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., EMERSON PROCESS MANAGEMENT LLLP, FISHER-ROSEMOUNT SYSTEMS, INC., ROSEMOUNT INC., BP, p.l.c., BP AMERICA, INC., and BP AMERICA PRODUCTION COMPANY, Defendants.	Civil Action No. 6:15-cv-907

PLAINTIFFS' MEMORANDUM IN OPPOSITION TO EMERSON DEFENDANTS' MOTION TO DISMISS OR TRANSFER THIS ACTION

SIPCO, LLC and IP Co, LLC (d/b/a INTUS IQ) ("Plaintiffs" or "SIPCO") submit this Memorandum in Opposition to the Motion to Dismiss or Transfer ("Mot. To Dismiss") filed by Emerson Electric Co., Fisher-Rosemount Systems, Inc., and Rosemount Inc. (collectively, "Defendants" or "Emerson"). SIPCO opposes the motion because (1) Emerson is not entitled to benefit from the first-to-file rule after affirmatively abandoning its preemptively-filed declaratory judgment claims with respect to SIPCO's patents in a separate action pending in the Northern District of Georgia ("NDGA"); (2) the asserted patents in this case are sufficiently different from those in the NDGA action such that first-to-file does not apply; and (3) the Eastern District of Texas is the proper and more convenient forum for resolving this dispute. For these and other reasons set forth more fully below, SIPCO respectfully requests the Court to deny Emerson's motion.

I. FACTUAL BACKGROUND

SIPCO and Emerson are not strangers, and it is partly because of their history that the first-to-file rule should not apply to this case. SIPCO has a substantial patent portfolio covering technologies that have been incorporated into wireless protocols utilized by standard-setting organizations and licensed to more than sixty corporations. *See* Original Complaint (hereinafter, "Orig. Comp."), at ¶¶ 50-55; *see also* First Amended Complaint (hereinafter, "1st Am. Comp."), at ¶¶ 59-61, 63-64. Before Emerson preemptively commenced litigation against SIPCO in the NDGA, SIPCO and Emerson shared (and continue to share) a licensor/licensee relationship with respect to SIPCO's patents. More particularly, in 2011, the White-Rodgers Division of Emerson Electric Co. took a license to a portfolio of SIPCO patents and pending patent applications, including patents at issue in this lawsuit. *See* Orig. Comp. ¶¶ 60-61; *see also* 1st Am. Comp. ¶¶ 71-72.

SIPCO's license grant does not extend to any Emerson entity or division other than the White-Rodgers Division. *See* Orig. Comp. ¶¶ 62-67; *see also* 1st Am. Comp. ¶¶ 73-80. As a result, Emerson filed a preemptive declaratory judgment suit in the NDGA alleging non-infringement and invalidity of eight SIPCO patents, including patents-in-suit in this case. *See* Mot. to Dismiss, Exh. A. Thereafter, the Emerson entities changed course and withdrew their complaint. They changed course yet again by re-filing a subsequent declaratory judgment complaint in the NDGA, but this time alleging non-infringement and invalidity of only two SIPCO patents: U.S. Patent Nos. 7,103,511 ("the '511 patent") and 6,044,062 ("the '062 patent")—neither of which are at issue in this case. *See* Mot. to Dismiss, Exh. B. Having full knowledge of SIPCO's patent portfolio, and having filed and abandoned claims for declaratory relief in the NDGA with respect to a broad range of SIPCO patents, including many of the patents-in-suit in this case, Emerson made a clear statement—it did not intend to litigate any

additional SIPCO patents in the NDGA.

As alleged in the Original Complaint, the non-licensed Emerson entities are infringing ten[1] SIPCO patents. *See* Orig. Comp. ¶¶10-49; *see also* 1st Am. Comp. ¶¶ 15-58. The patents at issue in this case are not substantially similar to the patents at issue in the NDGA case. In fact, as shown in detail below, a number of the patents-in-suit claim different systems and devices than those claimed by the two patents asserted in the NDGA action.

SIPCO filed suit in this district because its judges have already construed the claims of four SIPCO patents at issue in this case[2] and are familiar with the technology and subject matter underlying those patents. In addition, the non-licensed Emerson entities have places of business in Texas (including a principal place of business) and in this judicial district, and they have committed and continue to commit acts of patent infringement in Texas and within this judicial district. Accordingly, for these and other reasons set forth more fully below, this case should not be dismissed or transferred to the NDGA because the Eastern District of Texas is the proper and more convenient forum for this dispute.

II. LEGAL STANDARD

A. First-to-File Rule

The first-to-file rule is a general rule that gives precedence to the first-filed action "[w]hen two actions that sufficiently overlap are filed in different district courts." *Futurewei Techs., Inc. v. Acacia Research Corp.*, 737 F. 3d 704, 708 (Fed. Cir. 2013). But "'an ample

[1] The ten patents are: U.S. Patent Nos. 7,697,492 ("the '492 patent"); 6,437,692 ("the '692 patent"); 6,914,893 ("the '893 patent"); 6,249,516 ("the '516 patent"); 7,468,661 ("the '661 patent"); 8,000,314 ("the '314 patent"); 8,233,471 ("the '471 patent"); 8,625,496 ("the '496 patent"); 8,754,780 ("the '780 patent"); and 8,908, 842 ("the '842 patent"). SIPCO added U.S Patent No. 8,013,732 ("the '732 Patent") in its First Amended Complaint. *See* 1st Am. Comp. ¶¶ 55-58.

[2] Attached hereto as Exhibit A, *see SIPCO, LLC v. Amazon.com, Inc.*, No. 2:08-cv-00359-JRG (E.D. Tex. Oct. 19, 2012), ECF No. 562 (Judge Gilstrap) ('511 patent, '492 patent, and U.S. Patent No. 6,891,838); *SIPCO, LLC v. ABB, Inc.*, No. 6:11-cv-00048-LED-JDL (E.D. Tex. July 30, 2012), ECF No. 255 (Magistrate Judge Love) (511 patent, '692 patent, '492 patent, and '893 patent); *SIPCO, LLC v. Datamatic, Ltd.*, No. 6:09-cv-00532-LED-JDL (E.D. Tex. May 6, 2011), ECF No. 161 (Magistrate Judge Love) ('692 patent and '661 patent).

degree of discretion . . . must be left to the lower courts'" in applying the rule. *Merial Ltd. v. Cipla Ltd.*, 681 F.3d 1283, 1299 (Fed. Cir. 2012) (*quoting Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 183-84 (1952)). Exceptions to the rule "are not rare, and are made when justice or expediency requires, as in any issue of choice of forum." *Genentech, Inc. v. Eli Lilly & Co.*, 998 F.2d 931, 937 (Fed. Cir. 1993). And the rule is not applied when the first-filed suit is merely one party's attempt "to preempt another's infringement suit." *Elecs. for Imaging, Inc. v. Coyle*, 394 F.3d 1341, 1347 (Fed Cir. 2005). The rule also may not apply when efficiency and convenience dictate otherwise. *See Genentech*, 998 F.2d at 937. Whether the second-filed action should proceed is governed by Federal Circuit law. *Futurewei*, 737 F.3d at 708.

The moving party bears the ultimate burden to show that a case should be dismissed or transferred under first-to-file. *Sanofi-Aventis Deutschland GmbH v. Novo Nordisk, Inc.*, 614 F. Supp. 2d 772, 777 n.5 (E.D. Tex. 2009). And the determination of sufficient or "substantial overlap" in patent cases requires examination of the claims of the patents at issue. *See Document Generation Corp. v. Allscripts, LLC*, No. 6:08-cv-479, 2009 WL 2824741, at *2-*3 (E.D. Tex. Aug. 27, 2009). Failure to examine the asserted claims risks "chain[ing]" a patent holder to the first-filed forum "whenever it assert[s] a patent in the same family" as those at issue in the first-filed action. *See id.* at *2. Thus, a movant does not show "substantial overlap" merely by showing the patents are part of the same patent family. *Id.* at *3 (finding no "substantial overlap" where one patent was a continuation-in-part of the other).

Even if "substantial overlap" is established, the court in which the issue has been raised must "utilize a Section 1404(a) approach in order to determine whether the 'first to file' rule should be followed." *Sanofi-Aventis*, 614 F. Supp. 2d at 781. There is no "categorical rule that the first-filed court is always the appropriate court to determine which case should proceed in the

context of patent infringement suits." *Id.* at 775.[3]

B. 28 U.S.C. § 1404(a) Standard

"For the convenience of parties and witnesses, in the interest of justice, a district court may transfer a civil action to any other district or division where it might have been brought . . . ." 28 U.S.C. § 1404(a). "The district court has broad discretion in deciding whether to order a transfer." *Balawajder v. Scott*, 160 F.3d 1066, 1067 (5th Cir. 1998) (citation omitted). But a motion to transfer should only be granted "upon a showing that the transferee venue is 'clearly more convenient' than the venue chosen by the plaintiff." *In re Nintendo Co.*, 589 F.3d 1194, 1197 (Fed. Cir. 2009) (*quoting In re Genentech, Inc.*, 566 F.3d 1338, 1342 (Fed. Cir. 2009)). A substantial burden is placed on the movant to show the proposed forum is "clearly more convenient"; this burden respects the plaintiff's "right to choose the forum in which to seek redress." *Texas Instruments, Inc. v. Micron Semiconductor, Inc.*, 815 F. Supp. 994, 998 (E.D. Tex. 1993); *see also St. Lawrence Commc'ns LLC v. LG Elecs., Inc.*, No. 2:14-cv-1055-JRG, 2015 WL 7854738, at *2 (E.D. Tex. Dec. 3, 2015).

The private § 1404(a) convenience factors are "(1) the relative ease of access to sources of proof; (2) the availability of compulsory process to secure the attendance of witnesses; (3) the cost of attendance for willing witnesses; and (4) all other practical problems that make a trial easy, expeditious and inexpensive." *In re TS Tech USA Corp.*, 551 F.3d 1315, 1319 (Fed. Cir.

[3] Emerson cites *RPost Holding, Inc. v. Trend Micro Inc.*, No. 2:13-cv-1065-JRG, at 2-3 (E.D. Tex. May 16, 2014), ECF No. 29, for the proposition that once substantial overlap is established, the first-filed court determines which case should proceed. *See* Mot. to Dismiss at 5. But *RPost* relies on *Texas Instruments, Inc. v. Micron Semiconductor, Inc.*, 815 F. Supp. 994 (E.D. Tex. 1993) and *Cadle Co. v. Whataburger of Alice*, 174 F.3d 599 (5th Cir. 1999) for this proposition. Both of those decisions were issued before the Federal Circuit's decision in *Micron Technology, Inc. v. Mosaid Technologies, Inc.*, 518 F.3d 897, 904 (Fed. Cir. 2008) (holding that a district court must consider § 1404(a) factors when exercising its discretion to dismiss or transfer a case in favor of a case pending in another forum). And this Court has interpreted *Micron* to mean that even when the two suits are "identical," courts should not automatically leave the decision of which case should proceed to the first-filed court but should "utilize a Section 1404(a) approach in order to determine whether the 'first to file' rule should be followed." *Sanofi-Aventis*, 614 F. Supp. 2d at 777-78, 781. Additionally, the issue of substantial overlap was not disputed in the *RPost* case. No. 2:13-cv-01065, at *2, ECF No. 29.

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