IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION

SIPCO LLC, and **IP CO., LLC (d/b/a INTUS IQ)** **Plaintiffs,** **v.** **EMERSON ELECTRIC CO., FISHER-ROSEMOUNT SYSTEMS, INC., and ROSEMOUNT INC.,** **Defendants.**	§ § § § § § § § § § § § §	**Civil Action No. 6:15-CV-907-JRG-KNM**

MOTION OF EMERSON ELECTRIC CO.,
FISHER-ROSEMOUNT SYSTEMS, INC. AND
ROSEMOUNT INC. TO DISMISS OR TRANSFER THIS ACTION

Emerson Electric Co., Fisher-Rosemount Systems, Inc., and Rosemount Inc. (collectively "Emerson" or the "Emerson defendants") respectfully request that this Court dismiss the patent infringement claims filed by SIPCO LLC and IP CO., LLC (collectively "SIPCO" or the "SIPCO plaintiffs") in this second-filed action or transfer SIPCO's claims to the Northern District of Georgia for consolidation with Emerson's first-filed action pursuant to the First-to-File Rule. In the alternative, if the Court does not grant this requested relief, Emerson respectfully requests that this Court transfer this case to the Northern District of Georgia pursuant to 28 U.S.C. § 1404(a).

I. BACKGROUND

The present motion is brought in response to SIPCO's effort to challenge the venue of the first-filed action by filing a second complaint involving the same parties, the same accused products, the same named inventors, and patents from the same two patent families in a later

action filed in a second jurisdiction. In the instant case, IP CO, LLC asserts 4 patents, all entitled "Wireless Network System and Method for Providing Same." All four of these patents identify the same two inventors, Edwin Brownrigg and Thomas Wilson, and all four derive from a common patent application that matured into United States Patent No. 6,044,062 ("the '062 patent"). Given this common ancestry, these 5 patents are considered to be part of the same patent family. Critically, the '062 patent is at issue in the first-filed action now pending in the Northern District of Georgia and SIPCO has accused Emerson of infringing the '062 patent in that action.

In the instant case, SIPCO LLC asserts 6 patents, five of which share the common title, "System and Method for Monitoring and Controlling Remote Devices."[1] Each of these patents identifies a common inventor, T. David Petite, and all six patents claim priority to a common patent application. That application, Serial No. 60/059,643, never matured into an issued patent, but it provides the common ancestry for all six of the patents SIPCO LLC asserts in this action as well as United States Patent No. 7,103,511 ("the '511 patent). Like the '062 patent, the '511 patent is the second of the two patents at issue in the first-filed action pending in Georgia and SIPCO has asserted an infringement counterclaim in that action.

In short, the dispute as to both patent families *has been already joined* in the first-filed action in Georgia. Although only the '062 and '511 were placed at issued by the Complaint filed with the Georgia court, SIPCO was free to counterclaim as to any of the other patents in either patent family, or to assert unrelated patents. SIPCO did not do so. Instead, SIPCO limited the Answer and Counterclaims filed in Georgia to just the two patents Emerson put at issue in

[1] The sixth patent, U.S. Patent No. 8,908,842, is directed to the same technology but is entitled "Multi-Functional General Purpose Transceivers and Devices."

Georgia. On October 16, 2015, almost 10 months after the Georgia Complaint was filed, SIPCO attempts a venue change by filing a second action, this one in this District, asserting ten patents drawn from the same two patent families already at issue in the Georgia action.

The dispute between the instant parties over the two patent families has even more history. SIPCO had initially written to Emerson on January 31, 2007, to invite Emerson to review their products in view of the '062 and '511 patents and two other patents, another from each the two patent families at issue in this action. On February 16, 2007, Emerson asked SIPCO to identify the products and claims of those patents at issue. SIPCO did not respond to that letter for more than six years. On February 27, 2013, SIPCO again wrote regarding patents from these two patent families. Ultimately, following discussion, SIPCO identified one claim from eight patents from these two patent families as being relevant to Emerson' Smart Wireless products.

On July 31, 2013, Emerson filed a Complaint for Declaratory Judgment asserting, among other things, the invalidity and non-infringement of each of these eight patent claims. *See* Exhibit A ("Original Georgia Complaint"). In an effort to streamline that action, Emerson dismissed the original Georgia action without prejudice and filed a replacement action on January 30, 2015, narrowing the challenged patents to just one representative patent from each patent family, the '062 patent from the IP CO LLC patent family, and the '511 patent from the SIPCO LLC patent family. *See* Exhibit B ("Replacement Georgia Complaint"). The SIPCO plaintiffs in this action answered the Replacement Georgia Complaint on July 27, 2015, but limited their Georgia pleadings to just the '062 and '511 representative patents, but expanding the claims asserted beyond the two previously discussed by the parties and included in the Replacement Complaint. *See* Exhibit C, ¶¶ 35, 48 (Georgia Answer and Counterclaims). On

August 28, 2015, the Georgia court entered a Scheduling Order, *see* Exhibit D (Scheduling Order), and discovery in that case is active and on-going.

II. LEGAL BACKGROUND

A. The First-to-File Rule

"When the declaratory action can resolve the various legal relations in dispute and afford relief from the controversy that gave rise to the proceeding, and absent a sound reason for a change of forum, a first-filed declaratory action is entitled to precedence as against a later-filed patent infringement action." *Genetech, Inc. v. Eli Lilly & Co*., 998 F.2d 931, 938 (Fed. Cir. 1993) (application of First-to-File Rule governed by Federal Circuit law in patent cases); *see also Merial Ltd. v. Cipla Ltd.*, 681 F.3d 1283, 1299 (Fed. Cir. 2012 ('[t]he 'first –to-file' rule …generally favors pursuing only the first filed action"). Courts typically enforce the First-to-File Rule "absent sound reason for a change of forum." *Genetech*, 998 F.3d at 938; *see also Elecs. For Imaging, Inc. v. Coyle*, 394 F.3d 1341, 1347 (Fed. Cir. 2005).

The Fifth Circuit has also long recognized the first-filed rule. *Cadle Co. v. Whataburger of Alice, Inc.*, 174 F.3d 599, 606 (5th Cir. 1999). "In determining whether to apply the first-to-file rule to an action, a court must resolve two questions: 1) are the two pending actions so duplicative or involve substantially similar issues that one court should decide the subject matter of both actions; and 2) which of the two courts should take the case?" *Texas Instruments, Inc. v. Micron Semiconductor, Inc.*, 815 F. Supp. 994, 997 (E.D. Tex. 1993). The primary concern is "to avoid the waste of duplication, to avoid rulings which may trench upon the authority of sister courts, and to avoid piecemeal resolution of issues that call for a uniform result." *West Gulf Maritime Ass'n v. ILA Deep Sea Local 24*, 751 F.2d 721, 729 (5th Cir. 1985); *see also Mosaid Techs. Inc. v. Micron Tech, Inc.*, Case No. 2:06-cv-00302-DF, Doc. No. 405 at 3 (E.D. Tex. July

2, 2008) (copy attached as Exhibit E). The First-to-File Rule was created to dissuade parties from filing retaliatory lawsuits in a different district after being sued. *West Gulf*, 751 F.2d at 729-30. The key question is whether there is a likelihood that the second-filed action might substantially overlap with the first action. *Sutter Corp. v. P&P Indus., Inc*., 125 F.3d 914, 920 (5th Cir. 1997); *see also RPost Holding, Inc. v. Trend Micro Inc*., Case No. 2:13-cv-01065-JRG, Doc. No. 29 at 2-3 (E.D. Tex. May 16, 2014) (*citing Texas Instruments* and *Cadle*) (copy attached as Exhibit F). Once the likelihood of substantial overlap has been demonstrated, "the first-to-file rule gives the ***first-filed*** court the responsibility to determine which case should proceed." *RPost Holdings* at 2 (citing *Texas Instruments* at 999) (emphasis in original).

B. Motions to Transfer Pursuant to Section 1404(a)

A district court "may transfer any civil action to any other district where it might have been brought…for the convenience of the parties and witnesses" or "in the interest of justice." 28 U.S.C. § 1404(a). Courts evaluate multiple factors to determine whether a venue change would be more convenient for parties and witnesses or serve the interest of justice. 28 U.S.C. § 1404(a); *In re Volkswagon AG*, 371 F.3d 201, 203 (5th Cir. 2004); *Mediatek, Inc. v. Sanyo Elecric Co. LTD*, 2006 WL 463871 (E.D. Tex. 2006). The private factors include: (1) the relative ease of access of proof; (2) the availability of the compulsory process to secure witness attendance; (3) the willing witnesses' cost of attendance; and (4) all other practical considerations that make a trial easy, expeditious, and inexpensive. *In re Volkswagon AG*, 371 F.3d at 203. The public factors include: (1) the administrative difficulties flowing from court congestion; (2) the local interest in having local issues decided at home; (3) the forum's familiarity with the governing law; and (4) the avoidance of unnecessary conflict of law problems involving foreign law's application. *Id.*

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