N.D. Ill. 2014), *aff'd*, 782 F.3d 867 (7th Cir. 2015). To force H&S to sit silently as Oxbo accuses it of copying and willful infringement would allow or

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