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' REPLY TO PLAINTIFF AUTOMATION MIDDLEWARE SOLUTIONS, INC.'S RESPONSE IN OPPOSITION TO DEFENDANTS' MOTION AND MEMORANDUM TO DISMISS FOR IMPROPER VENUE PURSUANT TO FED. R. CIV. P. 12(b)(3) OR, TO TRANSFER PURSUANT TO 28 U.S.C. §1404(a)

Respectfully submitted,

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I. Introduction: Trial in this District is Inconvenient and Irrational

The named defendants ("Emerson Entities") seek trial in a district where the public and private interests of § 1404(a) are best served.[1] Automation Middleware Solutions, Inc. ("AMS") does not explain *why* its choice of *this* forum accords with those interests. AMS, the Emerson Entities, relevant documents and witnesses, accused products, and infringement, validity and damages facts all have one thing in common – not one has *any meaningful connection* to this district or its citizens. "[F]iling cases without any rational relationship to the District could create congestion beyond its judicial resources." *John Hanby & Hanby Envtl. Lab. Procedures, Inc. v. Shell Oil Co.*, 144 F. Supp. 2d 673, 679 (E.D. Tex. 2001) (granting motion to transfer). *Accord, Rock Bit Int'l, Inc. v. Smith Int'l, Inc.*, 957 F. Supp. 843, 1997 U.S. Dist. LEXIS 4240 at *3-4 (E.D. Tex. 1997). Infringement of software patents turns on source code; no code is located in this district. § 1404(a) serves to override a plaintiff's strategic choice where it is based on fraudulent claims of connection to the selected forum and there is a clearly more convenient forum to try the case. Close calls should be resolved in favor of transfer where, as here, a plaintiff's alleged connection to the chosen district is illusory at best and likely disingenuous. "[T]his Court closely scrutinizes all forum choices when questioned timely under Section 1404(a) motions." *Mohamed v. Mazda Motor Corp*., 90 F. Supp. 2d 757, 772 (E.D. Tex. 2000).

By glomming together separate Emerson Entity businesses which separately make and sell diverse, unrelated products, AMS unfairly forces defendants to request the *least inconvenient* forum. AMS's obvious forum shopping should not be rewarded by retaining such a hodge-podge of defendants and products in a forum to which no party, no documents, no witnesses and no third-party has a meaningful, rational connection. *Fujinomaki v. Google, Inc.*, No. 2:15-cv-1381-

[1]The venue arguments rejected in *In re TC Heartland LLC*, 821 F.3d 1338 (Fed. Cir. 2016), which were supported by *amicus curiae*, are being asserted to preserve them for appeal. Moreover, *en banc* review and *certiorari* have not yet been rejected.

JRG-RSP, 2016 WL 2807798, at *3 (E.D. Tex. May 13, 2016) (transfer to district where documents kept and witnesses located; no witnesses or documents in E.D. Tex.).

II. Judicial Economy[2] Does Not Alone Justify Denial of Transfer

AMS's chief responsive argument is that judicial economy[3] trumps all else because this district has "experience" with the accused patents. AMS's argument is illusory; "this" court is U.S. District Judge Robert W. Schroeder. The judges (Folsom and Hawthorne) who handled the previous lawsuits, involving different parties and products and conducted prior to significant changes in patent law[4], are not presiding in this case. *Connectel, LLC v. Cisco Sys., Inc.*, No. 2:04-CV-396, 2005 U.S. Dist. LEXIS 2252, at *9-11 (E.D. Tex. Feb. 16, 2005) (judicial economy not served despite prior claim construction where different defendants and products at issue). Their prior "experience" will have no more binding ramifications here than in any transferee district. Neither this Court nor any transferee court will be required to give any binding effect to prior *Markman* rulings. *RF Del., Inc. v. Pac. Keystone Techs., Inc.*, 326 F.3d

[2] AMS claims this is the most important factor, but the leading Federal Circuit case identifies *convenience of the witnesses* as "probably the single most important factor in a transfer analysis." *In re Genentech Inc.*, 566 F.3d 1338, 1343 (Fed. Cir. 2009). *See also, Fujinomaki*, 2016 WL 2807798, at *3.

[3] AMS also relies heavily on denial of a transfer motion in *Invensys, Inc. v. Emerson Electric Co. and Micro Motion Inc., USA*, No. 6:12-cv-799 (E.D. Tex. Sept. 30, 2013). *See* ECF No. 39 at 7 and 39-10 (*Invensys* Order). Unlike here, the *Invensys* suit was a competitor dispute over Coriolis flow meters; Invensys had *an actual office in this district* that employed 60 people; Invensys' principal place of business was in Texas; Invensys identified two specific customers in this district that it claimed were lost to defendants (thus relevant to damages); and Invensys identified specific witnesses and documents that were relevant to the facts at issue. Moreover, the Regulator Technologies plant in McKinney, owned by an indirect subsidiary of *Invensys* defendant Emerson Electric Co., noted as an Emerson Electric Co. "presence" in this district, is not relevant here because Emerson Electric Co. is not a defendant. ECF 39-10 at 10. The McKinney plant is *not* a subsidiary of any named defendant in this case and regulators are not even accused products. Thus, the named defendants do not have the "presence" relied on in *Invensys*.

[4] For example, the *Allvoice, Nautilus, Alice,* and *Williamson* cases, which loom large here, had not been decided at the time of the prior RGB cases. Moreover, two *different* judges of this district already conducted *Markman* and their constructions vary significantly. Thus, the goal of perfect consistency is moot and there is no appreciable risk of further inconsistency by transfer.

1255, 1261 (Fed. Cir. 2003) (no collateral estoppel in favor of a claim construction in an earlier case that settled prior to final judgment). *Any* court construing the patents will be guided by the prior construction rulings, which do not estop any defendant or court from reaching different constructions.[5] *See Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390-91 (1996). The apparent inefficiency of judges determining *Markman* issues in three districts (E.D. Tex. as co-pending defendants, W.D. Tex. as to most Emerson Entity defendants and D. Mn. as to Emerson Industrial Automation defendants and Control Techniques products) is substantially minimized by the fact that all will have the prior *Markman* rulings (which themselves are already not consistent in several respects) as a guide. If the constructions were correct, there is no reason to fear conflicting constructions. Ultimately the Federal Circuit will decide.

III. AMS's Disregard of the Corporate Form is Unwarranted

AMS's central thematic error is misuse of its own definition of "Emerson." In its Response opening, AMS defined "Emerson" as the Emerson Defendants, i.e., the *named* defendants. ECF No. 39 at 1. Yet, beginning with "The Emerson Defendants" section, AMS falsely ascribes "Emerson" to both the *named* Emerson Entities and Emerson Electric Co., a non-operating holding company that is *not a named* defendant. For example, AMS uses the label "Emerson" to refer to Annual Reports of Emerson Electric Co. AMS also broadly and inaccurately refers to separate non-entity business units and separate business entity products as

[5] AMS's arguments are inconsistent. It argues that *Markman* is a *fait accompli*, but then argues permitting multiple courts to resolve the infringement issues and preside over trials will create the risk of conflicting rulings and inefficiency. AMS can't have it both ways. There is no inefficiency if the Western District tries claims against most Emerson Entity defendants, the District of Minnesota tries claims against Emerson Industrial Automation and this court tries nothing in this case at all. It is more efficient to try the case where the largest number of parties, witnesses and the bulk of the relevant evidence are located. *See, Fujinomaki*, 2016 WL 2807798, at *2 (place where "majority" of relevant documents kept); *Groupchatter, LLC v. Itron, Inc.*, No. 6:15CV863, 2016 WL 2758480, at *3 (E.D. Tex. May 12, 2016) (location of bulk of documents and witnesses). The critical issues of infringement, laches, waiver, and damages will not be "precisely the same" for all.

the "many brands and product lines of *Emerson*." ECF No. 39 at 5 (emphasis added). *See also, id*. at 5-6 ("*Emerson* boasts . . .") (emphasis added).

Another prime example is its statement that "Emerson maintains a significant presence in this judicial district" with a plant in Sherman, Texas. ECF No. 39 at 6. But, the Sherman plant is owned and operated by Fisher Controls[6] to assemble[7] valves and has no relevant documents or witnesses. Mason Decl. ¶¶5-10. The only connection to any Emerson Entity defendant (Fisher Controls is not a named defendant) is a shared indirect parent. Reliance on the McKinney, Texas regulator plant is similarly misleading. ECF No. 39 at 6. It is owned and operated by another non-defendant legal entity, Emerson Process Management Regulators Technologies, Inc. Mason Decl. ¶9. Regulators are also not accused products and not relevant to any issue in this case.

Indiscriminate mislabeling continues throughout the Response and creates the false impression that all the Emerson Entities are one and related for purposes of infringement. Not true; the separate Emerson Entities and their respective products are independent and unique. The overwhelming majority of relevant documents and witnesses for each distinct product line are located in the districts where those products were designed, engineered, developed, manufactured, marketed, sold and accounted for financially. That is not the Eastern District of Texas for *any* accused product. But, the Western District of Texas is the *most convenient for the most* witnesses[8] and documents, other than the Control Techniques portion of the case. Even

[6] AMS's Infringement Contentions reference one Fisher Control product on only 13 of 1400 pages and not as to all patents. The reference is to a Fisher Control brochure for a Smart Wireless Thum™ Adapter – neither a valve nor an accused product. A Thum™ Adaptor is used to access diagnostic information. What bearing it has on infringement is a mystery.
[7] The Sherman plant only assembles valve components manufactured abroad. Mason Decl., ¶10.
[8] The Emerson Entities are not seeking transfer of the Ovation part of the case given the ties between Ovation/Emerson Process Management Power and Water Solutions, Inc. and Fisher-Rosemount Systems, Inc. *See*, Kim Supplemental Decl. ¶15.

locating trial of two non-Texas product lines (AMS Device Manager and Ovation) to the Western District has real, tangible convenience benefits for documents and witnesses.

IV. AMS's Claim of a Connection to this District is an Intolerable Sham

The Emerson Entities take issue not with the character of AMS's *individual officers* but with *AMS's* clearly fraudulent and unsubstantiated claim that it has a *presence* in this district at 505 E. Travis St., Suite 203, Marshall, TX 75670. ECF No. 89 at 2. Forum shopping is one thing; justifying it on false pretenses is not something this Court should take lightly. AMS has more of a business presence at 101 East Pecan Street, Room 216, Sherman, Texas 75090 than it does at 505 E. Travis St., Suite 203, Marshall, TX 75670.

Mr. Middleton's Decl. at ECF No. 39-1 at 2-3, fails to adequately rebut or explain the results of Michael Collins' investigation at 505 E. Travis St., Suite 203. Mr. Collins determined that *Bretches Insurance Services* is the tenant since October, 2015. In February, 2016, Mr. Bretches advised that he had never heard of AMS or WiLan, except as possibly a *former* tenant. Mr. Collins also heard Mr. Bretches speak with the property manager who advised he had never heard of "Automated Middleware Solutions." *See* ECF No. 36-3.

Mr. Middleton claims that WiLan, Inc. is a Canadian company that leases Suite 203 "in relation to court actions that are pending in the Eastern District of Texas" and that AMS is essentially cohabitating with WiLan. What Mr. Middleton may not understand about U.S. law is that to maintain a corporate presence one can't simply say it is so – *one has to actually do it*. There is nothing in his declaration to suggest that either WiLan or AMS have ever used the address for anything; he merely claims that he "expects to use the offices for various purposes." ECF No. 39-1 at 2-3. He further states that the office is leased to WiLan and the rent is current. *Id*. In support, he provides Exhibit 3, a *2009* lease. He did not provide a *current* lease or *proof* that the annual rent of $4800 was actually paid. The lease can't possibly be current because Mr.

Collins' investigation revealed Mr. Bretches' business occupying Suite 203.[9] Further, the 2009 lease is made by WiLan *Technologies*, Inc., 11 Holland Ave., Suite 608, Ottawa, Ontario, K1Y 4S1, Canada, which is *not the same company* identified by Mr. Middleton as the company for which he works and the company which he claims is the lessee of the property in question, i.e., WiLan, Inc., 303 Terry Fox Drive, Suite 300 Ottawa, Ontario, K2k 3J1 Canada. Mr. Middleton needs to get his stories straight and AMS is not entitled to claim a presence in this district.

The bottom line is that AMS simply refuses to take meaningful responsibility for choosing to mass sue the distinct Emerson Entities, which *separately* make and sell unrelated products, in a district with no connection to the plaintiff, the invention, the inventors, the Emerson Entity defendants, the accused products, documentary evidence and relevant witnesses. *See Groupchatter, LLC v. Itron, Inc*., No. 6:15CV863, 2016 WL 2758480, at *3-6 (E.D. Tex. May 12, 2016) (plaintiff has no documents or employees in the district; defendant specifically identifies categories of documents and number of witnesses in transferee district; relevance of customers in transferor district unclear and need for trial based on speculation; transfer not judicially inefficient when case in its infancy; strong local interest in transferee district). AMS mocks the very system that its business model exploits.

V. Private Factor: Relative Ease of Access to Sources of Proof

This factor weighs *heavily* in favor of transfer. AMS identifies *nothing specific*, documents or witnesses, located in this district other than irrelevant operations at three local facilities, by non-defendant entities, and two wholesale customers who distribute DeltaV, one of the many accused products. DeltaV, RS3, Ovation, AMS Device Manager and Control

[9] Mr. Bretches would have to be evicted to enable WiLan to use it to support AMS's litigation. Further, it is incredulous that Mr. Middleton expects this Court to believe that WiLan, Inc., a publicly traded company would use the property depicted in the photos attached to Mr. Collins's Declaration as the headquarters for multi-million dollar patent litigation.

Techniques, each involve hundreds of variations. AMS does not dispute that ALL of the documents and witnesses associated with DeltaV and RS3 are located in Round Rock, Texas. The source code for 4 of the 5 product lines are in Round Rock.[10] Some documents and witnesses for Ovation and AMS Device Manager are located in Pennsylvania and Minnesota, respectively, but AMS Device Manager is sold by Emerson Process Management LLLP from Round Rock, Texas. Power & Water Solutions, which makes and sells Ovation, is a subsidiary of Fisher-Rosemount Systems, Inc. in Round Rock, Texas. Power & Water Solutions executives even report to officials in Round Rock. Clearly it would be much more convenient to hold the infringement trial for 4 out of the 5 accused systems in Austin, Texas.[11] The declarations submitted by the Emerson provided detailed descriptions of witnesses by name, location, subject matter and the nature, location and quantity of voluminous relevant documents. AMS has made clear that it only has a small amount of documents from its predecessor. Clearly, the bulk of the available evidence is found in Round Rock, Texas.[12] The main point is that neither side has relevant witnesses or documents in *this* district, which begs the obvious question – what is this case doing here? *See, e.g., Fujinomaki*, 2016 WL 2807798, at *2 (majority of evidence in

[10] The Emerson Entities have produced source code which, according to AMS, will be the most critical evidence of infringement. Review began in Round Rock, Texas. Thus, regardless of the fact that some documents are located in other parts of the U.S., not including this district, the Austin, Texas area is the most convenient forum for all of the most relevant infringement witnesses and evidence. AMS's argument that because some code is written in the Philippines, ECF No. 39 at 16, it must be accessible in other locations is ridiculous. Writing code that ends up being stored in Round Rock, even if accessible by Manila employees through a secure database, does not detract from the argument that Round Rock is where the evidence is located. In addition, despite the existence of electronic discovery, the location of documents is still a factor in a transfer analysis. *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 316 (5th Cir. 2008).

[11] The Control Techniques products are made and sold by a company that has no connection to the other products or other defendant Emerson Entities. All of the U.S. witnesses and documents regarding U.S. sale of Control Techniques products are located in Eden Prairie, Minnesota.

[12] AMS also provides no substantiation or basis for its claim that "sources of proof will be found at . . . Emerson Electric Co. . . . in St. Louis, Missouri". ECF No. 39 at 15. In fact, no such evidence will be found there. *See* Kim Suppl. Decl. ¶9.

another district, plaintiff did not present meaningful rebuttal evidence and "no party identified any specific witness or piece of evidence located in the Eastern District of Texas"). *See also, Groupchatter,* 2016 WL 2758480, at *2 (plaintiff "does not specifically identify any documents or employees located in this District").

Any documents possessed by AMS's counsel in the nearby Northern District of Texas have been neither specifically identified nor produced by AMS in its Initial Disclosures. Documents transported to this or a nearby district for litigation purposes "cannot be considered in a § 1404 analysis." *Id*. (Citation omitted). AMS's arguments that the three facilities identified in this district provide a relevant connection are completely without merit. Mason Decl., ¶¶8-11. Fisher Controls' Sherman plant is just assembly and shipping. The McKinney plant is owned by another entity in another division and just manufactures regulators (not accused products). The Beaumont valve repair and service center also has nothing to do with this case. In short, AMS fails in its attempts to trump up alleged local third-parties to block transfer.

Finally, AMS points to two Local Business Partners ("LBPs"), or distributors, of the Emerson Entities' products who cover territory in this district. Ovation and Control Techniques companies, though, do not distribute through LBPs. The products that are sold through LBP's have an LBP throughout the United States, including the Western District of Texas. LBP's had no part in the design, marketing or profit margin of any the accused products. AMS again provides no explanation of what relevant evidence it thinks these peripheral entities might have to offer. If any LBP evidence is needed, there are equivalent LBP's to choose from in every district. *See,* Kim Suppl. Decl. ¶¶5-7.

VI. Private Factor: Availability of Compulsory Process to Secure Attendance of Witnesses

Some third-party witnesses are outside the reach of the subpoena power of *both* this and the Western District of Texas, so this is not an argument against transfer. These include the inventors (Washington), the attorney who prosecuted the patents, expert witnesses and some third-party witnesses (e.g., Fisher Controls witnesses and Control Techniques, Limited U.K. witnesses). AMS's claim that employees at the Sherman, McKinney and Beaumont plants and two (2) of many LBP's can be subpoenaed to attend in Sherman but not in Austin is simply wrong. All would be subject to subpoena in Austin, Texas, even though residing outside a 100-mile radius because they reside in, are employed in or transact business *in Texas* and "would not incur substantial expense" to attend trial. Fed. R. Civ. P. 45(c)(1)(B)(ii). The Emerson Entities will incur the costs for any such third-party witness that might be needed. Importantly, the main bulk of relevant infringement witnesses are within the subpoena power of the Western District of Texas and the Emerson Entities will voluntarily produce any of its employees as witnesses in the Western District of Texas or the District of Minnesota regardless of where they live. These greatly outnumber the two inventors who apparently have financial incentives and not surprisingly are willing to come to the forum chosen by their transferee's counsel even though it is a forum with no connections to that fact of this case. *Groupchatter*, 2016 WL 2758480, at *4 ("willingness of these witnesses to travel to Texas carries little weight").

VII. Private Factor: Cost of Attendance for Willing Witnesses

For most witnesses in Round Rock, Texas, it will be substantially less costly for them to attend trial in the Western District than in the Eastern District. The Courthouse at Sherman is approximately 260 miles from the Courthouse in Austin. Under *In re Volkswagen AG*, 371 F.3d 201, 204 (5th Cir. 2004), the interests of all parties and witnesses are weighed. The further one

travels from home, the "more inconvenient and costly" attendance becomes. *Bailey v. Dallas County Schools*, No. 6:15-cv-1137-MHS-JDL, 2016 WL 3021683, at *3 (E.D. Tex. May 26, 2016). Under the "100-mile" rule, the inconvenience factor "increases in direct relationship to the additional distance to be traveled." *In re Volkswagen AG*, 371 F.3d at 204-05. Neither AMS nor the Emerson Entities have any witnesses in this district, but the greatest cluster of essential, relevant witnesses are home in the Western District of Texas. Defendants will cover the costs of LBPs to attend.

VIII. Public Factor: Unlike Transferee Districts, this District Has no Localized Interests to be Decided at Home

As in *Bailey*, AMS does not "identify a local interest this District has in this action." *Bailey*, 2016 WL 3021683, at *3. AMS's efforts to bootstrap a local interest from the Sherman (valve assembly), McKinney (regulator manufacturing) and Beaumont (valve service and repair), Texas, facilities demonstrate the absence of any significant interest that the citizens of this district have in the technology, the alleged infringement or a claim for past damages based on now-expired patents. As indicated, there are no relevant witnesses or information in any of those places. *See Groupchatter*, 2016 WL 2758480 (transfer motion granted where relevance of defendant's customers and affiliates in transferee district is "purely speculative"). In contrast, the districts with localized, genuine and strong interest in the issues in this case are both the Western District of Texas and the District of Minnesota. The allegations "call[] into question the work and reputation of several individuals [and companies] residing in or near [the transferee district] and who presumably conduct business in that community." *In re Hoffman-LaRoche Inc.*, 587 F.3d 1333, 1336 (Fed. Cir. 2009). *See also, 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).

Dated: July 1, 2016

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CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of July 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.

/s/ Rudolph A. Telscher, Jr.