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

AUTOMATION MIDDLEWARE SOLUTIONS, INC., **Plaintiff,** **vs.** **EMERSON PROCESS MANAGEMENT LLLP, FISHER-ROSEMOUNT SYSTEMS, INC., ROSEMOUNT, INC., EMERSON INDUSTRIAL AUTOMATION USA INC., EMERSON INDUSTRIAL AUTOMATION USA LLC and EMERSON PROCESS MANAGEMENT POWER & WATER SOLUTIONS, INC.,** **Defendants.**	**Case No: 2:15-CV-01266 RWS** **JURY TRIAL DEMAND**

DEFENDANTS' COMBINED MOTION AND MEMORANDUM TO DISMISS THE COMPLAINT FOR IMPROPER VENUE UNDER FED. R. CIV. P. 12(B)(3) OR, TO TRANSFER TO UNDER 28 U.S.C. §1404(a)

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STATEMENT OF THE ISSUES

1. Whether 28 U.S.C. Section 1400(b)'s definition of corporate residence controls in patent infringement cases?

2. Whether the convenience of the parties and witnesses and the interest of justice warrant a transfer the bulk of this case to the Western District of Texas and the remainder to the District of Minnesota?

I. INTRODUCTION

Defendants move to dismiss for improper venue to preserve the issue of the propriety of venue in this case and avoid waiving an issue that may yet be decided by the Supreme Court. Regardless of the correctness of statutory venue, this case is one in which transfer to one or more districts, pursuant to 28 U.S.C. §1404(a), is clearly warranted by the convenience of the parties and the witnesses and in the interest of justice. The named Defendants are all operationally and legally separate entities and indirect subsidiaries of Emerson Electric Co. (a Missouri-based company). They are referred to collectively herein as the "Emerson Entities." As further described below, the Emerson Entities are not only legally and operationally separate and distinct, their product offerings are diverse, developing and manufacturing different accused products in different ways by different witnesses, marketing and selling them through different channels to different customers, maintaining and storing potentially relevant documents and source code under different systems and management in different locations, and reporting and accounting for financial results by different people in different systems. To re-locate the case according to the convenience of the most parties and witnesses and evidence and in the best interest of justice, the Emerson Entities propose that the bulk of the case be transferred to the Western District of Texas. This is where almost all of the witnesses and documents that will form the primary basis of proof for ***both*** plaintiff AMS and most Emerson Entities are located (specifically in Round Rock, Texas, a suburb of Austin, Texas). However, as to two of the defendants–Emerson Industrial Automation USA Inc. and Emerson Industrial Automation USA LLC–the Emerson Entities propose that they be severed and transferred to the District of Minnesota. The only operations of these two entities relevant to this case are based in Eden Prairie, Minnesota, and concern products, marketed under the "Control Techniques" brand, which are designed and supplied primarily by witnesses in Eden Prairie, MN, third-parties or a

company in Wales in the United Kingdom. Control Techniques products are sold under the "Emerson Industrial Automation" brand (a completely different branding platform than all other accused products[1]) and it has little or no connection to any other accused product[2]. Alternatively, however, these claims should all be transferred with the rest of the case to the Western District of Texas, as there is still no connection to the Eastern District of Texas and the Western District of Texas is still far more convenient for the witnesses and evidence pertaining to Control Techniques products than this district.

Significantly, *not even the plaintiff,* AMS, has any real connection to the Eastern District of Texas. The faces of the Asserted Patents list Washington as the home state of the inventors, presumably where the so-called "technology" was developed. Dkts. 33-1 through 33-5. As the facts herein prove, AMS's claimed address in the Eastern District of Texas is a ***sham***, and AMS is nothing more than a shell created to belatedly assume ownership of the now-expired Asserted Patents in this case. *See* Holtshouser Declaration, Exhibits G-K. If AMS wants to claim this district as the place where this complex suit should be heard, it might have at least gone to the trouble of opening a real office, employing people, providing someone to answer a phone, or

[1] The Emerson Entities have also moved to dismiss the Third Amended Complaint for failure to state a claim and one of the defects of said complaint is the failure to identify accused products with sufficient specificity that the Emerson Entities are given adequate notice of which specific products, among the many broad categories of products that comprise a large volume of specific products, allegedly infringe. For purposes of the present motion to transfer, the Emerson Entities have had to make certain guesses and assumptions about the scope of the accused products to evaluate the factors applicable to the motion to transfer under Section 1404(a). The Emerson Entities do not waive their arguments in the Rule 12(b)(6) motion by making such guesses and assumptions. In fact, having to guess at what the accused products are for the purpose of determining which witnesses and documents are relevant is the point of the deficiency in the Third Amended Complaint.

[2] Certain Control Techniques drive products can be used with the DeltaV or AMS Device Manager products discussed *infra*, but that is true of many products, whether developed by an Emerson Entity or a third-party and the separate companies that develop each are operationally and legally separate. In addition, the products are not marketed or sold together. This fact does not weaken the compelling strength of the merits of the alternative motion to transfer.

setting up a website, thus at least giving the appearance, albeit false, of a real company. Today, even a 12-year old can at least establish a website. But, AMS has not put forth ***any effort*** to even give the ***appearance*** that it is a real company and home[3] in the Eastern District of Texas. It simply gamed the system and hoped that the Emerson Entities would not spend the money to investigate whether the representations in paragraph 1 of the Third Amended Complaint are true. Regardless of the limited role that a plaintiff's corporate residence plays in the venue analysis, a party seeking to take advantage of the publicly-funded federal judiciary should at least be required to make honest representations about something as basic as its address[4]. Given the foregoing, Emerson Entities do not anticipate that trial in this district will be convenient for *any* material witness as none reside within this district and no documents are present in this district.

As the Court is aware, the Eastern District of Texas is the busiest patent infringement trial court in the United States. *See* Holtshouser Declaration Exhibits S and T. Hundreds of cases were filed in the Eastern District of Texas in the days immediately prior to November 30, 2015 alone. New filings continue. The Western District of Texas and the District of Minnesota have not been similarly inundated with recent patent infringement filings, yet have extensive experience with patent infringement cases.[5] They are well able to preside over these disputes and provide needed relief to this district. The average time from filing to trial of a civil case in the Western District of Texas is 17.9 months compared to 22.9 in the Eastern District of Texas, which translates into speedier justice and resolution for all parties. *See* Holtshouser Declaration Exhibit M. The caseload of Western District judges is half that of Eastern District judges. *See* Holtshouser Declaration Exhibit L. In the District of Minnesota, judges have a slightly heavier

[3] The named directors and only known humans associated with AMS have full-time jobs at Wi-Lan, Inc, in Canada. *See* Holtshouser Declaration Exhibits U-Y.
[4] AMS apparently has *no* real address and is homeless.
[5] *See* Holtshouser Declaration Exhibits L-N (data cited therein).

caseload and slightly longer time to trial than in the Eastern District of Texas, but handle approximately half as many intellectual property cases as this district. *See* Holtshouser Declaration Exhibit N. Thus, the District of Minnesota is well-poised to handle the limited portion of this case that belongs there and accommodate the convenience of the parties and serve the interest of justice. The Eastern District of Texas and the District of Minnesota have about the same number of active judges; the Western District of Texas has considerably more. *See* Holtshouser Declaration Exhibit M.

These facts lead to the clear and unmistakable conclusion that AMS will not be prejudiced by a transfer of the bulk of the case to the Western District of Texas and the limited remainder to the District of Minnesota. The vast majority of the infringement-related depositions will have to be conducted in Round Rock, Texas, most company witnesses are located in Round Rock and most of the documents and things are located in Round Rock. Some discovery will have to be conducted in Pittsburgh, Pennsylvania and Eden Prairie, Minnesota, but none will have to be conducted in the Eastern District of Texas. Most of the evidence of conception, design, manufacture, marketing and sales, financial results and damages and even prior art will all be Round Rock or Eden Prairie-focused. Even for those Emerson Entity witnesses, documents and things that are outside of the Round Rock area, it would still be far more convenient for them to come to Fisher-Rosemount Inc.'s offices in Round Rock, Texas for pre-trial preparation and to Austin, Texas for trial than anywhere in the Eastern District of Texas. This is especially true if this case is tried and witnesses must wait to testify. It would be costly and unjust to the Emerson Entities and inefficient to all others for this case to be tried in the Eastern District of Texas. A similar analysis applies to the smaller portion of the case, the portion against Industrial

Automation Holding and Operating[6], that should be transferred to the District of Minnesota. *See* Kim and Keithly Declarations. Accordingly, the Emerson Entities requests that the bulk of this case be transferred to the Western District of Texas and the remainder to the District of Minnesota. This case epitomizes why 28 U.S.C. § 1404(a) was enacted and why it authorizes the requested transfers.

II. FACTUAL BACKGROUND

In this action, AMS's Third Amended Complaint alleges that the Emerson Entities' various accused products infringe five Asserted Patents. Dkt. 33. The inventors on the Asserted Patents, Exhibits 1-5 to the Third Amended Complaint, are from Bingen, Washington and presumably still reside there. AMS has no address in the Eastern District of Texas and its Directors reside in Canada. Exhibits Q, R and U-Y.

A. The Plaintiff, AMS

Plaintiff Automation Middleware Solutions, Inc. ("AMS") is a non-practicing entity created in April, 2015 by Shaun McEwan and Prashant Watchmaker, a resident of Ottawa, Ontario, Canada. *See* Holtshouser Declaration Exhibits Q and R. Mr. McEwan's real job is Chief Financial Officer of Wi-Lan, Inc. and Mr. Watchmaker's real job is Vice-President, Corporate Legal and Corporate Secretary of Wi-Lan, Inc. *Id.*, Exhibits U-Y. Both live and work in Canada. *Id*. AMS's sole purpose was to buy the Asserted Patents from the original patent assignee, Roy-G-Biv, and assert them in litigation. *See* Holtshouser Declaration Exhibits G-K. When bought, the patents were about to expire and are all now expired. Within weeks of creating AMS and acquiring the Asserted Patents, AMS sued more than twenty entities for money in eight different lawsuits.

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[6] *See, infra*, Section II, B.

In this litigation, AMS claims that it is a Texas corporation "with its principal place of business located at 505 E. Travis St., Suite 203, Marshall, TX 75670." Dkt. 33, ¶ 1. However, the Declaration of Michael Collins, a private investigator, is filed herewith and the Emerson Entities invite the Court to read it in full and review the photographs attached. Mr. Collins went to the address listed in the complaint and found ***no evidence of AMS operating at that address***. Collins Declaration ¶¶ 3-11, Exhibits A-F. Not only was AMS not listed on any signage, *see* Collins Declaration ¶¶ 5-7, Exhibits D-F, Mr. Collins gained access to Suite 203, and spoke to the tenant of Suite 203, a Mr. Ken Bretches of Bretches Insurance Services. Collins Declaration ¶ 10. Mr. Bretches had never heard of AMS. *Id*. Further, Mr. Bretches called the on-site property manager, Mr. David Little, and Mr. Little had never heard of AMS either. Collins Declaration ¶ 11.

AMS claims in other publicly filed documents that its address is 211 E. 7th St., Ste. 620, ***Austin***, TX 78701-3218. *See* Holtshouser Declaration, Exhibits Q and R.

B. The Emerson Entities

Fisher-Rosemount Systems, Inc. ("**Fisher**") is a Delaware corporation with its principal place of business at 1100 W. Louis Henna Blvd., Bldg. 1, Round Rock, TX 78681. Fisher and Process Management share office space in a building owned by Fisher in Round Rock, Texas (Austin). As explained in defendants' contemporaneously-filed motion to dismiss, Plaintiff's complaint accuses suites of products, making it hard to identify exactly what is at issue. However, at least part of the accused products concern the suite of DeltaV products, which are produced by Fisher and sold by Process Management out of the Round Rock, Texas facility. Another accused product developed, engineered and manufactured under the direction of Fisher is the AMS Suite: Device Manager. Though witnesses and information relevant to this product are located in several different places (including Singapore and the Philippines), at least some of

the relevant witnesses and information are in Round Rock, Texas. *See* Kim Declaration ¶¶ 5-7, 10-11.

Rosemount, Inc. ("**Rosemount**") is a Minnesota corporation with its principal place of business at 8000 Norman Center Drive, Bloomington, Minnesota, 55437. Rosemount does not make, use, offer to sell, sell or import any of the potentially accused products. Its only connection to this case is its small ownership interest in Process Management. It is also a parent company of Industrial Automation Holding, but it has no operational oversight of that entity as it concerns any potentially accused products in this case. *See* Kim Declaration ¶ 8.

Emerson Process Management LLLP ("**Process Management**") is a Delaware limited partnership with its principal place of business at 1100 W. Louis Henna Blvd., Bldg. 1, Round Rock, TX 78681. It is owned by two separate entities, which are also defendants in this action, Fisher (owning a 94% limited partnership interest) and Rosemount (owning a 6% general partnership interest). The "Emerson Process Management" brand or business platform is not to be, but often is, confused with Emerson Process Management LLLP. The "Emerson Process Management" brand, under which some of the potentially accused products are sold, is not a legal entity. *See* Kim Declaration ¶¶ 5-7, 10-11.

Emerson Process Management Power & Water Solutions, Inc., (collectively "**Power & Water**") is a Delaware corporation with its principal place of business at 200 Beta Drive, Pittsburgh, PA 15238. It sells Ovation, another accused product, and separate from the DeltaV systems. While most of the witnesses and documents relevant to Ovation are located in Pittsburgh, Pennsylvania, the head of Power & Water reports to an individual located in Round Rock, Texas, making Round Rock the most convenient *single* forum. *See* Kim Declaration ¶¶ 9, 23.

Emerson Industrial Automation USA Inc. ("**Industrial Automation Holding**"), is a Delaware corporation with its principal place of business at 8000 W. Florissant Ave., St. Louis, MO 63136. Its only connection to the case is that it owns Industrial Automation *Operating*, discussed below. *See* Keithly Declaration ¶ 3.

Emerson Industrial Automation USA LLC ("**Industrial Automation Operating**"), is a Delaware limited liability company with its principal place of business at 7078 Shady Oak Road, Eden Prairie MN, 55344. Industrial Automation Operating sells a suite of accused products known as Control Techniques products. *See* Keithly Declaration ¶ 7. Control Techniques products do not have single sources. As explained in the Declaration of Matt Keithly, to the extent that the accused products can be discerned, one category of product is designed and engineered in Wales in the United Kingdom (CTOPCServer connectivity software and Solution Modules), one is designed and engineered in Eden Prairie, Minnesota (Function Modules) and others are sourced from third-parties in the United States (CTVue HMI Software and Motion Coordinators). *See* Keithly Declaration ¶¶ 8-10. In the U.S., sales are made by Industrial Automation Operating in Eden Prairie, Minnesota. Control Techniques products are sold under the "Emerson Industrial Automation" brand (a different branding platform than the remaining accused products) and it has no engineering, manufacture, sale or alleged infringement connection to any other potentially accused product. *See* Keithly Declaration ¶¶ 3-5.

* * *

The Complaint alleges that the Emerson Entities reside in the Eastern District of Texas (Dkt. 33 ¶ 10), but this is not the case. None of the Emerson Entities are organized under the laws of the state of Texas, nor do any of the Emerson Entities have a regular place of business in the Eastern District of Texas. Kim Declaration ¶ 29; Keithly Declaration ¶ 10.

The Complaint otherwise bases jurisdiction, under the general venue statute, on the alleged facts that the Emerson Entities "purposely transacted business in this judicial district, including but not limited to making sales in this district, providing service and support to their respective customers in this district, and/or operating an interactive website, available to persons in this district that advertises, markets, and/or offers for sale infringing products." Dkt. 33, ¶ 10. This, however, is true for any state in the United States and therefore provides no support for a specific connection to the Eastern District of Texas. There is no allegation of any *specific* infringing conduct or act in the Eastern District of Texas.

III. ARGUMENT

A. The Complaint Should be Dismissed for Improper Venue

Recently, the Federal Circuit considered whether the patent-specific venue statute, 28 U.S.C. § 1400(b), venue is proper only where: (1) the defendant resides (defined by the Supreme Court's decision in *Fourco Glass Co. v. Transmirra Prods. Corp*., 353 U.S. 222 (1957)) or (2) where the defendant has committed acts of infringement ***and*** has a regular and established place of business. Here, Plaintiff Automation Middleware Solutions, Inc. ("AMS") has sued a diverse group of defendants and accused an even more diverse group of products, despite the fact that none of the defendants reside in or have regular places of business in the Eastern District of Texas. AMS bases venue on the general venue statute (28 U.S.C. § 1391) and its much broader definition of corporate residence (equivalent to scope of personal jurisdiction). Whether or not this is permissible was considered and decided by a panel of the Court of Appeals for the Federal Circuit on April 29, 2016. Order on Writ of Mandamus, *In re TC Heartland*, No. 2016-105, 2016 WL 1709433 (Fed. Cir. April 29, 2016). *See* Holtshouser Declaration Exhibit O (slip op.). Nevertheless, Defendants' motion to dismiss for improper venue is waived if not made at this stage and the issue of venue/corporate residence in a patent infringement case has not yet been

rejected for *en banc* or Supreme Court review. Defendants believe that either the Federal Circuit *en banc* or the Supreme Court are likely to vacate the panel opinion in *TC Heartland,* as well as the Federal Circuit's *VE Holding* precedent, and determine that the patent-specific venue statute is the sole grounds for establishing venue in a patent infringement case, the definition of corporate residence is the definition provided by the Supreme Court in *Fourco* and the complaint in this case should be dismissed for improper venue pursuant to Rule 12(b)(3). *See, VE Holding Corp. v. Johnson Gas Appliance Co.,* 917 F.2d 1574 (Fed. Cir. 1990). The undersigned defendants are organized under the laws of either Delaware or Minnesota, and have regular and established places of business at locations other than the Eastern District of Texas. *See*, Kim Declaration ¶¶ 5-9; Keithly Declaration ¶¶ 3-4. Therefore, none reside in the Eastern District of Texas for purposes of the patent-specific venue statute, 28 U.S.C. § 1400.

If the arguments of Petitioner in *TC Heartland* are ultimately upheld, rather than dismiss this case, § 1406 authorizes the Court to transfer the case "to any district or division in which it could have been brought." The problem with this option here is that there is no *one* district where all of the claims could have been brought because Plaintiff has accused so many distinct and separate defendants and so many diverse sets of products. For this reason, if the Court finds venue is improper, the Emerson Entities request dismissal rather than transfer. Plaintiff will then have the option to re-file in proper venues, appropriately joining defendants where warranted. Should the Court decide that transfer is appropriate under §1406, however, then the cases should be severed and disposed of a follows: (1) transfer the claims against Fisher and Process Management to the Western District of Texas; (2) dismiss Rosemount (as it does not make or sell, or control the making and selling, of any potentially accused products, but merely holds ownership interests in other companies); (3) transfer the claims against Power & Water to the

Western District of Pennsylvania[7]; (4) dismiss Industrial Automation Holding (as it merely owns and does not control Industrial Automation Operating); and (5) transfer all claims against Industrial Automation Operating to the District of Minnesota.[8]

B. Alternatively, the Emerson Entities Request That This Court Transfer the Bulk of This Action To The Western District of Texas, And Transfer The Action against the Industrial Automation Defendants To The District of Minnesota, Pursuant To 28 U.S.C. Section 1404(a) For The Convenience of The Parties And In The Interest of Justice

The Emerson Entities, alternatively seek a convenience transfer. In particular, the Emerson Entities request that the Court transfer the bulk of the case to the Western District of Texas, and transfer the claims against Industrial Automation Holding and Operating (claims directed to the Control Techniques products) to the District of Minnesota.[9]

Title 28 United States Code, § 1404(a) provides:

> [f]or the convenience of the parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought or to any district or division to which all parties have consented.

[7] Transfer to the Eastern District of Pennsylvania is requested only if venue is found improper, in which case transfer is appropriate under 28 U.S.C. § 1406 rather than § 1404(a). If this Court finds that venue is legally proper, then the Emerson Entities request that the claims against Power & Water be transferred, with the bulk of the case, to the Western District of Texas to maximize the efficient use of judicial resources in a way that maximizes the convenience to the most witnesses and evidence.

[8] Claims against 5 of the 6 Emerson Entities could have also been brought in Delaware (their state of incorporation), but transfer to Delaware does not make sense in this case, because none of the Emerson Entities are operationally present there.

[9] Granting the request of the Emerson Entities obviously involves a partial severance of parties pursuant to Section 1404(a). The Fifth Circuit recently addressed such an issue and determined that if severance is needed to achieve the objectives of Section 1404(a), then a district court is empowered to do so. *In re Rolls Royce Corp.*, 775 F.3d 671, 679 (5th Cir. 2014) ("A properly conducted section 1404 inquiry may well require a district court to send different parties to pursue the same suit in different districts.") *See also id.* at 680 ("A district court has wide discretion to sever a claim against a party into separate cases, in vindication of public and private factors.") Here, of course, given the diversity of categories of accused products and the separate entities legally responsible for each, severance and transfer is warranted to achieve the objectives of judicial and private interest efficiency because there will be very little efficiencies of scale by keeping these claims together in the same district or any one district.

28 U.S.C. § 1404(a). This Court recently granted a motion to transfer in *Chrimar Sys., Inc. v. Rucckus Wireless, Inc.*, No. 6:15-CV-638 JRG-JDL (E.D. Tex. Dec. 9, 2015), ECF No. 109. *See* Holtshouser Declaration, Ex. P. "The goals of § 1404(a) are to prevent waste of time, energy, and money, and also to protect litigants, witnesses, and the public against unnecessary inconvenience and expense." *Id.* at 3 (citing *Van Dusen v. Barrack*, 376 U.S. 612, 616 (1964)). If the movant can show that the transferee venue is clearly more convenient, good cause supports a transfer. *Id.* (citing *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 315 (5th Cir. 2008) (*en banc*)). Accordingly, under § 1404(a), this Court may, in its discretion, transfer the case to another District Court where the action might have been brought or where the parties consent. Here, the issue is not close. AMS has more connection to Canada than Texas. No material evidence, witnesses or other connection exists in the Eastern District of Texas. There is no rational reason why this venue serves the convenience of the litigants or the interests of justice.

In *Hoffman v. Blaski*, the Supreme Court interpreted this statute to require that the proposed transferee district be one in which the plaintiff could have filed the action initially. 363 U.S. 342-43 (1960). Thus, before transfer is proper under § 1404(a), this Court must determine that (1) subject matter jurisdiction over the action, (2) personal jurisdiction over the defendants, and (3) proper venue all existed at the time of filing. *Id. See also,* Ex. P., *Chrimar Sys.*, at 3*; In re Volkswagen AG*, 371 F.3d 201, 203 (5th Cir. 2004). The Western District of Texas is an appropriate venue for *most* of the claims and parties. In particular, Fisher and Process Management are "at home" there, and venue is proper under 28 U.S.C. § 1391(c) **or** § 1400 (b). Rosemount's only real connection to the case is its ownership interest in separate legal entities Process Management and Industrial Automation Holding. The Emerson Entities thus request dismissal of Rosemount, but alternatively consent to jurisdiction and venue in the Western

District of Texas (meaning, if Plaintiff prefers transfer to dismissal and consents to the Western District of Texas, then this is an appropriate forum for Rosemount as well). Power & Water is not located in Texas, but it has sales of the accused Ovation product in the Western District of Texas, making the Western District of Texas an appropriate venue under 28 U.S.C. § 1391(c) (but not 28 U.S.C. § 1400(b)) and the specific personal jurisdiction provisions. The remaining claims involve the Control Techniques products. These are separate products designed and supplied by a company in England, Industrial Automation Operating in Minnesota or third-parties. In the U.S., Control Techniques products are sold by Industrial Automation Operating. Industrial Automation Operating, which sells Control Techniques products, is "at home" in Minnesota and jurisdiction and venue is proper there under both the patent-specific and general venue statutes. Its parent company, Industrial Automation Holding, should be dismissed, or alternatively, it consents to suit in Minnesota (meaning, if Plaintiff prefers transfer to dismissal and consents to the District of Minnesota for this limited claim, then this is an appropriate forum for Industrial Automation Holding, as well).

Under 28 U.S.C. § 1404(a), once the threshold issue is resolved, there are private and public factors that are balanced "in the fair and efficient administration of justice." Ex. P, *Chrimar Sys.*, at 3. The private 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 trial of a case easy, expeditious, and inexpensive." *Id.* (citing *Volkswagen AG*, 371 F.3d at 203). The public interest factors are: "(1) the administrative difficulties flowing from court congestion; (2) the local interest in having localized interests decided at home; (3) the familiarity of the forum with the law that will govern the case; and (4) the avoidance of unnecessary problems of conflict of

laws of the application of foreign law." *Id.* Here, the factual record before the Court shows that the Western District of Texas is clearly more convenient for the bulk of the case. Austin provides easier access for known witnesses and access to known specific evidence, and has a stronger interest in this case than this District. Balancing the various factors strongly favors transfer of this action as described. Therefore, the Emerson Entities' alternative motion to transfer under § 1404 should be granted.

1. The Private Interest Factors Favor Transfer of the Bulk of the Action to the Western District of Texas

a. Sources of Proof Are More Easily Accessed in the Western District

In patent infringement cases, "the bulk of the relevant evidence usually comes from the accused infringer." *In re Genentech Inc.,* 566 F.3d 1338, 1345 (Fed. Cir. 2009). As a result, "the place where the defendant's documents are kept weighs in favor of transfer to that location." Ex. P, *Chrimar Sys.*, at 4 (quoting *Neil Bros. Ltd. v. World Wide Lines, Inc.*, 425 F. Supp. 2d 325, 330 (E.D.N.Y. 2006)). The declaration of Woo Kim is submitted herewith in connection with transfer of the bulk of the case (by product, DeltaV, AMS Device Manager, RS3 and Ovation). As detailed in that document there are gigabytes of potentially relevant documents, and most key witnesses in the Western District of Texas. Kim Declaration at ¶¶ 10-14 (DeltaV), 15-19 (AMS Device Manager), 20-21 (RS3), and 23-28 (Ovation). The Emerson Entities have more than met their burden of showing "with some specificity" that a majority of the evidence related to the issue of infringement and potential damages, human and documentary, are located in the Western District of Texas. *See*, Kim Declaration ¶ 29-30. The Emerson Entities even named numerous relevant witnesses—the claim of convenience is not based on speculation. Kim Declaration at ¶¶ 10-14 (DeltaV), 15-19 (AMS Device Manager), 20-21 (RS3), and 23-28 (Ovation). Many of the Emerson Entities' witnesses, documents and accused products, which it

intends to physically demonstrate at trial, are in Round Rock, Texas (Austin). Kim Declaration at ¶¶ 10-14 (DeltaV), 15-19 (AMS Device Manager), 20-21 (RS3), and 23-28 (Ovation). The Plaintiff–to the extent it is more than just a name–also has a presence in the Western District. *See* Holtshouser Declaration Exhibit Q and R. Third-party witnesses, such as the inventors, are not located in the Western District of Texas, but neither are they in the Eastern District. It is presumably as easy for the inventors to travel to Austin, as to Tyler or any other distant town in the Eastern District of Texas, perhaps easier.

As to Industrial Automation Operating, the Declaration of Matt Keithly similarly demonstrates that all relevant documents and witnesses, to the extent they are located in the U.S., are found in the District of Minnesota in Eden Prairie. Keithly Declaration ¶¶ 7-15. Moreover, even the Western District of Texas is a more convenient location for trial for the available evidence and witnesses needed regarding Control Techniques products. Keithly Declaration ¶ 14. At least in the District of Minnesota, Industrial Automation witnesses have offices they can use should they have to wait to testify at trial.

Overall, this factor weighs **heavily** in favor of transfer because the alternative will mean that all of the parties will be inconvenienced by having to travel to and conduct litigation in a district that has no real connection to the facts relevant to liability. This is precisely the situation that Section 1404(a) was created to remedy.

b. The Availability of Compulsory Process To Secure The Attendance of Witnesses Favors Transfer or Is Neutral

"The Court gives more weight to those specifically identified witnesses and affords less weight to vague assertions that witnesses are likely located in a particular forum." Ex. P, *Chrimar Sys.*, at 7 (citing *Novelpoint Learning v. Leapfrog Enter.*, No 6:10-cv-229, 2010 WL 5068146, at *6 (E.D. Tex Dec. 6, 2010) (stating that the Court will not base its conclusion on

unidentified witnesses)). *See also West Coast Trends, Inc. v. Ogio Int'l, Inc.*, No. 6:10-cv-688, 2011 WL 5117850, at *3 (E.D. Tex. Oct. 27, 2011). Compulsory process will be available in the Western District of Texas for many witnesses having a *relevant* connection to the accused products. Pursuant to Rule 45(c), the Emerson Entities is not aware of, nor has Plaintiff identified any relevant witness or document that is within 100 miles of the Eastern District of Texas. AMS has two known representatives, Shaun McEwan and Prashant Watchmaker, but it is unknown what relevant information they have to offer and they reside in Canada. *See* Holtshouser Declaration Exhibits Q, R, and U-Y. Because they merely purchased the patents to assert in litigation, it is unlikely they have any material information pertaining to the patented technology. This factor weighs in favor of transfer, or is neutral.

c. Willing Witnesses Can Attend Trial in Austin or Minnesota For Far Less Cost Than in the Eastern District of Texas

The Federal Circuit has recognized that convenience of witnesses is the single most important factor. *Genentech*, 566 F.3d at 1345. *See also*, 17 JAMES WM. MOORE ET AL., MOORE'S FEDERAL PRACTICE § 111.13[1][f][i] (3d ed. 1997) ("the most powerful factor governing the decision to transfer a case."). "'Because it generally becomes more inconvenient and costly for witnesses to attend trial the further they are away from home, the Fifth Circuit established in *Volkswagen I* a '100-mile' rule, which requires that '[w]hen the distance between an existing venue for trial of a matter and a proposed venue under §1404(a) is more than 100 miles, the factor of inconvenience to witnesses increases in direct relationship to the additional distance to be traveled'.'" *In re TS Tech USA Corp.*, 551 F.3d 1315, 1320 (Fed. Cir. 2008) (citations omitted)." Ex. P, *Chrimar Sys.*, at 8. Many of the relevant witnesses are in Round Rock, Texas, making trial in Austin a convenient forum. Kim Declaration ¶¶ 12,17, 21, 25. Indeed, even the *Plaintiff* has a location in Austin. *See* Holtshouser Declaration Exhibits Q and R. Similarly,

most of the witnesses with information relevant to the claims against Control techniques products in the U.S. are located in Eden Prairie, MN. Keithly Declaration ¶¶ 11-12. It is unfair and unnecessary for AMS, a non-practicing entity that has merely asserted a sham address in the Eastern District, but is not located here, to force the Emerson Entities to disrupt their business operations and the schedules of its key employees by traveling to the Eastern District for the extended period necessary to try a case. The convenience of such witnesses is typically given more weight than the convenience of party witnesses. *See, e.g., State Street Capital Corp. v. Dente*, 855 F. Supp. 192, 198 (S.D. Tex. 1994). Given the fact that most relevant witnesses already live and work in or around Round Rock, and witnesses traveling (such as those from Power & Water in Pittsburg) can use the offices in Round Rock, it follows that this factor weighs strongly in favor of transfer, especially when balanced against an NPE which does not actually have any witnesses connected to the development or sale of the technology.

d. Other Practical Problems That Make Trial of the Bulk of the Case In the Western District Judicially Efficient

Judicial economy is often a consideration in a transfer motion. Ex. P, *Chrimar Sys.*, at 10. An important practical consideration is that little judicial activity has occurred in this case with respect to the Emerson Entities since it was filed. Transferring this case now, at a time when the Emerson Entities have not even answered the complaint and at a time when this Court does not have familiarity with the technology, would be efficient and avoid unnecessary expenditure of judicial resources. The Emerson Entities have not delayed in bringing the motion. This factor weighs strongly in favor of transfer.

2. The Public Interest Factors Favor Transfer of the Bulk of the Action To The Western District of Texas

a. The Administrative Difficulties Flowing From Court Congestion Warrant Transfer to the Western District

"This factor is the most speculative, and cannot alone outweigh other factors." Ex. P, *Chrimar Sys.*, at 12 (citing *Genentech*, 566 F.3d at 1347). Court congestion favors transfer. As the Court is aware, the Eastern District of Texas is the busiest patent infringement trial court in the United States. As this Court is well-aware, this district has a large number of patent filings and a "short-handed" bench. *See* Holtshouser Declaration Exhibits S and T. Chief Judge Clark stated, just weeks ago, that he is "worr[ied] about the workload" given the numbers and the fact that three of eight judgeships are vacant. *Id*. at Exhibit T. He also fears that such conditions threaten to deprive the remaining judges of the "time to think." *Id*. Another article quotes former Chief Judge Leonard Davis's description of the fact that the heavy patent divisions' judges have had to spend time in Plano to cover vacancies, which as the Court is aware, imposes significant additional burdens due to the travel involved. *Id*. at Exhibit S. Transferring this case to Austin and Minnesota will only lessen these burdens.

Hundreds of cases were filed in the Eastern District of Texas in the days immediately prior to November 30, 2015 alone. New filings continue. The Western District of Texas and the District of Minnesota have extensive experience with patent infringement cases[10] and are well able to preside over this dispute. The average time from filing to trial of a civil case in the Western District of Texas is 17.9 months compared to 22.9 in the Eastern District of Texas. *See* Holtshouser Declaration Exhibit M. The caseload of Western District judges is over half that of Eastern District judges. *See* Holtshouser Declaration Exhibit L. In the District of Minnesota,

[10] *See* Holtshouser Declaration Exhibits L-N (data cited therein). Minnesota actually handles a very large volume of intellectual property disputes–almost half as many as this district.

judges have a slightly heavier caseload and longer time to trial than in the Eastern District of Texas, but handle approximately half as many intellectual property cases as this district. *See* Holtshouser Declaration Exhibit N. The Eastern District of Texas and the District of Minnesota have about the same number of active judges, but the Western District of Texas has considerably more. *See* Holtshouser Declaration Exhibit M. The Western District of Texas has far fewer pending patent infringement cases than this District. Thus, there is a strong likelihood that the transferred cases will get to trial faster, or in about the same time period, than in this district. This factor weighs in favor of transfer.

b. The Local Interest In Having Localized Interests Decided At Home Weighs Heavily In Favor of Transfer to the Western District

In the *Chrimar Sys.* case, the Court granted transfer even though the plaintiff was a "Texas company that has been based in Longview, Texas for several years and maintains one full-time employee." Ex. P at 13. Here, this is a particularly interesting factor. As the Declaration of Michael Collins makes clear, AMS has no "home". Declaration of Michael Collins at ¶¶ 3-11. The address it claims within the Eastern District of Texas is apparently non-existent and not even a "virtual" office. There is no known lease, signage, personnel, office, door or even a telephone for a company that purports to represent the interests of advancing technology. There is, in fact, no evidence before the Court to substantiate AMS's representation that is a business existing at the address claimed in the complaint. Respectfully, AMS is not at "home" in this district and appears to be home*less*. AMS's claimed home is a sham and legal fiction which derogates companies that actually are "at home" in the Eastern District. To allow AMS to have its choice of forums denigrates the many legitimate plaintiffs who present patent disputes in this district and are legitimately at home in the Eastern District of Texas. Unlike the plaintiff in *Chrimar Sys.*, AMS did not even exist on paper until months before the complaint was filed. It has no

known employee (Shaun McEwan and Prashant Watchmaker have jobs already) and no home. Just as in *In re Microsoft Corp.*, 630 F.3d 1361, 1364-65 (Fed. Cir. 2011), where the Court granted mandamus and ordered the case transferred from this district to another, AMS's contacts with this district are "recent, ephemeral, and a construct for litigation and appeared to exist for no other purpose than to manipulate venue." *See also, In re Zimmer Holdings, Inc*., 609 F.3d 1378, 1381 (Fed. Cir. 2010) (office staffed with no employees).

In addition, this District has no more interest in this dispute than any other district in which the accused products are sold. The Eastern District has no particular interest in the parties or the subject matter. This district is not the residence of the Emerson Entities and AMS is a "company" in name only that has no home. Even the subject matter of the litigation does not have a substantial connection to this district.

The Western District of Texas, on the other hand, has a strong venue interest in having a large and severable portion of the dispute resolved there. Similarly the District of Minnesota has a strong venue interest in having the Control Techniques products portion of the dispute resolved there. The outcome of the litigation can impact real companies with real employees residing in those Districts. The Western District of Texas and the District of Minnesota have interests in the work and reputation of an employer within their borders. *See In re Hoffman-La Roche Inc.*, 587 F.3d 1333, 1336 (Fed. Cir. 2009) ("[L]ocal interest in this case remains strong because the cause of action calls into question the work and reputation of several individuals residing in or near that district and who presumably conduct business in that community."); *Eon Corp. IP Holdings, LLC v. Sensus, USA, Inc.*, No. 2:10-cv-448, 2012 WL 122562, at *5 (E.D. Tex. Jan. 9, 2012). Several of the accused and potentially accused products were conceived, designed and engineered in the Western District. The team of people who market and oversee sales of those

same products reside in the Western District and derive their livelihood from those products. The same is true of the District of Minnesota and the Control Techniques products sold by Industrial Automation Operating. This factor strongly favors transfer to a district with a *legitimate* interest in the allegations in the Complaint.

c. The Familiarity of The Forum With The Law That Will Govern The Case Is A Neutral Factor

This factor is neutral.

d. The Avoidance of Unnecessary Problems With Conflict of Laws Or The Application of Foreign Law is Not a Factor

This factor is also neutral as there are no known problems of conflict of laws or in the application of foreign law.

3. As a Whole These Factors Warrant Transfer of the Bulk of the Action to the Western District of Texas

Here, the location of sources of proof, the convenience of willing witnesses, and the local interest, judicial economy, and administrative difficulties arising from court congestion weigh in favor of transfer. No factor weighs in favor of keeping this case in this district and numerous factors weigh strongly in favor of transfer to the Western District of Texas. In addition, the sham nature of AMS's claimed connection to the Eastern District of Texas is a factor that weighs against giving its choice of forum any deference and in favor of transfer. In fact, AMS would not be prejudiced by a transfer to the Western District. Strong public interests and the convenience of all parties would be served by granting the request for transfer.

4. A Similar Analysis Warrants Transfer of the Claims Relating to Control Techniques (Sold by Industrial Automation Operating) to Minnesota

As indicated above, the bulk of the case should be transferred to the Western District. However, there is a subset of claims that should be transferred to Minnesota. Control

Techniques is the brand name of a group of apparently accused products designed in England, Eden Prairie, Minnesota or sourced from a third party. All are sold in the United States by Industrial Automation Operating. Control Techniques products are unrelated to any other accused product, and, in fact, not even sold under the same branding platform as the other accused products. Any relevant documents and witnesses are in Minnesota, or located outside of the United States. For these reasons, and applying the convenience factors above, Minnesota is the logical venue for these claims. Should this Court wish to transfer all Emerson Entities together, however, and as an alternative, Industrial Automation Operating consents to jurisdiction and venue in the Western District of Texas, so that all claims against the Emerson Entities could be resolved in one forum.

IV. CONCLUSION

For the reasons stated above, the Emerson Entities respectfully request that the Motion to Dismiss for improper venue be granted and requests an order dismissing the complaint for improper venue pursuant to Fed. R. Civ. P. 12(b)(3). Alternatively, the Emerson Entities request that this case be transferred pursuant to Section 1404(a) as described herein.

DATED: May 2, 2016

Respectfully submitted,

By: /s/ Rudolph A. Telscher, Jr.

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CERTIFICATE OF SERVICE

I hereby certify that on this 2nd day of May 2016, the foregoing was filed electronically with the Clerk of Court and to be served via the Court's Electronic Filing System upon all counsel of record.

Rudolph A. Telscher, Jr.

CERTIFICATE OF CONFERENCE

Defendants certify that its counsel, Steven E. Holtshouser, and Plaintiff's counsel, [name] of Bragalone Conroy, PC, conferred by telephone on March 18, 2016, regarding Defendants' Combined Motion and Memorandum to Dismiss The Complaint for Improper Venue or, in the Alternative to Transfer Pursuant to 28 U.S.C. Section 1404 (a).

DATED: May 2, 2016

Respectfully submitted,

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