

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

ESTECH SYSTEMS, INC. <p style="text-align: center;">Plaintiff,</p> v.	§ § § § §	
TARGET CORPORATION	§ § §	Case No. 2:20-cv-00123-JRG LEAD CASE
PLAINSCAPITAL BANK	§ § §	Case No. 2:20-cv-00122-JRG
BOKF, NATIONAL ASSOCIATION	§ § §	Case No. 2:20-cv-00126-JRG
BBVA USA BANCSHARES, INC.	§ § §	Case No. 2:20-cv-00127-JRG
WELLS FARGO & COMPANY, ET AL. <p style="text-align: center;">Defendants.</p>	§ § §	Case No. 2:20-cv-00128-JRG

**DEFENDANTS WELLS FARGO & COMPANY AND WELLS FARGO BANK, N.A.’s,
RESPONSE IN OPPOSITION TO ESTECH’S
MOTION FOR LEAVE TO AMEND INFRINGEMENT CONTENTIONS**

Estech Systems, Inc. (“Estech”) dropped the ’349 Patent from the case against Wells Fargo Bank, N.A. and Wells Fargo & Co. (collectively, “Wells Fargo”), and for two reasons, this Court should not allow Estech to add it back into the case. First, Estech’s amendment is futile because, as Wells Fargo detailed in its Motion to Dismiss, (a) Estech has not stated a claim for infringement of the expired ’349 Patent sufficient to survive a Rule 12(b)(6) motion; and (b) Estech’s infringement contentions do not satisfy the disclosure requirements under P.R. 3-1. *See* Dkt. 22. Second, Estech has not established good cause for the amendment under P.R. 3-6(b).

STATEMENT OF FACTS

On April 28, 2020, Estech filed its Complaint against Wells Fargo alleging infringement of four patents, including the ’349 Patent. *See* Compl. (Dkt. 1) ¶¶ 53–63. The ’349 Patent was filed on December 31, 1997, issued on May 23, 2000, and central to this case, expired on December 31, 2017. On June 19, 2020, Wells Fargo filed its Motion to Dismiss under Rule 12(b)(6) on the grounds that Estech has not stated a claim for infringement of the ’349 Patent because, among other grounds, its allegations do not satisfy the notice requirements and because Estech did not—and cannot—allege that Wells Fargo knew about the ’349 Patent before the Complaint, and without such knowledge, Estech cannot show entitlement to damages. *See* Dkt. 22.

On July 6, 2020, Estech served its court-mandated infringement contentions. In its eight-page cover pleading, Estech made the following disclosures as to its infringement allegations here none of which disclosed, identified, or referenced the expired ’349 Patent:

- “P.R. 3-1(a): Identification of Infringed Claims,” identifying and defining the ’298, ’684, and ’699 Patents as the “Asserted Patents,” identifying allegedly infringed claims of the the ’298, ’684, and ’699 Patents, and omitting any reference to the ’349 Patent or claims of the ’349 Patent:

P.R. 3-1(a): Identification of Infringed Claims

Defendant Wells Fargo & Company and Wells Fargo Bank, N.A. (“Wells Fargo”) infringes the following claims of U.S. Patent Nos. 8,391,298 (the “’298 Patent”); 7,068,684 (the “’684 Patent”); and 7,123,699 (the “’699 Patent”) (collectively, the “Asserted Patents”):

Asserted Patent	Infringed Claims
’298 Patent	1-5, 7-12
’684 Patent	29-41
’699 Patent	1 & 2

Dkt. 43-2, at ECF pg. 2.

- “P.R. 3-1(b): Identification of Accused Instrumentalities,” identifying instrumentalities for the ’298, ’684, and ’699 Patents, and omitting any reference to the ’349 Patent or claims of the ’349 Patent. Dkt. 43-2, at ECF pg. 2–5.
- “P.R. 3-1(c): Claim Charts,” stating that Estech was attaching claim charts “identifying specifically where each element of each asserted claim is found within the accused instrumentalities . . . attached hereto as Exhibit A (’298 Patent), Exhibit B (’684 Patent), and Exhibit C (’699 Patent). Dkt. 43-2, at ECF pg. 6.
- “P.R. 3-1(d): Disclosure of Literal Infringement and Infringement under the Doctrine of Equivalents,” in which Estech cited Exhs. A–C (corresponding to charts for the ’298, ’684, and ’699 Patents), to support its position that each claim limitation for each asserted claim is infringed literally and under the doctrine of equivalents.
- “P.R. 3-1(e): Disclosure of Priority Claims,” identifying the priority date of the ’298, ’684, and ’699 Patents, but omitting any reference to the ’349 Patent or its priority date.

Dkt. 43-2, at ECF pg. 6.

Along with providing no “single claim chart” for the ’349 Patent, Estech did not mention the ’349 Patent in any of the six sections of its eight-page disclosure identifying the asserted patents and related information required under the Local Patent Rules. Accordingly, Estech made clear in its infringement contentions it was no longer asserting the ’349 Patent, which was reasonable considering Wells Fargo’s position in its Motion to Dismiss that the expired ’349 Patent should not have been asserted in the first place.¹

¹ Given Estech’s clear exclusion of the ’349 Patent from its infringement contentions, there was no “omission” to clarify with Estech. See Mot. at 1. Estech’s position it was no longer asserting

On July 14, 2020, Wells Fargo filed its Reply in support of its Motion to Dismiss, and in reliance on Estech's infringement contentions devoid of any reference to the '349 Patent, did not advance any further arguments.

On July 15, 2020, Estech advised Wells Fargo it "inadvertently omitted" the '349 Patent from its infringement contentions. Instead of serving its amended infringement contentions immediately, Estech elected to make service contingent on receipt of Wells Fargo's position on Estech's Motion for Leave to Amend. On July 16, 2020, Wells Fargo advised Estech of its position on Estech's Motion for Leave to Amend, and made itself available on July 17, 2020 for a meet and confer.

ARGUMENT

I. Estech's Motion Should be Denied Because the Proposed Amendment Cannot Survive Wells Fargo's Motion to Dismiss and Does Not Satisfy the Local Patent Rules' Disclosure Requirements, and is, Therefore, Futile.

Estech's proposed amendment to add back the '349 Patent to the case should be denied because it is futile. When addressing a motion for leave to amend, courts in this district consider whether the proposed amendment would be futile. *E.g., IDB Ventures, LLC v. Charlotte Russe Holdings, Inc.*, 360 F. Supp. 3d 541, 554 (E.D. Tex. 2018) (considering whether amendments to the complaint and infringement contentions would be futile). If the proposed amendment would not survive a Rule 12(b)(6) motion, then the amendment is futile and the motion for leave should be denied. *Raytheon Co. v. Indigo Sys. Corp.*, No. 4:07-CV-109, 2008 WL 3852715, at *3 (E.D. Tex. Aug. 14, 2008) ("[I]f the revision would not survive a motion made under Rule 12(b)(6), the motion for leave to amend should be denied.").

the '349 Patent was so obvious from its infringement contentions, Wells Fargo was not "left wondering" why the '349 Patent was not included at all in the contentions. *See id.* at 5.

Here, Estech's Motion to add the '349 Patent back into to this case is futile for two reasons. First, Estech's proposed infringement contentions do not—and, indeed, cannot—cure the fatal deficiencies in the Estech's Complaint as laid out in Wells Fargo's Motion to Dismiss, incorporated by reference.² Estech's Complaint does not plausibly allege infringement of the '349 Patent because Estech fails to specify any particular accused instrumentalities, and fails to allege pre-suit knowledge or marking of the '349 Patent.³ See Dkt. 22. at 4; Dkt. 43, at 2–3. Indeed, Estech failed to identify a single product or infringing act by Wells Fargo, and failed to allege *any* plausible basis for pre-suit knowledge of the '349 Patent. This failure to allege any basis for pre-suit knowledge dooms Estech's claims for recovery of any alleged indirect infringement or willful infringement of the '349 Patent because it expired in December 2017, nearly three years before this lawsuit. Therefore, unlike the other three asserted patents, which have not expired, Estech cannot rely on the Complaint's providing notice of the '349 Patent to satisfy its pleading requirements. Since Estech's amendment adding back the '349 Patent will not survive a Rule 12(b)(6) motion, the amendment is futile and Estech's Motion should be denied.

Second, Estech's amendment is also futile because Estech's proposed contentions for the '349 Patent do not satisfy the disclosure requirements in the Local Patent Rules. Patent Rule 3-1 mandates that infringement contentions provide “*particular* theories of infringement with

² Estech's July 6, 2020, Infringement Contentions are deficient as a whole. Wells Fargo identified many of the deficiencies in its Reply in support of its Motion to Dismiss (Dkt. 43), and after compliance with the Court's meet-and-confer requirements, may seek the Court's assistance with any remaining deficiencies.

³ The '349 Patent has both method and system claims. See *Huawei Techs. Co. v. T-Mobile US, Inc.*, 2017 WL 4183103, at *2-3 (E.D. Tex. Sept. 4, 2017) (“Neither the term ‘patented’ nor the term ‘article’ necessarily implies that the marking statute is limited solely to the device or apparatus claim that the patentee is asserting in the ‘infringement action’ As a result, a logical interpretation of the statute is that a patentee must mark any product covered by any claim of the asserted patent.”).

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