



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

VALTRUS INNOVATIONS LIMITED,

Plaintiff,

v.

NTT DATA SERVICES, LLC, *et al.*,

Defendants,

and

VERTIV CORPORATION

Intervenor,

Civil Action No. 2:24-cv-00361-JRG
(Lead Case)

JURY TRIAL DEMANDED



VERTIV CORPORATION,

Plaintiff,

v.

VALTRUS INNOVATIONS LIMITED,

Defendant.

Civil Action No. 2:24-cv-00907-JRG

JURY TRIAL DEMANDED



**PLAINTIFF VERTIV CORPORATION'S RESPONSE TO VALTRUS' MOTION TO
DISMISS FOR LACK OF JURISDICTION UNDER FEDERAL RULE OF CIVIL
PROCEDURE 12(b)(1)**



TABLE OF CONTENTS

	Page
I. PROCEDURAL BACKGROUND.....	1
II. INTRODUCTION	1
III. FACTUAL BACKGROUND.....	2
A. Valtrus Has Threatened Litigation Against Vertiv Customers Based on Their Use of Vertiv Products	2
B. Valtrus’ Lawsuits Relying on Vertiv Technology	3
C. Vertiv’s Customers Request Indemnification Pursuant to Customer Agreements.....	5
D. Valtrus Recently Confirmed the Existence of a Dispute Between Vertiv and Valtrus ...	6
IV. ARGUMENT.....	7
A. Vertiv’s Indemnity Obligations to Its Customers Establish a Justiciable Controversy ...	7
1. Vertiv Properly Identified Its Indemnity Obligations.....	7
2. Valtrus’ Legal Authority Regarding Indemnity Obligations are Inapposite	9
B. The Court Has Subject Matter Jurisdiction Over the Controversy Because Valtrus Alleges that Vertiv and its Products Infringe.....	11
1. Valtrus Concedes that the ’870 Patent Creates a Controversy with Vertiv for Indirect Infringement	13
2. There is a Controversy as to Indirect Infringement of the ’277, ’287, and ’179 Patents	13
C. Suppliers May Both Intervene In Specific Customer Suits and Seek Declaratory Judgment Relief	14



TABLE OF AUTHORITIES

	Page(s)
Federal Cases	
<i>Adobe Systems, Inc. v. Select Retrieval LLC</i> , 2014 WL 497441 (S.D. Cal. 2014).....	14, 15
<i>Arris Group v. British Telecommunications PLC</i> , 639 F.3d 1368 (Fed. Cir. 2011).....	<i>passim</i>
<i>Finisar Corp. v. Capella Photonics, Inc.</i> , 2021 WL 810227 (N.D. Cal. 2021)	9
<i>Genetics Inst., LLC v. Novartis Vaccines & Diagnostics, Inc.</i> , 655 F.3d 1291 (Fed. Cir. 2011).....	13
<i>Intellectual Property Development, Inc. v. TCI Cablevision of Cal. Inc.</i> , 248 F.3d 1333 (Fed. Cir. 2001).....	10
<i>MedImmune, Inc. v. Genentech, Inc.</i> , 549 U.S. 118 (2007).....	7
<i>Microsoft Corp. v. DataTern, Inc.</i> , 755 F.3d 899 (Fed. Cir. 2014).....	9
<i>Mitek Sys., Inc. v. United Servs. Auto. Ass’n</i> , No. 2:20-CV-00115-JRG, 2023 WL 2734372 (E.D. Tex. Feb. 23, 2023)	12
<i>of E.K. v. Allen Indep. Sch. Dist. through Bd. of Trustees</i> , 688 F. Supp. 3d 391 (E.D. Tex. 2023), <i>aff’d</i> , No. 23-40532, 2024 WL 3082335 (5th Cir. June 21, 2024)	8
<i>Perfect Corp. v. Lennon Image Techs., LLC</i> , No. 6:22-CV-01164-ADA-DTG, 2023 WL 8041010 (W.D. Tex. Nov. 20, 2023).....	15
<i>SafeNet, Inc. v. Uniloc USA, Inc.</i> , No. 6:15-CV-97-RWS-KNM, 2015 WL 10793747 (E.D. Tex. Aug. 19, 2015)	11, 13
<i>Script Sec. Sols. LLC v. Logitech Inc.</i> , No. 2:16-CV-01400-JRG-RSP, 2017 WL 10242574 (E.D. Tex. Nov. 8, 2017).....	15
Federal Statutes	
28 U.S.C. § 2201.....	7



35 U.S.C. § 286.....13



I. PROCEDURAL BACKGROUND

This case was recently transferred from the Northern District of Texas (Dkt. 38)¹ and consolidated with *Valtrus Innovations Limited v. NTT Data Services, LLC, et al.*, No. 2:24-cv-00361-JRG (the “Lead Case”) for all pre-trial issues (Lead Case, Dkt. 78). Defendant Valtrus Innovations Limited (“Valtrus”) previously filed a motion to dismiss for lack of jurisdiction while the case was pending in the Northern District. That motion was fully briefed at the time of transfer to this Court. (Dkts. 14, 25, 35). Valtrus now re-urges the same motion here and yet ignores many of the issues previously addressed. (Lead Case, Dkt. 81, “Motion”).

II. INTRODUCTION

Rather than directly take on Vertiv Corporation (“Vertiv”), the supplier of the accused data center cooling and control technology, Valtrus has engaged in a letter-writing and piece-meal litigation campaign asserting patent infringement against Vertiv’s customers for their use of that technology. Valtrus has targeted individual Vertiv customers to create a cloud over the propriety of using Vertiv’s technology for all customers. Valtrus’ actions and allegations are unambiguously directed to Vertiv’s technology and result in Vertiv having obligations to indemnify its customers based on express contractual indemnity provisions, and thus create an actual controversy between Vertiv and Valtrus. Accordingly, Vertiv brought this declaratory judgment action to lift that cloud over the use of its technology. This action represents the battlefield on which the larger fight is being fought, while Valtrus seeks to force Vertiv to repeatedly intervene and fight multiple battles defending individual customers.

¹ Unless indicated otherwise, citations to docket entries are in reference to the matter transferred from the Northern District of Texas, *i.e.*, Case No. 2:24-cv-00907. Citations identified as “Lead Case, Dkt. XX” refer to docket entries filed in the Lead Case in this Court.

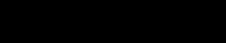
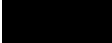
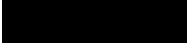


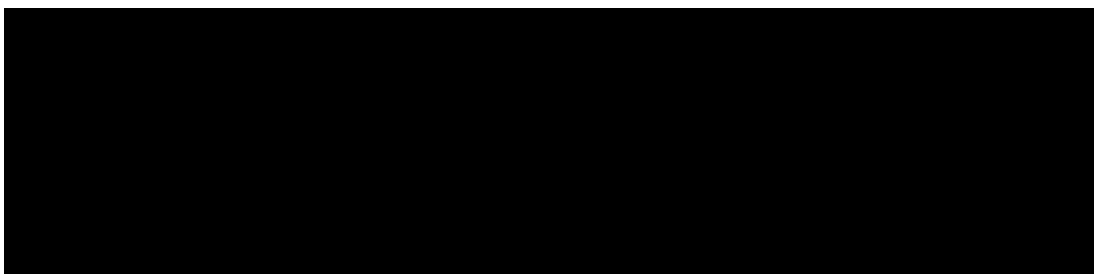
There are two bases to support declaratory judgment jurisdiction: (1) Vertiv’s indemnity obligations to its customers against whom Valtrus has alleged direct infringement of the Patents-in-Suit²; and (2) Valtrus’ assertions that Vertiv infringes the Patents-in-Suit. Each of these bases alone is sufficient to establish jurisdiction and this action is the most efficient vehicle for addressing the patent assertion issues. As such, the Court must deny Valtrus’ Motion.

III. FACTUAL BACKGROUND

Valtrus has engaged in an industry-wide patent assertion campaign expressly based upon Vertiv’s technology. Notwithstanding Valtrus’ unambiguous infringement assertions against Vertiv’s technology in the marketplace and with its customers, Valtrus contends that there is no case or controversy between itself and Vertiv. As discussed in detail below, however, Valtrus’ actions create a genuine controversy between itself and Vertiv.

A. Valtrus Has Threatened Litigation Against Vertiv Customers Based on Their Use of Vertiv Products

Earlier this year, and prior to the filing of this declaratory judgment action, Valtrus sent letters to approximately 14 Vertiv customers threatening litigation based on alleged infringement of Valtrus’ patents. *See* Exs. 2–15. For instance, in the letter to Vertiv customer, 
, which is essentially identical to the other letters, 

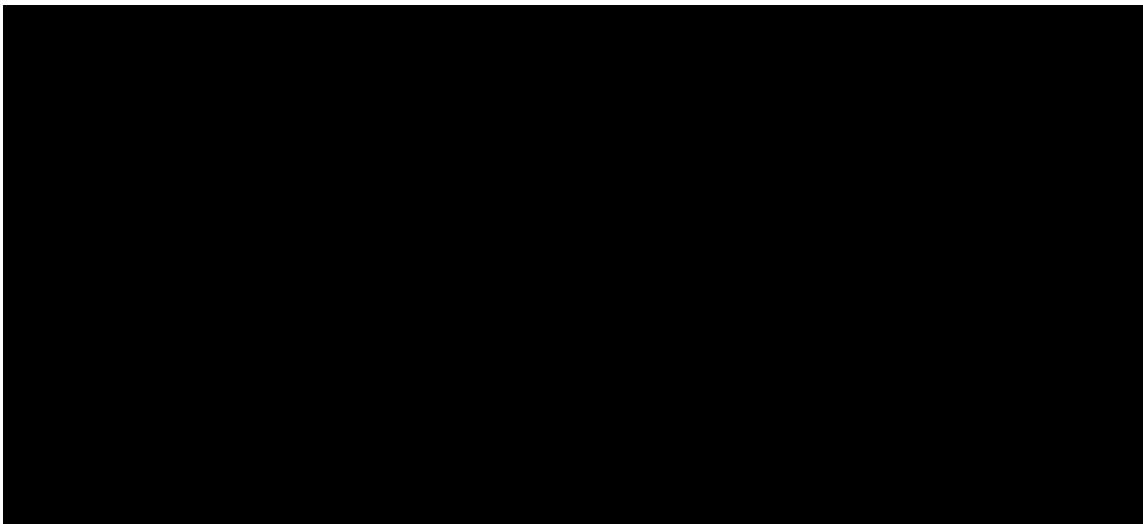


² The Patents-in-Suit comprise the following patents purportedly owned by Valtrus: U.S. Pat. Nos. 6,718,277 (“the ‘277 Patent”), 6,854,287 (“the ‘287 Patent”); 6,862,179 (“the ‘179 Patent”); 7,031,870 (“the ‘870 Patent”); and 7,339,490 (“the ‘490 Patent”). (Dkt. 1 at 1.) Valtrus has asserted additional patents against several customers which do not implicate Vertiv technology.

[REDACTED]

Ex. 8 [REDACTED]; Dkt. 1 ¶¶ 21–28. Each customer letter includes claim charts expressly relying on Vertiv’s technology—including Vertiv’s “Liebert” branded cooling products and control systems—for every claim element of at least one claim of each of the Patents-in-Suit. In particular, Valtrus’ claim charts expressly identify “Vertiv” and “Liebert” products, brochures and manuals, and online videos showing use of Vertiv products.

For instance, Valtrus’ letter to [REDACTED] includes the following on the ‘179 patent claim chart:



Ex. 8 (dashed red box annotations added). The remainder of this exemplary claim chart identifies “Vertiv” or “Liebert” for each claim element. *See generally* Ex. 8. To assist the Court, a table itemizing the allegations directed to Vertiv equipment for each claim element of that particular claim chart is provided as Ex. 29. The same applies to Valtrus’ remaining allegations against [REDACTED] with respect to the other Patents-in-Suit; and Valtrus essentially replicated the same allegations regarding Vertiv equipment in the letters Valtrus sent to each of the other customers. *See generally* Exs. 2–15.

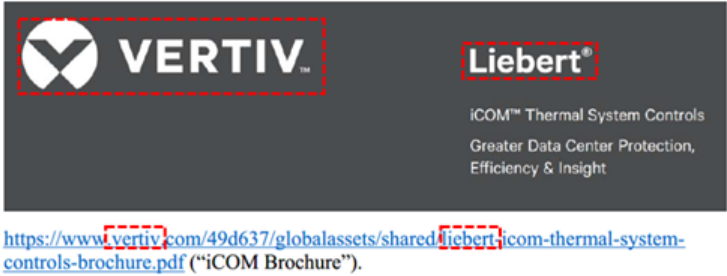
B. Valtrus’ Lawsuits Relying on Vertiv Technology

Valtrus has also sued several Vertiv customers for infringement based on use of the same Vertiv technology. Before Vertiv filed this declaratory judgment action, Valtrus sued Vertiv’s



customers Digital Realty Trust, Inc. (“Digital Realty”)³, CyrusOne, LLC (“CyrusOne”), Dawn Acquisitions LLC (d/b/a Evoque Data Center Solutions) (“Dawn”), and NTT Data Services, LLC (“NTT”), although only the action against Digital Realty remains.⁴ And despite Valtrus’ characterization of additional customer suits as “theoretical[]” and “hypothetical” (Lead Case, Dkt. 81 at 2, 14), Valtrus had already filed two more suits against Vertiv’s customers TierPoint, LLC (“TierPoint”) and DataBank Holdings Ltd. (“DataBank”) after the filing of this declaratory judgment action. See *Valtrus Innovations Limited et al v. TierPoint, LLC*, 2-24-cv-00776 (E.D. Tex.) (filed Sept. 25, 2024) (“TierPoint”); *Valtrus Innovations Limited et al v. DataBank Holdings Ltd.*, 2-24-cv-00777 (E.D. Tex.) (filed Sept. 25, 2024) (“DataBank”).

Like the customer letters, Valtrus’ infringement allegations in the lawsuits rely on Vertiv’s technology for every claim element. For instance, Valtrus’ infringement contentions against DataBank start with the following in its ‘287 patent claim chart:

Claim 1	Exemplary Evidence of Infringement by DataBank
[1pre] A method for cooling a room configured to house a plurality of computer systems, said method comprising:	DataBank’s data centers use a method for cooling a room configured to house a plurality of computer systems. For example, DataBank uses Vertiv (Liebert) cooling units in each colocation data center. Liebert cooling units are controlled by Liebert’s iCOM Intelligent Communication and Monitoring system.
...	...
	

³ See *Valtrus Innovations Limited et al v. Digital Realty Trust, Inc. et al.*, 2:24-cv-00535-JRG (E.D. Tex.) (“Digital Realty”) (consolidated into Lead Case).

⁴ Valtrus dismissed the action against NTT without prejudice and dismissed the actions against Dawn and CyrusOne with prejudice.

[REDACTED]

Ex. 24 at 2, 6 (dashed red box annotations added). This '287 claim chart continues by identifying “Vertiv” or “Liebert” for each remaining claim element. *See generally* Ex. 24. A table itemizing the allegations directed to Vertiv equipment for each claim element of that claim chart is provided as Ex. 30. The same applies to Valtrus’ remaining allegations against DataBank and further applies to Valtrus’ other newly filed allegations against TierPoint.⁵ *See generally* Exs. 16–27 (infringement contentions claim charts asserted against Digital Realty and claim charts appended to complaints against TierPoint and DataBank).

Based on these express allegations placing Vertiv’s technology at issue and Vertiv’s indemnity obligations (discussed *infra*), Vertiv moved to intervene in the Digital Realty case to allow it to defend against Valtrus’ allegations. However, Vertiv’s intervention is limited to addressing infringement against only the specific customer in that action, *i.e.*, Digital Realty. *See, e.g.*, Lead Case, Dkt. 70 (Vertiv’s Answer in Intervention) at 1 (“Vertiv’s intervention in this case is limited to defending claims arising from [Digital Realty’s] alleged use of Vertiv products.”). Accordingly, the lawsuits against Vertiv’s individual customers do not provide a forum for more broadly addressing Valtrus’ campaign directed to at least the customers receiving Valtrus’ demand letters or subject to suit after the filing of this declaratory judgment action.

C. Vertiv’s Customers Request Indemnification Pursuant to Customer Agreements

Because Valtrus’ infringement allegations target Vertiv’s technology and Vertiv has contractual indemnification obligations with its customers, Vertiv’s customers have requested indemnification from Vertiv according to those contractual provisions. As set forth in the

⁵ Valtrus is not presently suing Digital Realty, DataBank or TierPoint on the '490 Patent, and Valtrus indicated that it would not sue Vertiv or its customers based on the '490 Patent. (Lead Case, Dkt. 81 at 6). Vertiv and Valtrus are presently negotiating an appropriate covenant not to sue reflecting these issues.

[REDACTED]

Complaint, Vertiv “stands by its products [] through indemnity agreements” and “is contractually bound to indemnify and defend customers against patent infringement claims related to the use of Vertiv products pursuant to various contracts and sales agreements.” (Dkt. 1 ¶¶ 7, 67).

Valtrus argues Vertiv’s indemnification obligations are “speculative and vague.” (Lead Case, Dkt. 81 at 2). Not so. Vertiv’s contracts with its customers include express provisions identifying the circumstances under which Vertiv is required to indemnify and defend its customers whom Valtrus has either sued or has included in its letter-writing writing campaign. The attached Declaration of Eric Broxterman confirms that those obligations apply to infringement allegations such as Valtrus’ assertions directed to Vertiv’s products and technology, and provides the specific relevant contractual provisions. *See generally* Ex. 28 (Broxterman Decl.). According to those provisions, Vertiv has the right to select counsel, direct and control the defense of the claims directed to Vertiv technology, and generally control settlement negotiations. *Id.* ¶¶ 6, 9, 17, 21, 25, 32, 35. Unsurprisingly, and as set forth in the Broxterman Declaration, Vertiv’s customers have pursued those contractual rights and demanded that Vertiv indemnify and defend claims directed to Vertiv’s technology. *Id.* ¶¶ 11, 15, 19, 23, 30.

D. Valtrus Recently Confirmed the Existence of a Dispute Between Vertiv and Valtrus

Valtrus repeatedly asserts that it has only asserted infringement against Vertiv’s customers and not against Vertiv, but that misses the mark. As explained below, the law is clear that by accusing Vertiv products of infringing, Valtrus has created an actual controversy with Vertiv. And in a recent letter to Vertiv, Valtrus indicated that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] These explicit allegations of infringement by Vertiv products confirm that a live dispute exists between the parties.

IV. ARGUMENT

A. Vertiv's Indemnity Obligations to Its Customers Establish a Justiciable Controversy

There is no doubt that a “case of actual controversy with [the Court’s] jurisdiction” exists between Vertiv and Valtrus. 28 U.S.C. § 2201. Vertiv’s Complaint establishes that “the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.” *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007).

“[W]here a patent holder accuses customers of direct infringement based on the sale or use of a supplier’s equipment, the supplier has standing to commence a declaratory judgement action if [] the supplier is obligated to indemnify its customers from infringement liability.” *Arris Group v. British Telecommunications PLC*, 639 F.3d 1368, 1375 (Fed. Cir. 2011) (citing *ABB v. Cooper*, 635 F.3d 1345, 1348–50 (Fed. Cir. 2011) and *Arrowhead v. Ecolochem*, 846 F.2d 731, 733, 736–37 (Fed Cir. 1988)). That is exactly the case here; and Vertiv’s indemnity obligations—as plead and known to Valtrus, and as additionally shown here—are a sufficient basis to support this declaratory judgment action.

1. Vertiv Properly Identified Its Indemnity Obligations

Valtrus’ assertion that “Vertiv fail[ed] to allege facts . . . such as a contractual provision or even any particular contract” to support its indemnity obligations ignore the undisputed factual

record. For instance, the Complaint alleged the bases of those indemnity obligations (*see, e.g.*, Dkt. 1 ¶¶ 7, 33, 67).

Moreover, in deciding a motion to dismiss for lack of subject-matter jurisdiction, the Court may consider “the complaint supplemented by the undisputed facts evidenced in the record.” *Farshid on behalf of E.K. v. Allen Indep. Sch. Dist. through Bd. of Trustees*, 688 F. Supp. 3d 391, 396 (E.D. Tex. 2023), *aff’d*, No. 23-40532, 2024 WL 3082335 (5th Cir. June 21, 2024) (internal citations omitted).

In response to Valtrus’ original motion to dismiss in the Northern District, Vertiv identified the particular contractual provisions establishing Vertiv’s indemnity obligations with customers targeted by Valtrus. (Dkt. 26-7 at 157–70 (Broxterman Decl.)).⁷ The undisputed Broxterman Declaration included agreements with Vertiv customers Cologix, Inc. (“Cologix”); Zayo Group, LLC (a/k/a DataBank); EdgeConneX Holdings, LLC (“EdgeConneX”); Flexential Corp. (“Flexential”); Iron Mountain Data Centers, LLC (“Iron Mountain”); NTT; QTS; SDS Technology Services LLC (“Stream Data”); and TierPoint. (Dkt. 26-7 at 157–354) (contractual provisions with customers). Vertiv also provided Mr. Broxterman’s sworn testimony that many of these customers have demanded that Vertiv fulfill its contractual indemnity obligations. (*See* Lead Case, Dkt. 65-1 ¶ 7 (confirming Digital Realty has pursued its contractual indemnity rights with Vertiv); Dkt. 26-7 at 160–62, 165, 167 (confirming DataBank, EdgeConneX, Flexential, Iron Mountain, and QTS have pursued their contractual indemnity rights with Vertiv)). Vertiv also has previously submitted its indemnity agreement with Digital Realty in connection with its intervention motion in that case—a motion which Valtrus did not oppose.

⁷ Vertiv re-submits the Broxterman Declaration in connection with its response to the present Motion before this Court, noting that it is identical in substance with the declaration previously submitted in the Northern District. Ex. 28.

Valtrus completely ignores this record and its assertion of no proof of Vertiv’s indemnity obligations is simply untrue.

2. Valtrus’ Legal Authority Regarding Indemnity Obligations are Inapposite

Attempting to avoid *Arris* and the factual record, Valtrus incorrectly asserts that several other cases suggest that Vertiv’s indemnity obligations here cannot provide a jurisdictional basis. For instance, in *Microsoft Corp. v. DataTern, Inc.*, the court’s determination that the plaintiff lacked declaratory judgment jurisdiction was due to the declaratory judgment plaintiff “conced[ing] that no [customer indemnity] obligation exists.” 755 F.3d 899, 904 (Fed. Cir. 2014)). That is not the case here as Vertiv’s customer indemnity obligations do exist as detailed above.⁸ Valtrus further relies on *Microsoft* for the proposition that Vertiv has no jurisdiction because there are prior customer suits in which Vertiv has intervened. Valtrus misses the point. This action is not directed to the pending Digital Realty case; rather, it is directed to Vertiv’s other customers to whom Valtrus sent its demand letters and have not yet sued; and customers whom Valtrus sued *after Vertiv filed this declaratory judgment action.*⁹

Valtrus’ reliance on *Finisar Corp. v. Capella Photonics, Inc.* is also misplaced. (Lead Case, Dkt. 81 at 10 (citing 2021 WL 810227 (N.D. Cal. 2021))). *Finisar* did not address a patentee threatening additional customers, as Valtrus has done. Instead, the customers already in suit had indemnity upon which they sought to rely in order to bring their own declaratory judgment action

⁸ The Court in *Microsoft* also denied jurisdiction because the patent owner indicated that it would not sue the declaratory judgment plaintiff. *Id.* at 906. Here, Valtrus has only indicated that it will no longer assert one of its patents—the ‘490 patent—and has already expressly indicated its view that Vertiv infringes the remaining patents. Thus, *Microsoft* fails to support Valtrus’ position.

⁹ The limits of this case further address any concerns by Valtrus’ that this matter requires potentially unwieldy third party discovery, and provides additional reasoning for the Court to not exercise its discretion to deny jurisdiction.

before a different court. Here, Vertiv has indemnity obligations to additional customers who have received letters from Valtrus alleging infringement but are not parties to any lawsuit. These customers should not have to wait for Valtrus to sue them to ask for Vertiv to intervene in the forum that Valtrus has chosen. Instead, Vertiv has filed this declaratory judgment action to make a stand on behalf of all of its customers who have been threatened with litigation for using its products.

Valtrus also cites to *Intellectual Property Development, Inc. v. TCI Cablevision of Cal. Inc.* for the broad proposition that allegations of indemnity are not sufficient to create jurisdiction, in contrast to the statement in the *Arris* case (a case to which Valtrus cites in its brief). Lead Case, Dkt. 81 at 11 (citing 248 F.3d 1333, 1341–42 (Fed. Cir. 2001)). *Intellectual Property Development*, however, concerned a defendant who brought a declaratory judgment counterclaim despite already having received a statement of non-liability from the patent owner. The defendant contended that there was jurisdiction over its counterclaim because it “*could* be required to indemnify an entity that *potentially could* be held liable in a different case.” *Id.* at 1342 (emphasis added). But these vague and uncertain indemnity obligations that could theoretically be implicated in a different case were insufficient to support jurisdiction in that case. Differently here, Vertiv has properly pled and identified its indemnity obligations that are presently being implicated by Valtrus’ actions. Moreover, Valtrus has not even offered Vertiv or its customers a statement of non-liability for all of the Patents-in-Suit.

Because Vertiv has a reasonable apprehension of liability pursuant to its indemnity obligations to its customers, Valtrus’ Motion should be denied on this basis alone.

B. The Court Has Subject Matter Jurisdiction Over the Controversy Because Valtrus Alleges that Vertiv and its Products Infringe

Valtrus’ assertions that Vertiv’s customers infringe the Patents-in-Suit by virtue of their use of Vertiv products provides yet another basis for jurisdiction. In other words, Valtrus’ explicit assertions of direct infringement by Vertiv’s customers effectively operate as implicit assertions of indirect infringement by Vertiv. Accordingly, courts routinely find declaratory judgment jurisdiction between a patent owner and the supplier of the accused technology. *See, e.g., Arris*, 639 F.3d at 1381; *SafeNet, Inc. v. Uniloc USA, Inc.*, No. 6:15-CV-97-RWS-KNM, 2015 WL 10793747 (E.D. Tex. Aug. 19, 2015), *report and recommendation adopted*, No. 6:15-CV-97-RWS-KNM, 2015 WL 7272196, at *10 (E.D. Tex. Nov. 17, 2015) (“For Uniloc to say that it has no controversy with SafeNet, when [SafeNet’s product] forms a central basis of its infringement theory in the Customer Suits, is disingenuous.”).

As explained above (*see supra* III.A–B) and as pleaded in Vertiv’s Complaint, Valtrus’ “patent infringement notice letters and claim charts purporting to show how the use of Vertiv’s products infringe[] . . . the Patents-in-Suit . . . implicitly contain allegations of direct and indirect infringement (jointly and contributorily) against Vertiv.” (Dkt. 1 ¶ 65). Valtrus’ claim charts in the Digital Realty, TierPoint, and DataBank customer cases “also implicitly contain allegations of direct and indirect infringement (jointly and contributorily) against Vertiv.” *Id.* ¶ 66. Even apart from Vertiv’s indemnity obligations (which alone establish jurisdiction), these implicit allegations of infringement have caused Vertiv to reasonably apprehend a patent infringement suit by Valtrus.

Moreover, Valtrus’ *multiple explicit* assertions that Vertiv infringes the Patents-in-Suit in its letter *to Vertiv* confirm that Vertiv’s apprehension of a patent infringement suit by Valtrus is more than reasonable—indeed, it is beyond dispute that Valtrus believes that Vertiv infringes the Patents-in-Suit. In Valtrus own words:

- [REDACTED]
- [REDACTED]

Ex. 1 at 1–2. Valtrus’ explicit allegations that Vertiv and its products infringe the Patents-in-Suit reinforce the conclusion that Valtrus’ infringement allegations against Vertiv’s customers are, in fact, allegations of infringement against Vertiv. *See Mitek Sys., Inc. v. United Servs. Auto. Ass’n*, No. 2:20-CV-00115-JRG, 2023 WL 2734372, at *21 (E.D. Tex. Feb. 23, 2023) (internal citations omitted) (“Although it is the situation at the time suit was filed that establishes the existence *vel non* of an actual controversy, subsequent events can reinforce the correctness of the conclusion.”).

And specifically regarding indirect infringement, Valtrus admits that “an assertion that a customer is directly infringing a method claim by using a ‘supplier’s product in the performance of the claimed method’ may amount to ‘an implicit assertion of indirect infringement by [the] supplier.’” (Lead Case, Dkt. 81 at 7 (citing *Arris*, 639 F.3d at 1375–76)). Indeed, in this case cited by Valtrus, the Federal Circuit confirmed that a manufacturer satisfied the declaratory judgment jurisdictional standards based on implicit allegations of indirect infringement against the manufacturer where the patent owner only asserted direct infringement against the customers. Like Valtrus, the patent owner in *Arris* alleged a lack of subject matter jurisdiction because it only directed allegations of infringement against the customer and not the manufacturer. *Arris*, 639 F.3d at 1373.

The Court in *Arris* focused on the patent owner’s clear identification of the supplier’s products performing numerous method steps of the asserted claims and, notwithstanding the absence of an express accusation against the manufacturer, the Court still found declaratory judgment jurisdiction. *Id.* at 1379. Here, Valtrus could not have been more explicit in its

communications to Vertiv's customers that the alleged infringement stems from Vertiv's technology. Valtrus' infringement assertions make no reference to any customer component, nor does it invoke any operation of the customer equipment. Instead, Valtrus' infringement claims rest solely on the customer's use of Vertiv equipment and Vertiv's manuals and brochures which direct the customer how to use it. *See id.* at 1377; Exs. 16–27.

1. Valtrus Concedes that the '870 Patent Creates a Controversy with Vertiv for Indirect Infringement

There is no dispute that Valtrus' assertions give rise to an implicit claim of indirect infringement against Vertiv for the '870 Patent. Valtrus has already conceded that a controversy exists in its Motion by stating that “[a]s to the '870 patent, which expired last month, it is true that Vertiv could theoretically be liable for indirect infringement.” (Lead Case, Dkt. 81 at 9). As such, Valtrus' implicit claims of indirect infringement of the '870 Patent against Vertiv provide yet another basis for jurisdiction.

2. There is a Controversy as to Indirect Infringement of the '277, '287, and '179 Patents

Valtrus contends that there is no controversy as to indirect infringement of the '277, '287, and '179 Patents because these patents “expired before Vertiv brought this suit and before Valtrus ever raised any allegations against any customers.” (Lead Case, Dkt. 81 at 9). But Valtrus is wrong that there is no case or controversy because a subset of the Patents-in-Suit have expired. *See, e.g., SafeNet, Inc. v. Uniloc USA, Inc.*, No. 6:15-CV-97-RWS-KNM, 2015 WL 10793747 at *9 (E.D. Tex. Aug. 19, 2015) (noting expiration of the asserted patent “does not automatically preclude an actual controversy and divest the Court of jurisdiction over the declaratory judgment action”); *see also Genetics Inst., LLC v. Novartis Vaccines & Diagnostics, Inc.*, 655 F.3d 1291, 1299 (Fed. Cir. 2011) (“an expired patent may form the basis of an action for past damages subject to the six-year limitation under 35 U.S.C. § 286.”).

Valtrus further argues that because this subset of the Patents-in-Suit expired before Valtrus began its letter-writing campaign that the notice and specific intent elements of indirect infringement elements are not supported by Vertiv’s Complaint. Valtrus misses the point. Jurisdiction here is not premised on the issue of whether Vertiv is—or can be—actually liable for infringement. Such a requirement would defeat the purpose of declaratory judgment actions entirely as it would require the substantive determination of infringement to be resolved as part of the jurisdictional inquiry. Rather, jurisdiction is decided separately from the liability issues and it remains Valtrus burden throughout the proceeding to establish that Vertiv infringes—under any available theory. *Arris*, 639 F.3d at 1380 (“While a declaratory plaintiff indeed has the burden of ‘demonstrating [that] an actual case or controversy’ exists, . . . that burden does not extend to showing that the defendant holds meritorious positions on the issues in controversy.”) (internal citations omitted). As such, Vertiv’s pleadings on this issue are not insufficient.

To be clear, Valtrus asserting that Vertiv cannot infringe does not negate jurisdiction. Indeed, if Valtrus provides a covenant not to sue Vertiv or Vertiv’s customers, like it has represented to Vertiv that it will on the ’490 patent—which extends to both Vertiv and its customers—it could resolve the issue. But having failed to do so, for the reasons discussed above, jurisdiction remains.

C. Suppliers May Both Intervene In Specific Customer Suits and Seek Declaratory Judgment Relief

Valtrus suggests that Vertiv’s intervention in *Digital Realty* weighs against this Court exercising jurisdiction. Lead Case, Dkt. 81 at 12 (Valtrus arguing the Digital Realty suit provides a “suitable avenue” for resolving the dispute in this case). However, contrary to Valtrus’ assertions, courts faced with factually similar situations refuse to decline jurisdiction. For instance, in *Adobe*

Systems, Inc. v. Select Retrieval LLC, 2014 WL 497441 (S.D. Cal. 2014), the Court refused to decline jurisdiction even though the supplier had intervened in earlier-filed customer actions:

[A]lthough the customers’ interests are not inconsistent with Adobe’s, they are not adequate representatives of Adobe’s position in the larger fight being waged nationwide between it and Select Retrieval. . . . In short, this action represents the battlefield on which that “larger fight” is being fought.

Id. at *5 (internal citations omitted).

The same analysis applies here. The individual customer suits—*Digital Realty, DataBank* and *TierPoint*—are limited to determining “allegations of individual infringement as to each of those customers.” *Id.* at *4. Having argued that the scope of those suits is limited to the individual customers (*see* § III.B.), Valtrus cannot now suggest that those cases are the proper forum to resolve the entirety of the issues it has initiated by sending its letters to numerous other Vertiv customers. Like in the *Adobe* case, this declaratory judgment action “represents the battlefield on which that ‘larger fight’ is being fought”, and the Court should not decline to exercise jurisdiction. *Id.* at *5.; *see also Script Sec. Sols. LLC v. Logitech Inc.*, No. 2:16-CV-01400-JRG-RSP, 2017 WL 10242574, at *3 (E.D. Tex. Nov. 8, 2017) (“[I]ntervention is not [supplier]’s only option, as it could initiate a separate declaratory judgment action against [patent owner] based on [patent owner]’s accusations against [supplier’s customer].”); *see also Perfect Corp. v. Lennon Image Techs., LLC*, No. 6:22-CV-01164-ADA-DTG, 2023 WL 8041010, at *3 (W.D. Tex. Nov. 20, 2023) (rejecting patent owner’s argument that defending the customer actions sufficiently protects the supplier and stating, “this suit provides Plaintiff an opportunity to defend its other customers as well.”).

Dated: December 9, 2024

Respectfully submitted,

/s/Daniel J. Schwartz w/permission

William E. Davis, III

William E. Davis, III

Texas Bar No. 24047416

Ty Wilson

Texas State Bar No. 24106583

DAVIS FIRM PC

213 N. Fredonia Street, Suite 230

Longview, TX 75601

Tel.: (903) 230-9090

bdavis@davisfirm.com

twilson@davisfirm.com

Timothy P. Maloney

Daniel J. Schwartz

Mathew A. Werber

Allison Strong

NIXON PEABODY LLP

70 West Madison, Suite 5200

Chicago, IL 60602

Tel.: (312) 97704400

tmaloney@nixonpeabody.com

djschwartz@nixonpeabody.com

mwerber@nixonpeabody.com

astrong@nixonpeabody.com

Nicole Sims (TX Bar No. 24051343)

NIXON PEABODY LLP

799 9th Street NW, Suite 500

Washington, DC 20001-5327

Tel: (202)585-8337

nsims@nixonpeabody.com

Attorneys for Plaintiff Vertiv Corporation

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document is being filed electronically in compliance with Local Rule CV-5(a). As such, this document is being served this December 9, 2024 on all counsel of record, each of whom is deemed to have consented to electronic service. L.R. CV-5(a)(3)(A).

/s/ William E. Davis, III
William E. Davis, III

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]