IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SIPCO, LLC, *et al.*, **Plaintiffs,** **v.** **EMERSON ELECTRIC CO., *et al.*,** **Defendants.**	**Civil Action No: 1:16-cv-02690-AT**

PLAINTIFFS' OPPOSITION TO
DEFENDANTS' MOTION FOR LEAVE TO SERVE
AMENDED SUPPLEMENTAL INVALIDITY CONTENTIONS

Plaintiffs SIPCO, LLC and IP CO, LLC (collectively, "SIPCO") respectfully oppose the Defendants' Motion for Leave to Serve Amended Supplemental Invalidity Contentions ("Defendants' Motion") filed by Defendants Emerson Electric Co., Fisher-Rosemount Systems, Inc., Rosemount Inc. (collectively "Emerson"), and BP p.l.c., BP America, Inc., and BP America Production Company (collectively "BP"). (D.I. No. 109). Defendants' request for leave to amend and supplement their invalidity contentions should be denied because (1) Defendants have failed to show that they were diligent in identifying and charting alleged "newly discovered" prior art, and (2) Defendants have failed to show that the untimely disclosed references and contentions are important to the case.

Additionally, allowing Defendants to amend and supplement their invalidity contentions in the midst of the claim construction process would unfairly prejudice SIPCO.

I. Background

Emerson began this litigation on July 31, 2013, when it filed a declaratory judgment action in this Court against eight SIPCO patents, alleging noninfringement and invalidity against all of them. *See* Declaration of James C. Hall in Support of Plaintiffs' Opposition to Defendants' Motion for Leave to Serve Amended Supplemental Invalidity Contentions ("Hall Decl."), Ex. A (First Declaratory Judgment Complaint). Emerson withdrew that complaint and filed a second one on January 30, 2015. *See* Hall Decl., Ex. B (Second Declaratory Judgment Complaint (C.A. No. 1:15-cv-00319-AT)). Emerson's Second Complaint ("the Declaratory Judgment Action") challenged the validity and infringement of only two of the original eight patents, U.S. Patent Nos. 6,044,062 ("the '062 patent") and 7,103,511 ("the '511 patent"), which Emerson has stated are "representative" of all eight of the patents Emerson originally challenged. *See* Motion of Emerson Electric Co., Fisher-Rosemount Systems, Inc., and Rosemount Inc. to Dismiss or Transfer this Action ("Emerson's Motion to Dismiss") (D.I. No. 10, at p. 3).

On October 26, 2015, Emerson served its first set of invalidity contentions in the Declaratory Judgment Action, asserting no less than 53 prior art references against the '062 and '511 patents. *See* Hall Decl., Ex. C (Plaintiffs' First Set of Joint Invalidity Contentions) at pp. 6-13. The first set of invalidity contentions, totaling over 500 pages, included two references that Emerson now seeks to add to its invalidity contentions in the present case. These references include U.S. Patent No. 5,726,644 ("Jednacz") and an article Emerson identified as "RFC 981," and now calls "the Mills article." *See id.* at pp. 8, 11. The first set of invalidity contentions in the Declaratory Judgment Action also included claim charts purporting to map Jednacz and RFC 981 to various claims of the '062 patent. *See id.* at pp. 477 (Exhibit AC) and 529 (Exhibit AL).

On December 23, 2015, Emerson served a supplemental set of invalidity contentions, totaling almost 2500 pages, and including an additional eight references and numerous pages of claim charts. *See* Hall Decl., Ex. D (Plaintiffs' Joint Invalidity Contentions). Jednacz and RFC 981 were again both identified as prior art references and charted against the '062 patent. *See id.* at pp. 8, 11, 1871, and 2171.

In the instant action, Defendants served their invalidity contentions on May 16, 2016. *See* Hall Decl., Ex. E (Defendants' Invalidity Contentions). Those

contentions total over three times as many pages as was served in the Declaratory Judgment Action. *See id.* The Jednacz and RFC 981 references are again disclosed, but neither is charted against ***any*** claim of ***any*** asserted patent. *See id.*

On June 13, Defendants attempted to serve a supplemental set of invalidity contentions containing two previously undisclosed references, U.S. Patent No. 4,987,536 ("Humblet") and an article titled "Packet Radio Network for Volcano Monitoring" by Machenbaum, as well as two claim charts mapping Jednacz and RFC 981 against SIPCO patents. *See* Hall Decl., Ex. F (Proposed Amended Contentions) at pp. 11, 17, Exhibit B14 and Exhibit P15. The parties met and conferred regarding the Proposed Amended Contentions, but because Defendants' claim of diligence was unsupported, the parties were unable to resolve their differences.

II. <u>Argument</u>

A. The Defendants' Failure to Show That They Were Diligent

Defendants assert that they were diligent in belatedly disclosing two new prior art references and claim charts because their "applicability was not appreciated until after the deadline." Defendants' Motion at p. 6. They also complain that the number of asserted claims (and the massive volume of their own

invalidity contentions) were causes of the delay. *See id.* But the facts of the case belie these assertions.

Defendants seek to justify the belated disclosure of two new prior art references ("the Machenbaum article" and "the Humblet '536 Patent") because they were discovered "shortly before and shortly after the May 16, 2016 invalidity contention deadline." Defendants' Motion at p. 6. As noted above, Defendants partially blame their tardiness on the size and complexity of this litigation, but this is not an acceptable excuse for delay. *See, e.g.*, Hall Decl., Ex. G, *Imperium IP Holdings (Cayman), Ltd. v. Samsung Electronics Co.*, Ltd., No. 4:14-cv-371, 2016 WL 3854700 (E.D. Texas March 28, 2016), at *2 (finding lack of diligence despite the defendants' excuse regarding the "complex and crowded" technology space of the patents-in-suit causing delay); Hall Decl., Ex. H, *Patent Harbor, LLC v. Audiovox Corp.*, No. 6:10-cv-00361 LED-JDL, No. 6:10-cv-00436 LED-JDL, No. 6:10-cv-00607 LED JDL, 2012 WL 12840341 (E.D. Texas, March 30, 2012), at *3 (finding lack of diligence despite the alleged infringers' argument that they had only six months to identify and locate prior art). Unlike the defendants in the *Patent Harbor* case, Emerson has had about ***three years*** to identify prior art in this

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