

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

BROADSIGN INTERNATIONAL, LLC,	:	
	:	
	:	
Plaintiff,	:	Civil Action No.: 1:16-cv-04586 (LTS)
	:	
v.	:	JURY TRIAL REQUESTED
	:	
T-REX PROPERTY AB,	:	
	:	
	:	
Defendant.	:	

**MEMORANDUM IN SUPPORT OF PLAINTIFF’S MOTION FOR LEAVE TO AMEND
THE COMPLAINT PURSUANT TO FED. R. CIV. P. RULE 15**

Alfred R. Fabricant (AF8255)
Lawrence C. Drucker (LD9423)
BROWN RUDNICK LLP
7 Times Square
New York, NY 10036
Telephone: (212) 209-4800
Facsimile: (212) 209-4801
afabricant@brownrudnick.com
ldrucker@brownrudnick.com

**ATTORNEYS FOR PLAINTIFF
BROADSIGN INTERNATIONAL, LLC**

I. INTRODUCTION

On January 10, 2018, the Court ordered that Plaintiff BroadSign International, LLC (“BroadSign” or “Plaintiff”) may file this motion for leave to file a Second Amended Complaint against Defendant T-Rex Property AB (“T-Rex” or “Defendant”), attached hereto as Exhibit A. As discussed herein, Plaintiff’s proposed Second Amended Complaint addresses deficiencies identified by this Court with respect to subject matter jurisdiction, particularly the case or controversy requirement.

Plaintiff seeks to further amend the Amended Complaint to allege facts that support a finding of subject matter jurisdiction. Specifically, Plaintiff’s proposed Second Amended Complaint alleges facts that support findings that T-Rex has engaged in an aggressive enforcement strategy against similarly-situated suppliers like BroadSign and that the Parties are in a real dispute over contributory infringement. Accordingly, Plaintiff respectfully requests grant of leave to file the proposed Second Amended Complaint.

II. LEGAL STANDARD

The Federal Rules of Civil Procedure provide that courts “should freely give leave [to amend] when justice so requires.” Fed. R. Civ. P. 15(a)(2). “In the absence of any apparent or declared reason...the leave sought should, as the rules require, be ‘freely given.’” *Kroshnyi v. U.S. Pack Courier Servs., Inc.*, 771 F.3d 93, 109 (2d Cir. 2014) (citing *Foman v. Davis*, 371 U.S. 178, 182 (1962)). As a matter of law, justice requires leave to amend when the moving party has “at least colorable grounds” for the proposed amendment. *Litton Indus., Inc. v. Lehman Bros. Kuhn Loeb Inc.*, 734 F. Supp. 1071, 1078 (S.D.N.Y. 1990) (citing *S.S. Silberblatt, Inc. v. East Harlem Pilot Block—Building 1 Housing Dev. Fund Co.*, 608 F.2d 28, 42 (2d Cir. 1979)). A motion to amend may be denied if there is “undue delay, bad faith or dilatory motive” on the part of the moving party. *Foman*, 371 U.S. at 182.

III. T-REX'S HAS ENGAGED IN AN AGGRESSIVE ENFORCEMENT STRATEGY AGAINST SIMILARLY-SITUATED SUPPLIERS

In addition to the nature and extent of communication between parties, Court's consider a patentee's aggressive enforcement strategy in determining subject matter jurisdiction. *See Arris Group v. British Telecomm.*, 639 F.3d 1368, 1378 (Fed. Cir. 2011); *Arrowhead Indus. Water, Inc. v. Ecolochem, Inc.*, 846 F.2d 731, 737–38 (Fed. Cir. 1988). Courts, however, may be skeptical that a patentee's litigation enforcement strategy is in fact "aggressive" if it "appears to involve suing . . . users, not . . . suppliers." *See Microsoft Corp. v. DataTern, Inc.*, 755 F.3d 899, 906-07 (Fed. Cir. 2014).

The Court explained that "Defendant's actions [do not] constitute an 'aggressive enforcement strategy' warranting a finding of subject matter jurisdiction here, as Defendant's strategy 'appears to involve suing . . . users,' including BroadSign's customers, 'not . . . suppliers,' such as BroadSign." Dkt. 40 at 8. In response to the Court's findings, Plaintiff proposes further amending the complaint to allege that, as a supplier of digital out-of-home media products to the digital advertising industry, Plaintiff is under threat of litigation because T-Rex's aggressive litigation strategy involves asserting the Patents-in-Suit against **both** customers **and suppliers**. T-Rex has filed complaints alleging patent infringement of the Patents-in-Suit against suppliers similarly-situated to BroadSign, including suppliers of digital out-of-home media software and/or hardware. T-Rex has filed complaints against BroadSign's direct-competitor suppliers, including at least: Barco, Inc.¹; Prismview, LLC (a Samsung Electronics Company)²; Table Top Media, LLC³; Clear Channel Outdoor Holdings, Inc. et al;⁴ GPS

¹ *T-Rex Property AB v. Barco, Inc.*, Case No. 1:16-cv-6938 (N.D. Ill. July 1, 2016); *T-Rex Property AB v. Barco, Inc.*, Case No. 1:16-cv-6940 (N.D. Ill. July 1, 2016)

² *T-Rex Property AB v. Prismview, LLC*, Case No. 4:16-cv-00404 (E.D. Tex. June 16, 2016)

³ *T-Rex Property AB v. Table Top Media, LLC*, Case No. 1:16-cv-6932 (N.D. Ill. July 1, 2016)

Industries, LLC⁵; Quality Systems Technology, Inc.⁶; Four Winds Interactive, LLC⁷; AutoNetTV Media, Inc.;⁸ Cardinal Health, Inc.⁹; Zoom Media Corp.¹⁰; ANC Sports Enterprises, LLC¹¹; iPort Media Networks, LLC¹²; Reach Sports Marketing Group, Inc.¹³; RMG Networks Holding Corporation¹⁴; and Time-O-Matic d/b/a Watchfire.¹⁵ Each of these suppliers has supplied software and/or hardware to advertising customers in the digital out-of-home media space. Because these facts allege that T-Rex has engaged in an aggressive enforcement strategy against similarly-situated suppliers like BroadSign, the proposed Second Amended Complaint sufficiently supports a finding of jurisdiction, as indicated in the Court's Memorandum Opinion and Order (Dkt. 40 at 8-9), and Plaintiff respectfully requests leave to further amend the complaint to allege such facts. Ex. A at ¶¶ 11-28.

IV. A CONTROVERSY EXISTS BETWEEN THE PARTIES AS TO INDIRECT INFRINGEMENT

⁴ *T-Rex Property AB v. Clear Channel Outdoor Holdings, Inc., et al.*, Case No. 6:16-cv-00974 (E.D. Tex. June 30, 2016); *T-Rex Property AB v. Clear Channel Outdoor Holdings, Inc.*, Case No. 5:12-cv-01162 (N.D. Tex. Dec. 11, 2012)

⁵ *T-Rex Property AB v. GPS Industries, LLC*, Case No. 4:16-cv-00458 (E.D. Tex. June 30, 2016)

⁶ *T-Rex Property AB v. Quality Systems Technology, Inc.*, Case No. 1:16-cv-6942 (N.D. Ill. July 1, 2016)

⁷ *T-Rex Property AB v. Four Winds Interactive, LLC*, Case No. 1:16-cv-6934 (N.D. Ill. July 1, 2016)

⁸ *T-Rex Property AB v. AutoNetTV Media, Inc.*, Case No. 1:16-cv-6649 (N.D. Ill. July 1, 2016)

⁹ *T-Rex Property AB v. Cardinal Health, Inc.*, Case No. 1:16-cv-5484 (N.D. Ill. May 23, 2016)

¹⁰ *T-Rex Property AB v. Zoom Media Corp.*, Case No. 1:16-cv-3475 (N.D. Ill. March 21, 2016)

¹¹ *T-Rex Property AB v. ANC Sports Enterprises, LLC*, Case No. 0:16-cv-581 (D. Minn. March 7, 2016)

¹² *T-Rex Property AB v. iPort Media Networks, LLC*, Case No. 1:16-cv-1583 (N.D. Ill. Jan. 29, 2016)

¹³ *T-Rex Property AB v. Reach Sports Marketing Group, Inc.*, Case No. 0:16-cv-070 (D. Minn. Jan. 13, 2016)

¹⁴ *T-Rex Property AB v. RMG Networks Holding Corporation*, Case No. 3:15-cv-738 (N.D. Tex. March 5, 2015)

¹⁵ *T-Rex Property AB v. Time-O-Matic, LLC*, Case No. 1:14-cv-1488 (C.D. Ill. Dec. 23, 2014)

The *Arris* Court states that “[w]e have recognized that, where a patent holder accuses customers of direct infringement based on the sale or use of a supplier’s equipment, the supplier has standing to commence a declaratory judgment action . . . there is a controversy between the patentee and the supplier as to the supplier’s liability for induced or contributory infringement based on the alleged acts of direct infringement by its customers.” *Arris Group*, 639 F.3d at 1375. The *Arris* Court concluded that “applying the standard articulated by the Supreme Court in *MedImmune*, there is an actual controversy between Arris and BT concerning Arris’ liability for, at least, contributory infringement,” because the following four factors were shown: (a) the supplier’s product was used to commit acts of direct infringement; (b) the product’s use constituted “a material part of the invention,” (c) the supplier knew its product was “especially made or especially adapted for use in an infringement” of the patent; and (d) the product is “not a staple article or commodity of commerce suitable for substantial noninfringing use.” *Id.*; *Wordtech Sys., Inc. v. Integrated Networks Solutions, Inc.*, 609 F.3d 1308, 1316–17 (Fed. Cir. 2010). This Court has found that the *Arris* factors (a) and (b) have been sufficiently pled by BroadSign. Dkt. 40 at 9-10. Regarding the remaining factors, the *Arris* Court concluded that “we find that [patent owner’s] infringement accusations against [customer] carried the implied assertion that [supplier] was committing contributory infringement.” *Arris Group*, 639 F.3d at 1375.

BroadSign alleges additional facts in its Second Amended Complaint that satisfy *Arris* factors (c) and (d). BroadSign’s Second Amended Complaint sets forth facts regarding T-Rex’s allegations in complaints against BroadSign-customer ContextMedia. For example, in T-Rex’s first amended complaint against ContextMedia, T-Rex included infringement contentions placing ContextMedia (and BroadSign) on specific notice of the infringement on a limitation-by-

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.