

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

EMG TECHNOLOGY, LLC,

Plaintiff,

v.

APPLE, INC.,
AMERICAN AIRLINES, INC.,
BLOOMBERG, L.P.,
CONTINENTAL AIRLINES, INC.,
UNITED PARCEL SERVICE, INC.,

Defendants.

CASE NO. 6:08-cv-447

JURY TRIAL DEMANDED

DEFENDANT AMERICAN AIRLINES, INC.'S ANSWER AND COUNTERCLAIMS

Pursuant to Fed. R. Civ. P. 8(b), American Airlines, Inc. ("American") hereby responds to the Second Amended Complaint ("Complaint") of EMG Technology, LLC ("EMG") as follows. Unless specifically admitted, American generally denies all allegations in the Complaint.

I. ANSWERS TO ALLEGATIONS CONCERNING JURISDICTION AND VENUE

1. With regard to paragraph 1 of the Complaint, American admits that EMG is bringing an action purporting to be for alleged patent infringement under the U.S. Patent Act. American denies the remainder of the allegation set forth in paragraph 1 of the Complaint.

2. American admits that this Court has original subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a). American denies the remainder of the allegations set forth in paragraph 2 of the Complaint.

3. With regard to the allegations set forth in paragraph 3 of the Complaint, American admits that it has contacts with this jurisdiction sufficient to support a claim for personal jurisdiction in this case. However, American denies the remainder of the allegations set forth in paragraph 3 of the Complaint.

1 4. With regard to the allegations set forth in paragraph 4 of the Complaint, American
2 admits that venue is proper in this district pursuant to 28 U.S.C. §§ 1391 and 1400. However,
3 American denies that this is the most convenient venue under 28 U.S.C. § 1404 and reserves the right
4 to move to transfer this case to a more convenient forum.

5 **II. ANSWERS TO ALLEGATIONS CONCERNING PARTIES**

6 5. American lacks sufficient knowledge or information to form a belief as to the truth or
7 accuracy of paragraph 5 of the Complaint, and on that basis denies the allegations of that paragraph.

8 6. American lacks sufficient knowledge or information to form a belief as to the truth or
9 accuracy of paragraph 6 of the Complaint, and on that basis denies the allegations of that paragraph.

10 7. With regard to paragraph 7 of the Complaint, American admits that it is a corporation
11 organized under the laws of the State of Delaware, that it has a major place of business at 4333 Amon
12 Carter Blvd., Fort Worth, Texas 76155. American also admits that it is in the business of airline
13 travel and cargo services. American admits that it offers sales of its services through a web site on
14 the Internet. American further admits that it has done and continues to do business in this judicial
15 district. American does not understand the meaning of “significant portion,” and lacks sufficient
16 knowledge or information to form a belief as to the truth or accuracy of the remainder of that
17 sentence in paragraph 7, and on that basis denies the allegations therein.

18 8. American lacks sufficient knowledge or information to form a belief as to the truth or
19 accuracy of paragraph 8 of the Complaint, and on that basis denies the allegations of that paragraph.

20 9. American lacks sufficient knowledge or information to form a belief as to the truth or
21 accuracy of paragraph 9 of the Complaint, and on that basis denies the allegations of that paragraph.

22 10. American lacks sufficient knowledge or information to form a belief as to the truth or
23 accuracy of paragraph 10 of the Complaint, and on that basis denies the allegations of that paragraph.

24 **III. ANSWERS TO ALLEGATIONS CONCERNING THE PATENTS**

25 11. American denies that United States Patent No. 7,441,196 (the “‘196 Patent”) is a valid
26 patent. American lacks sufficient knowledge or information to admit or deny the remaining
27 allegations of paragraph 11 of the Complaint, and on that basis denies the allegations of that
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1 paragraph.

2 12. American denies that United States Patent No. 7,020,845 (the “845 Patent”) is a valid
3 patent. American lacks sufficient knowledge or information to admit or deny the remaining
4 allegations of paragraph 12 of the Complaint, and on that basis denies the allegations of that
5 paragraph.

6 **IV. ANSWERS TO ALLEGACTIONS CONCERNING THE FIRST CLAIM**

7 13. American incorporates by reference and repeats the responses set forth in paragraphs
8 1-12 above.

9 14. American lacks sufficient knowledge or information to admit or deny the allegations
10 of paragraph 14 of the Complaint, and on that basis denies the allegations of that paragraph.

11 15. American lacks sufficient knowledge or information to admit or deny the allegations
12 of paragraph 15 of the Complaint, and on that basis denies the allegations of that paragraph.

13 16. American lacks sufficient knowledge or information to admit or deny the allegations
14 of paragraph 16 of the Complaint, and on that basis denies the allegations of that paragraph.

15 **V. ANSWERS TO ALLEGACTIONS CONCERNING THE SECOND CLAIM**

16 17. American incorporates by reference and repeats the responses set forth in paragraphs
17 1-12 above.

18 18. American denies the allegations of paragraph 18 of the Complaint with respect to
19 American, and lacks sufficient knowledge or information to admit or deny the remaining allegations
20 of paragraph 18 of the Complaint, and on that basis denies the allegations of that paragraph.

21 19. American denies the allegations of paragraph 19 of the Complaint with respect to
22 American, and lacks sufficient knowledge or information to admit or deny the remaining allegations
23 of paragraph 19 of the Complaint, and on that basis denies the allegations of that paragraph.

24 20. American denies the allegations of paragraph 20 of the Complaint with respect to
25 American, and lacks sufficient knowledge or information to admit or deny the remaining allegations
26 of paragraph 20 of the Complaint, and on that basis denies the allegations of that paragraph.

1 **VI. ANSWERS TO ALLEGATIONS CONCENRING THE THIRD CLAIM**

2 21. American incorporates by reference and repeats the responses set forth in paragraphs
3 1-20 above.

4 22. American denies the allegations of paragraph 22 of the Complaint with respect to
5 American, and lacks sufficient knowledge or information to admit or deny the remaining allegations
6 of paragraph 22 of the Complaint, and on that basis denies the allegations of that paragraph.

7 23. American denies the allegations of paragraph 23 of the Complaint with respect to
8 American, and lacks sufficient knowledge or information to admit or deny the remaining allegations
9 of paragraph 23 of the Complaint, and on that basis denies the allegations of that paragraph.

10 24. American denies the allegations of paragraph 24 of the Complaint with respect to
11 American, and lacks sufficient knowledge or information to admit or deny the remaining allegations
12 of paragraph 24 of the Complaint, and on that basis denies the allegations of that paragraph.

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14 **II. DEFENSES**

15 American asserts the following defenses. In so doing, American does not admit that it bears
16 the burden of production or the burden of persuasion with respect to any of the asserted defenses. In
17 addition, American reserves the right to make any other defenses as appropriate based on the facts or
18 circumstances of the case, or in response to arguments presented by EMG or any of the other
19 defendants in this litigation.

20 **FIRST DEFENSE: FAILURE TO STATE A CLAIM**

21 EMG fails to state a claim for which any relief may be granted.

22 **SECOND DEFENSE: NON-INFRINGEMENT**

23 American has not infringed any valid and enforceable claim of the '196 patent nor the '845
24 patent, either directly or as a contributory or inducing infringer, and either literally or under the
25 doctrine of equivalents. In particular, without limitation, American has not without authority made,
26 used, sold, offered for sale in the United States, or imported into the United States any invention
27 owned by EMG, has not actively or knowingly induced others to infringe, and has not contributed to
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1 the infringement of others, by, without authority, making, using, selling, offering for sale in the
2 United States, or importing into the United States any invention owned by EMG.

3 **THIRD DEFENSE: INVALIDITY/VOID**

4 The claims of the '196 patent and the '845 patent, as properly construed and interpreted in
5 light of the prior art, their prosecution history and otherwise, are invalid and/or void for failure to
6 comply with the requirements for patentability as set forth in Title 35 of the United States Code, part
7 II, and in particular, without limitation, 35 U.S.C. §§ 101, 102, 103, 111, 112, and/or 132. In
8 particular, without limitation, the patents are not novel, and are obvious in view of the prior art.

9 **FOURTH DEFENSE: PROSECUTION HISTORY ESTOPPEL**

10 By reason of the proceedings in the U.S. Patent and Trademark Office (the "PTO") during the
11 prosecution of the applications for the '196 patent and the '845 patent, including, but not limited to
12 the admissions, representations and/or other statements made by the named inventors and/or others
13 substantively involved in the prosecution, EMG is estopped to assert a construction of any claim of
14 the '196 patent and the '845 patent that would encompass literally or under the doctrine of
15 equivalents any method practiced by American, or any products used, made or sold by American.

16 **FIFTH DEFENSE: ESTOPPEL**

17 EMG's attempted enforcement of the '196 patent and the '845 patent against American is
18 barred in whole or in part under the doctrine of equitable estoppel. In particular, without limitation,
19 EMG, through misleading conduct, has led American to reasonably infer that EMG does not intend to
20 enforce its patent against American; American has relied on that conduct; and due to its reliance,
21 American will be materially prejudiced if EMG is allowed to proceed with its claim.

22 **SIXTH DEFENSE: LACHES**

23 EMG's attempted enforcement of the '196 patent and the '845 patent against American is
24 barred in whole or in part under the doctrine of laches. In particular, without limitation, EMG's delay
25 in bringing suit was unreasonable and inexcusable, and American has suffered material prejudice
26 attributable to the delay.

1 **SEVENTH DEFENSE: MARKING AND NOTICE**

2 To the extent that EMG, its predecessors in interest or its licensees in, to or under the '196
3 patent and the '845 patent failed to properly mark any of their relevant products as required by 35
4 U.S.C. § 287 or to otherwise give proper notice that American's actions allegedly infringed the '196
5 patent and the '845 patent, American is not liable to EMG for the acts alleged to have been performed
6 before it received actual notice that it was allegedly infringing the '196 patent and the '845 patent.

7 **EIGHTH DEFENSE: LICENSE AND/OR EXHAUSTION**

8 To the extent that EMG has licensed or otherwise exhausted its rights and remedies as to
9 products or services which are accused by way of EMG's Complaint of infringing the '196 patent and
10 the '845 patent, including without limitation those products or services identified by EMG in the
11 Complaint, American is not liable to EMG for any alleged acts of infringement related to such
12 products or services.

13 **ADDITIONAL DEFENSES**

14 American will rely on any and all other properly provable defenses developed from discovery
15 and further investigation, reserving the right to amend this pleading to conform thereto.\

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17 **III. COUNTERCLAIMS**

18 With respect to American's Counterclaims, American alleges as follows:

19 **Parties**

20 1. American Airlines, Inc. ("American"), is a corporation organized under the laws of the
21 State of Delaware, with its principal place of business at 4333 Amon Carter Blvd., Fort Worth, Texas
22 76155.

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24 2. Upon information and belief, and EMG's Complaint, EMG Technology, LLC is a
25 limited liability company organized under the laws of the State of California with its principal place
26 of business in Los Angeles, California.

1 **Jurisdiction and Venue**

2 3. These counterclaims arise under the Federal Declaratory Judgment Act and the patent
3 laws of the United States, more particularly, under 28 U.S.C. §§ 2201, 2202, and 35 U.S.C. §§ 100 *et*
4 *seq.*, respectively. This Court has jurisdiction pursuant to 28 U.S.C. §§ 1338, 2201.

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6 4. On January 5, 2009, EMG filed a Complaint against American seeking, *inter alia*, a
7 judgment that American has infringed the claims of the '196 patent and the '845 patent, and
8 American has denied those allegations. An active, ripe, and justiciable controversy exists between
9 EMG and American regarding the alleged infringement and validity of the '196 patent and the '845
10 patent, and other ancillary matters related thereto.

11 5. This Court has personal jurisdiction over EMG because EMG is the defendant in this
12 action, and has voluntarily submitted to this Court's jurisdiction.

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14 6. This Court is a proper venue for this action because EMG has voluntarily submitted to
15 this Court's jurisdiction, and pursuant to 28 U.S.C. § 1391(b). American reserves the right to move
16 to transfer this case to a more convenient venue pursuant to 28 U.S.C. § 1404.

17 **COUNTERCLAIM I**
18 **DECLARATORY JUDGMENT OF NONINFRINGEMENT OF THE '196 PATENT**

19 7. American incorporates by reference and repeats the statements set forth in paragraphs
20 1-6 above.

21 8. An actual controversy exists between EMG and American regarding the alleged
22 infringement of the '196 patent.

23 9. American has not infringed any valid and enforceable claim of the '196 patent, either
24 directly or as a contributory or inducing infringer, and either literally or under the doctrine of
25 equivalents. In particular, without limitation, American has not without authority made, used, sold,
26 offered for sale in the United States, or imported into the United States any invention claimed in the
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1 '196 patent, has not actively or knowingly induced others to infringe, and has not contributed to the
2 infringement of others, by, without authority, making, using, selling, offering for sale in the United
3 States, or importing into the United States any invention claimed in the '196 patent.
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5 **COUNTERCLAIM II**
6 **DECLARATORY JUDGMENT OF NONINFRINGEMENT OF THE '845 PATENT**

7 10. American incorporates by reference and repeats the statements set forth in paragraphs
8 1-9 above.

9 11. An actual controversy exists between EMG and American regarding the alleged
10 infringement of the '845 patent.

11 12. American has not infringed, has not actively induced others to infringe, and has not
12 contributed to the infringement of any valid and enforceable claim of the '845 patent, either literally
13 or under the doctrine of equivalents.

14 13. American has not infringed any valid and enforceable claim of the '845 patent, either
15 directly or as a contributory or inducing infringer, and either literally or under the doctrine of
16 equivalents. In particular, without limitation, American has not without authority made, used, sold,
17 offered for sale in the United States, or imported into the United States any invention claimed in the
18 '845 patent, has not actively or knowingly induced others to infringe, and has not contributed to the
19 infringement of others, by, without authority, making, using, selling, offering for sale in the United
20 States, or importing into the United States any invention claimed in the '845 patent.
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24 **COUNTERCLAIM III**
25 **DECLARATORY JUDGMENT OF INVALIDITY OF THE '196 PATENT**

26 14. American incorporates by reference and repeats the statements set forth in paragraphs
27 1-12 above.
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- 1 (c) Enjoining Plaintiff from asserting the '845 patent against American;
- 2 (d) Issuing a declaration that American does not infringe, and has not infringed, either
- 3 directly or by contributory infringement, any valid and enforceable claim of the '196 patent, either
- 4 literally or under the doctrine of equivalents;
- 5 (e) Issuing a declaration that American does not infringe, and has not infringed, either
- 6 directly or by contributory infringement, any valid and enforceable claim of the '845 patent, either
- 7 literally or under the doctrine of equivalents;
- 8 (f) Issuing a declaration that each of the claims of the '196 patent are invalid;
- 9 (g) Issuing a declaration that each of the claims of the '845 patent are invalid;
- 10 (h) Ordering that this is an exceptional case pursuant to 35 U.S.C. § 285, and awarding
- 11 American its attorney fees and full costs of suit; and
- 12 (i) Awarding American such other and further relieve as this Court deems just and
- 13 appropriate.
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1 DATED: March 16, 2009

Respectfully submitted,

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1 **CERTIFICATE OF SERVICE**

2 I hereby certify that the all counsel of record, who are deemed to have consented to electronic
3 service are being served this March 16, 2009, with a copy of this document via the Court's CM/ECF
4 system per Local Rule CV-5(a)(3). Any other counsel of record will be served by electronic mail,
5 facsimile transmission and/or first class mail on this same date.
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8 /s/ Elizabeth L. DeRieux
Elizabeth L. DeRieux
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