

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF WISCONSIN

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ROCKWELL AUTOMATION, INC. and  
ROCKWELL AUTOMATION  
TECHNOLOGIES, INC.,

Plaintiffs,

v.

OPINION AND ORDER

10-cv-718-wmc

WAGO CORPORATION and WAGO  
KONTAKTTECHNIK GMBH & CO. KG,

Defendants.

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In a decision dated March 15, 2013, the court found that plaintiffs Rockwell Automation, Inc. and Rockwell Automation Technologies, Inc., acted with unclean hands in failing to disclose the existence of their 1747 Open Controller. (Dkt. #421.) Before the court is plaintiffs' motion for clarification of the record and, if granted, for reconsideration of the court's finding of unclean hands and of the appropriate remedy. (Dkt. #424.) For the reasons explained below, the court will grant the motion in part, modifying its findings as to defendant's claim of unclean hands, while providing a similar remedy as a discovery sanction.

In its motion for reconsideration, Rockwell seeks further review of the court's conclusion that Rockwell acted in bad faith in failing to disclose the Open Controller. In particular, Rockwell challenges four pieces of circumstantial evidence on which the court expressly relied for its finding of bad faith, offering a credible, more complete explanation for each piece of evidence and explanation of its reasons for failing to disclose the 1747 Open Controller. WAGO argues that this explanation is simply too little, too late.

While the court might normally agree, given the ramifications of its finding of bad faith both in and beyond this lawsuit, and in light of the heightened proof required for a finding of unclean hands, the court is willing to reconsider its ruling.

First, Rockwell again explains its initial failure to list the 1747 Open Controller based on Rockwell's and its counsel's focus on programmable logic controllers (PLCs) in the searches conducted to respond to WAGO's discovery requests. As a PC-based controller, therefore, the 1747 Open Controller was not on Rockwell's radar screen. Second, and related to the first point, Rockwell contends that its decision to limit its search to PLCs was justified in light of the differences between PLC and PC-based controllers, as well as Rockwell's belief that PC-based controllers like the 1747 Open Controller were not relevant to the parties' dispute. Third, Rockwell maintains that it later removed software products related to Open Controllers (like the 1747) from its initial list not because of their relation to Open Controllers, but rather because they were software products and, therefore, not at all responsive to WAGO's interrogatory on controllers. Fourth, Rockwell argues that the 1747 Open Controller is not particularly ground-breaking and, therefore, Rockwell had no reason to "bury it."

While the court remains convinced that Rockwell should have disclosed the 1747 Open Controller -- or at the very least disclosed the narrow definition it was using in responding to WAGO's discovery requests -- the court finds Rockwell's proffer of reasons for not including the 1747 Open Controller on its list of controllers at least plausible and, more to the point for purposes of the court's finding of bad faith, as plausible as a finding that the plaintiffs withheld relevant discovery intentionally or recklessly. In light of this

conflicting evidence, the court (1) finds that the proof here fails to meet the clear and convincing standard required for bad faith, (2) will grant the motion for reconsideration, and (3) will vacate its finding of unclean hands.

Still, Rockwell's failure to find, disclose or qualify its non-disclosure of an arguably important piece of its own prior art remains sanctionable on all the facts here.<sup>1</sup> Rockwell's failure to disclose the 1747 Open Controller resulted from what it now acknowledges was a deliberate decision to exclude Open Controllers as not relevant -- a determination it was not free to make unilaterally without disclosure in responding to a request not so qualified. Rockwell also erroneously represented to Judge Crocker that "we've searched all the documents, we've search[ed] the custodians, we've shared databases, . . . and we've produced everything." (5/16/12 Hearing Tr. (dkt. #101) 10-11.) In response, Judge Crocker warned Rockwell of the consequences pursuant to Federal Rule of Civil Procedure 37(b) of misleading the court. (*Id.* at 12.) Here, the only remedy available to the court for this that is commensurate with non-disclosure remains a retrial on anticipation based on the 1747 Open Controller.<sup>2</sup>

The additional briefing on Rockwell's motion for reconsideration sparked a second issue. In opposing the motion, WAGO submitted another supplemental report from its expert Richard Hooper. (Dkt. #432.) WAGO argues in its opposition brief that the expert report was allowed by "this Court's clear ruling granting WAGO the right to

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<sup>1</sup> As plaintiffs acknowledge, the court need not find bad faith in order for the court to sanction Rockwell for its failure to disclose. (Trial Tr. (dkt. #368) 22.)

<sup>2</sup> The court considered a monetary sanction, but ultimately concluded any amount imposed would be arbitrary.

supplement its invalidity contentions and its expert reports.” (Defs.’ Opp’n (dkt. #431)

4-5.) That order provides in pertinent part:

the court’s order denying defendants WAGO Corporation and WAGO Kontakttechnik GmbH & Co. KG’s motion to supplement its invalidity contentions and its expert report (dkt. #300) is VACATED IN PART to permit defendants to supplement their invalidity contentions and expert report to include a claim that the 1747 Open Controller anticipates the ‘813 patent.

(3/15/13 Op. & Order (dkt. #421) 22.) The court’s intent in adopting this language -- as explained earlier in the same opinion -- was to grant the relief defendants requested in September 2012 to supplement Hooper’s report and amend WAGO’s invalidity contentions. (*Id.* at 15 (“Consistent with this remedy, the court further (1) vacates in part its prior opinion striking Hooper’s supplemental report (dkt. #300) opining on anticipation based on the 1747 Open Controller).) The court did *not* intend to grant WAGO leave to file a *second* supplemental expert report; rather, the court intended to clarify what remained to be tried by vacating its earlier decision.

As the court has repeatedly explained before, WAGO shares responsibility for the 1747 Open Controller being missed in discovery. Separate from Rockwell’s obligation to disclose, WAGO had an independent obligation to conduct discovery in support of its invalidity claims. If WAGO had been more diligent in conducting discovery, the court remains convinced that it could and likely would have timely discovered the 1747 Open Controller (and other open controllers in the industry). For this reason, the court did not allow further supplementation of Hooper’s expert report. Accordingly, the court will strike the proposed second supplemental expert report (dkt. #432) from the record.

Turning to a suitable discovery sanction, WAGO may proceed with a trial solely on anticipation of the '813 patent based on the 1747 Open Controller. Any trial on anticipation will be limited to those opinions offered in Hooper's original supplemental report. (Dkt. ##217-1, 217-2.) As Rockwell explained in its motion for reconsideration, Hooper's anticipation opinion in the supplemental report is limited to certain claims (claims 1 and 20). However, the report also explains the operation of the 1747 Open Controller. *See Sundance, Inc. v. Demonte Fabricating Ltd.*, 550 F.3d 1356, 1365 (Fed. Cir. 2009) (explaining that expert testimony is required to explain complex prior art references); *Proveris Scientific Corp. v. Innovasystems, Inc.*, 536 F.3d 1256, 1267 (Fed. Cir. 2008) (same). Whether a jury can find anticipation of other dependent claims based on that explanation is an open question to be addressed as a matter of fact by the jury. *Elan Pharms., Inc. v. Mayo Found. for Med. Educ. & Research*, 346 F.3d 1051, 1054 (Fed. Cir. 2003) (en banc) ("Whether an invention is anticipated is a question of fact.").

#### ORDER

IT IS ORDERED that:

- 1) Plaintiffs Rockwell Automation Technologies, Inc. and Rockwell Automation, Inc.'s motion for reconsideration (dkt. #424) is GRANTED IN PART AND DENIED IN PART. The court vacates its earlier decision finding unclean hands on the part of plaintiffs in failing to disclose the 1747 Open Controller (dkt. #421). The court, however, finds Rockwell's failure sanctionable under Federal Rule of Civil Procedure 37;
- 2) The supplemental expert report of Richard Hooper (dkt. #432) is STRICKEN from the record; and
- 3) The following deadlines shall apply to the anticipation trial:

- a. On or before August 9, 2013, plaintiffs shall submit a rebuttal expert report limited to whether the 1747 Open Controller anticipates the '813 patent claims. In order to meet this deadline, defendants are expected to fully cooperate in scheduling a deposition of Richard Hooper if plaintiffs wish to depose him on his opinion that the 1747 Open Controller anticipates certain claims of the '813 patent.
- b. On or before August 23, 2013, the parties shall provide opposing counsel and the court:
  - i. Motions in limine.
  - ii. Exhibit lists on the court's standard form. Any exhibits not listed shall be excluded from admission into evidence except upon good cause shown.
  - iii. Additional voir dire questions.
  - iv. Proposed verdict forms.
  - v. Proposed jury instructions.
  - vi. In addition to electronically filing voir dire questions, verdict forms and jury instructions, please submit to the court an electronic copy of each in Microsoft Word format to [wiwd\\_wmc@wiwd.uscourts.gov](mailto:wiwd_wmc@wiwd.uscourts.gov).
- c. On or before August 30, 2013, the parties shall provide opposing counsel and the court:
  - i. Responses to motions in limine.
  - ii. Objections to exhibits, narrative statements and deposition excerpts or summaries.
  - iii. Responses to opposing parties' voir dire questions, verdict forms, and jury instructions.
- d. Counsel are directed to consult in good faith and reach resolution to the extent possible on the admissibility of exhibits, narrative statements and deposition excerpts or summaries. Each party shall file copies of any remaining, contested exhibits, summaries or excerpts they intend to offer with the court by 12:00 p.m. on Thursday, September 12, 2013.
- e. The final pre-trial conference shall be held on Tuesday, September 17, 2013, at 4:00 p.m.

- f. The trial shall commence Monday, September 23, 2013, at 9:00 a.m. The parties should plan to meet with the court at 8:00 a.m. that morning for any additional matters that need to be brought to the court's attention.

Entered this 18th day of June, 2013.

BY THE COURT:

/s/

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WILLIAM M. CONLEY  
District Judge