

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' SUR-REPLY IN SUPPORT OF ITS OPPOSITION TO THE EMERSON
DEFENDANTS' MOTION TO DISMISS OR TRANSFER THIS ACTION**

Emerson bears the ultimate burden to show that this case should be dismissed or transferred under the first-to-file rule. *Sanofi-Aventis Deutschland GmbH v. Novo Nordisk, Inc.*, 614 F. Supp. 2d 772, 777 n.5 (E.D. Tex. 2009). Because Emerson fails to meet this burden, its Motion to Dismiss or Transfer should be denied. Indeed, nothing in Emerson's eleven-page Reply alters the fact that (1) Emerson's actions in the Northern District of Georgia ("Georgia") preclude it from benefiting from the first-to-file rule; (2) the asserted patents in this case are sufficiently different 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, thereby warranting denial of the Motion to Dismiss or Transfer under first-to-file.

I. ARGUMENT¹

A. Emerson's "federal comity" and "judicial efficiency" arguments are misplaced.

¹ For the Court's convenience, SIPCO's sur-reply tracks the argument sections in Emerson's Reply.

In its Reply, Emerson does not dispute that this Court has “ample” discretion in applying the first-to-file rule and that exceptions to the rule “are not rare and are made when justice or expediency requires.” See *Merial Ltd. v. Cipla Ltd.*, 681 F.3d 1283, 1299 (Fed. Cir. 2012); *Genentech, Inc. v. Eli Lilly & Co.*, 998 F.2d 931, 937 (Fed. Cir. 1993). Nor does Emerson dispute that it voluntarily decided not to pursue its Georgia declaratory judgment action against six of the originally asserted SIPCO patents, choosing instead to litigate only two of SIPCO’s patents in Georgia—neither of which are at issue in this case. Instead, Emerson attempts to rob SIPCO of its choice of forum for litigating Emerson’s infringement of the six patents Emerson abandoned in the Georgia action, as well as additional SIPCO patents that were never asserted in Georgia. Emerson argues that to allow SIPCO its choice of forum for the patents Emerson voluntarily dropped from the Georgia action would offend “federal comity” and “judicial efficiency.” (Dkt. 36 at 2.)

Emerson admits in the Reply that the parties attempted to settle their dispute prior to Emerson’s filing of the first declaratory judgment action in Georgia. (Dkt. 36 at 2-3.) In the midst of settlement efforts, however, Emerson raced to the courthouse and preemptively filed a declaratory judgment action on eight SIPCO patents. By later abandoning its claims on all but two of those patents, Emerson relinquished control over the timing and location of any subsequent litigation involving SIPCO’s other patents. Indeed, at a later time and after subsequent settlement efforts failed, SIPCO filed suit in the Eastern District of Texas, which is the appropriate forum for the resolution of this dispute. Thus, it is Emerson’s conduct—not SIPCO’s—that created the possibility of subsequent litigation on other SIPCO patents at some point in the future. Having accepted the risk that subsequent litigation could occur, Emerson’s reliance on federal comity or judicial efficiency as a means to rescue the pending motion is

misplaced.²

B. Emerson’s conscious and deliberate actions in Georgia preclude it from claiming the benefit of the first-to-file rule.³

Emerson abandoned suit in Georgia on many of the patents-in-suit with full knowledge of SIPCO’s patent portfolio. Such an act made a clear and unambiguous statement that it did not intend to litigate any additional SIPCO patents in Georgia.⁴ Having consciously made this tactical and case-altering decision, and having accepted the possibility that subsequent litigation could follow on SIPCO’s other patents, Emerson cannot now dictate the time and location of separate litigation on different patents with different claim limitations and different infringement analyses. To hold otherwise would reward Emerson’s tactics and forever chain SIPCO to Georgia—a forum that is not appropriate for the resolution of this dispute. Accordingly, the Court should reject Emerson’s reliance on the first-to-file rule. *Cf. Amerada Petroleum Corp. v. Marshall*, 381 F.2d 661, 663 (5th Cir. 1967) (upholding trial court’s decision not to apply first-to-file rule for equitable reasons); *Williamson v. Am. Mastiff Breeders Council*, No. 3:08-cv-336-ECR-VPC, 2009 WL 634231, at *3-*5 (D. Nev. Mar. 6, 2009) (refusing application of first-to-file on a motion to dismiss or transfer the second-filed suit for equitable reasons, despite the cases’ substantially similar parties and issues).

C. The first-to-file rule does not apply because the patents in Georgia and this action are different and the issues do not substantially overlap.⁵

Notwithstanding the inequitable nature of invoking the first-to-file rule here, Emerson’s

² In Section A of the Reply, Emerson asserts that a party “cannot waive the protections the first-filed rule provides the judicial process itself.” It is significant to note this assertion is not supported by citation to legal authority.

³ In Section B of the Reply, Emerson fails to cite any legal authority in support of its arguments.

⁴ When Emerson filed a declaratory judgment action on eight SIPCO patents, it had to expect that the case would proceed on those patents. This fact is inconsistent with Emerson’s argument that a lawsuit with a large number of patents is “unwieldy.”

⁵ In Section C of the Reply (which traverses nearly five pages), Emerson once again fails to cite legal authority in support of its arguments. Indeed, the only time legal authority is mentioned is during Emerson’s futile attempt to distinguish cases cited by SIPCO.

failure to demonstrate that this case substantially overlaps with the Georgia action continues in its Reply. Indeed, the Reply dodges analysis of the asserted claims in both cases and glosses over the differences amongst the patents.⁶ And by claiming that SIPCO ignores so-called similarities in the asserted claims, Emerson attempts to improperly shift the burden of demonstrating substantial overlap onto SIPCO. *See Sanofi-Aventis*, 614 F. Supp. 2d at 777 n.5.

Emerson's opening brief failed to set forth a detailed analysis of potential substantial overlap of the claims, and Emerson's Reply perpetuates this failure. More particularly, the Reply focuses on SIPCO and misrepresents SIPCO's comparisons of the patents in both cases. Specifically, in criticizing one of SIPCO's comparisons of the claims of the patents, Emerson states:

Exhibit B compares the language of claim 1 of the '842 patent with the language of claim 2 of the '062 patent, but the '062 patent (at issue in Georgia) *is from the IPCO patent family* while the '842 patent (asserted here) *is from the SIPCO patent family*. (Doc. 24-2). Of course the two claims differ – they are taken from different patent families. (Doc. 24-2).

(Dkt. No. 36 at 4-5) (original emphasis). But SIPCO did compare the '842 patent (at issue in this case) to *both* patents in the Georgia action to show that the patents claim different subject matter. (Dkt. 24 at 8.) Emerson ignored the fact that in addition to comparing the '842 patent to the '062 patent, SIPCO also compared the '842 patent to the '511 patent (part of the SIPCO patent family), and improperly accused SIPCO of “muddl[ing]” the issues before this Court. (Dkt. 36 at 4-5.) Emerson then urged this Court, without legal support, to focus only on the patent family relationships and the so-called similarities between the claims, arguing that the “existence of different limitations” (Dkt. 36 at 5) need not be considered. *See Document Generation Corp. v.*

⁶ The fact that SIPCO licenses a portfolio of patents (Dkt. 36 at 7-8) does not absolve Emerson of its duty to explore whether the patents and asserted claims in both cases are so similar that the issues to be decided in both cases will substantially overlap.

Allscripts, LLC, No. 6:08-cv-479, 2009 WL 2824741, at *2-*3 (E.D. Tex. Aug. 27, 2009)

(finding that one way to consider potential overlap in a first-to-file context “is by considering the claims at issue. Were the Court to rule that it is improper for a Court to consider the specific claims or products at issue, it would chain Plaintiff to [the district of the earlier filed action] whenever it asserted a patent in the same family as the [asserted patent]. The Court is unwilling to create such a rule . . .”).⁷ The Reply provides no additional detail about how the asserted claims of the patents-at-issue are similar other than to restate Emerson’s superficial comparison of shared language between claim 1 of the ‘471 patent and claim 2 of the ‘062 patent. (Dkt. 36 at 5.)

Next, Emerson points to the so-called “similarity” of accused products. However, this argument is misleading because it is based on a superficial analysis of the allegations in the separate cases. Particularly, Emerson has not addressed the details of the features of the accused products in the separate cases.⁸ For example, the accused product features in the Texas case relate to software on remote computers that controls actuators on devices on separate wireless internal networks. Such product features are not accused in the Georgia case. In the Georgia case, a network of the accused wireless devices can either be standalone or connected externally to a wide area network (“WAN). In the Texas case, a network of the accused wireless devices has features that go beyond that and can be connected to any type of network. These differences render Emerson’s first-to-file challenge futile. Emerson failed to point them out for the Court.

⁷ Contrary to Emerson’s arguments, the principles regarding how a court should determine substantial overlap as set forth in *Document Generation and Datamize, Inc. v. Fidelity Brokerage Servs., LLC*, No. 2:03-cv-321-DF, 2004 WL 1683171 (E.D. Tex. Apr. 22, 2004) are applicable. Different claims in different patents require independent construction, *see Datamize*, 2004 WL 1683171, at *6, and arguing that two patents are part of the same family is not enough to establish substantial overlap, *see Document Generation*, 2009 WL 2824741, at *3.

⁸ The affidavit of a paralegal for Emerson’s trial counsel who asserts that no differences between the accused products in this action and the Georgia action were found (Dkt. 36 at 5-6) is hardly a substitute for an affirmative and detailed explanation why—despite SIPCO’s explanation that the patents-at-issue in both cases have different limitations and claim different subject matter—the issues to be decided in these cases substantially overlap.

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