

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

WHIRLPOOL CORPORATION,

Plaintiff,

v.

DELTA FILL INCORPORATED, and  
ONEPURIFY, LLC,

Defendants.

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Civil Action No. 2:17-cv-00520

**WHIRLPOOL CORPORATION’S MOTION FOR PRELIMINARY INJUNCTION**

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Plaintiff Whirlpool Corporation (“Whirlpool”) respectfully submits this memorandum of law in support of its motion for preliminary injunction to stop ongoing patent infringement by Defendants DeltaFill Incorporated and OnePurify, LLC (collectively “DeltaFill”).

### **INTRODUCTION**

Since October 2015, this Court has entered 28 permanent injunctions against distributors who were directly infringing Whirlpool’s United States Patent 7,000,894 (“the ‘894 Patent”) protecting the innovations in some of Whirlpool’s most commercially successful refrigerator water filters. As the Court is aware, one of those permanent injunctions was against the primary supplier of the infringing filters in many of Whirlpool’s lawsuits, Tianjin Jinghai Yunda Industry and Trade Co., Ltd. (“Yunda”), a Chinese manufacturer and distributor of copycat filters. Based on this Court’s orders, Whirlpool continues to work with third-party on-line retail sites (such as eBay.com and Amazon.com) to remove seller listings of infringing filters encompassed by those injunctions, effectively taking some new sellers out of the marketplace.

In the Yunda litigation, however, Whirlpool discovered that DeltaFill was the primary player in the introduction of Yunda’s infringing filters into the United States. While Yunda appears to have stopped its infringing activities, DeltaFill has not. To the contrary, although it no longer appears to distribute Yunda’s copycat filters, DeltaFill has now re-entered the market selling infringing filters with what it describes as a “completely different” design. As set forth in this memorandum and supporting materials, this “new” design is nothing more than a copy of Whirlpool’s patented filter technology with only a minor change made to Whirlpool’s commercial embodiments, which is irrelevant to infringement.

Absent injunctive relief, DeltaFill will continue its ongoing infringement, and its infringing design will further inundate the market, not only causing harm to Whirlpool, but also inevitably

leading other manufacturers and distributors to adopt and distribute the same infringing filters. This will place Whirlpool in a position of having to engage in a new, never-ending process of suing these individual sellers in order to protect its intellectual property. Whirlpool therefore moves for a preliminary injunction to stop the substantial and on-going harm to Whirlpool caused by Deltafill's infringement.

### **STATEMENT OF FACTS**

#### **A. WHIRLPOOL'S PATENT.**

Whirlpool is an industry leader in the design, manufacture, supply, and sale of household appliances and accessories throughout the United States and the rest of the world. (Ex. 1; App. 1, ¶ 4). (Declaration of Brett Dibkey). A significant component of Whirlpool's business relates to the design, manufacture, supply, and sale of water filters for use in the refrigerators it sells. (Ex. 1; App. 1, ¶ 4). The present lawsuit involves DeltaFill's infringement of United States Patent No. 7,000,894 owned by Whirlpool. See Compl., Ex. A. Two of the refrigerator water filters designed and sold by Whirlpool practice the technology protected by the '894 Patent.

*Ex parte* reexamination of the '894 Patent was requested in 2012 by a filter distributor against which Whirlpool had filed a patent infringement lawsuit. (Ex. 1; App. 3, ¶ 12; Compl, Ex. A). A Reexamination Certificate was issued on March 3, 2014, confirming all original or amended claims. See Compl., Ex. A. Since that time, 28 retailers have entered into consent judgments in this Court, acknowledging their infringement and the validity of the '894 Patent.<sup>1</sup> The '894 Patent

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<sup>1</sup> See Whirlpool Corporation v. Brauchla TV, Inc. d/b/a Brauchla TV & Appliance, Civil Action No. 2:15-cv-2068 (Document 5); Whirlpool Corporation v. National Trade Supply, LLC, Civil Action No. 2:15-cv-1701-JRG (Document 5); Whirlpool Corporation v. Zipras, Inc., Civil Action No. 2:15-cv-1636-JRG (Document 7); Whirlpool Corporation v. Air 1 Supply, Inc., Civil Action No. 2:15-cv-1640-JRG (Document 6); Whirlpool Corporation v. Global Parts Supply, LLC d/b/a Pandora's OEM Appliance Parts, Civil Action No. 2:15-cv-1563-JRG (Document 7); Whirlpool Corporation v. JJ Wholesale Group Inc. d/b/a Bob's Filters and Joseph Spira, Civil Action No.

also withstood a validity challenge in a case tried earlier this year. In Whirlpool Corporation v. TST Water, LLC, No. 2:15-CV-1528-JRG, the jury returned a verdict finding infringement by TST and upholding the validity of the ‘894 Patent. (Docket No. 148).

## **B. WHIRLPOOL’S FILTERS.**

Included in Whirlpool’s product offerings are its patented EveryDrop™ Ice & Water Refrigerator Filters 1 and 3 (hereinafter “Filter 1” and “Filter 3”):

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2:15-cv-1565-JRG (Document 11); Whirlpool Corporation v. Spectacular Products and William Long, Civil Action No. 2:15-cv-86 consolidated with 2:15-cv-2103 (Document 20); Whirlpool Corporation v. Dilmen, LLC d/b/a Coral Premium Water Filters and Huseyin Dilmen, Civil Action No. 2:15-cv-1722 consolidated with 2:15-cv-2103 (Document 17); Whirlpool Corporation v. Radiant Marketing, LLC d/b/a Clear Sip Water Filters, Civil Action No. 2:15-cv-2101 consolidated with 2:15-cv-02103-JRG (Document 23); Whirlpool Corporation v. Purenex, Inc., Civil Action No. 2:16-cv-028 consolidated with 2:15-cv-02103-JRG (Document 32); Whirlpool Corporation v. iSpring Water Systems, LLC d/b/a 123Filter.com, Civil Action No. 2:16-cv-107 consolidated with 2:15-cv-02103-JRG (Document 41-2); Whirlpool Corporation v. Craft Appliances, Inc. and Brian Craft, Civil Action No. 2:16-cv-084 consolidated with 2:15-cv-02103-JRG (Document 51); Whirlpool Corporation v. Compatible Parts, LLC, Civil Action No. 2:16-cv-445 (Document 9); Whirlpool Corporation v. A&M Distribution, LLC, Aymeric Monello and Megan Grant, Civil Action No. 2:16-cv-106 (Document 8); Whirlpool Corporation v. DG Enterprises, LLC d/b/a Splash Filters, Civil Action No. 2:16-cv-109 (Document 8); Whirlpool Corporation v. PS Newby, LLC d/b/a Sylvia Water Purification, Civil Action No. 2:16-cv-137 consolidated with 2:16-cv-565 (Document 7); Whirlpool Corporation v. Arclyte Technologies, Inc., Civil Action No. 2:16-cv-138 (Document 8); Whirlpool Corporation v. Pricebreak, Inc., Civil Action No. 2:16-cv-416 consolidated with 2:16-cv-565 (Document 7); Whirlpool Corporation v. iSave.com, Inc., Civil Action No. 2:16-cv-418 (Document 7); Whirlpool Corporation v. Crystal Rose Trading, Inc. d/b/a UltimatePurification USA, Civil Action No. 2:16-cv-560 (Document 7); Whirlpool Corporation v. Woodside Distributors, Inc., Civil Action No. 2:16-cv-565 (Document 7); Whirlpool Corporation v. Blue Grizzly Supply, Inc., Civil Action No. 2:16-cv-585 consolidated with 2:16-cv-565 (Document 9); Whirlpool Corporation v. Odogo Enterprises, Civil Action No. 2:16-cv-685 consolidated with 2:16-cv-565 (Document 7); Whirlpool Corporation v. Enow Wholesale, Inc., Civil Action No. 2:16-cv-737 (Document 24); Whirlpool Corporation v. Brixton Holdings, LLC, Civil Action No. 2:16-cv-822 (Document 9); Whirlpool Corporation v. AWP Group, Inc. d/b/a Water Filters Fast, Civil Action No. 2:16-cv-988 (Document 16); Whirlpool Corporation v. Pavel Water Filtration, Inc. and Henry H. Pavel, Civil Action No. 2:16-cv-146 consolidated with 2:15-cv-02103 (Document 143); and Whirlpool Corporation v. Tianjin Jinghai Yunda Industry and Trade Co., Ltd., Civil Action No. 2:16-cv-229 consolidated with 2:15-cv-2103 (Document 146).



(App. 2, ¶ 10). Filters 1 and 3 each practice the '894 Patent.

These filters are a very important part of Whirlpool's business, both in terms of revenue and in creating and maintaining consumer goodwill for Whirlpool. (Ex. 1; App. 2, ¶ 7). Whirlpool has spent considerable resources in acquiring, developing, marketing, and distributing these products and their related technology. (Ex. 1; App. 2-3, ¶¶ 11-14).

Whirlpool is known in the industry and by its customers for the quality products that it produces and distributes. Its customers rely on Whirlpool to provide such quality to ensure the proper operation of their refrigerators and the water quality they desire for their families. (Ex. 1; App. 2, ¶ 8). Whirlpool invests significant resources in quality control testing and third party certification to ensure that its water filters are of high quality. (Ex. 1; App. 2, ¶ 9).

Whirlpool recommends that its customers replace the water filter in their Whirlpool refrigerators every six months or more frequently depending on usage and water quality. (Ex. 1; App. 2, ¶ 6). Replacement water filters are sold and distributed by Whirlpool through a variety of channels, including through large trade partners, such as Target, Lowes, Home Depot, Sears, and Best Buy, authorized Whirlpool dealers, and direct-to-customer sales. (Ex. 1; App. 3, ¶ 13).

Whirlpool's direct-to-customer sales take place through a variety of on-line sources, including its own everydropwater.com website and other retail websites such as Amazon.com. (Ex. 1; App. 3, ¶ 13).

Whirlpool began to experience a decline in its unit sales of its patented filters in 2015 due to infringing copycat filters being manufactured and sold on internet retail sites such as Amazon.com and eBay.com. (Ex. 1; App. 3, ¶ 15). Whirlpool filed its first patent infringement lawsuit against one of these retailers in October 2015, and since that time has filed suit against many others. (Ex. 1; App. 4, ¶ 21). Through that very time-consuming and expensive process, Whirlpool discovered that many of the copycat infringing filters were being manufactured and supplied by Yunda, and being sold through its network of U.S.-based retailers. Yunda agreed to a Consent Judgment and Permanent Injunction, entered by the Court on February 17, 2017. See Whirlpool Corporation v. Tianjin Jinghai Yunda Industry and Trade Co., Ltd. et al., Case No. 2:15-cv-00229-JRG (Docket No. 146). During the course of that litigation, however, Whirlpool discovered that DeltaFill was the driving force behind the creation of the marketplace for infringing filters in the United States, as it continues to be today.

**C. DELTAFILL'S INFRINGING PRODUCTS AND ITS MERITLESS CLAIM OF A "COMPLETELY DIFFERENT" DESIGN.**

DeltaFill Incorporated and One Purify, LLC are Texas companies with their offices located in Katy, Texas. (Ex. 3; App. 7-8). DeltaFill is a distributor of different models of replacement water filters for refrigerators. (Ex. 5-8; App. 20-56). Although Yunda was the manufacturer of the infringing filters that were the subject of many of Whirlpool's previous lawsuits, DeltaFill was the impetus for Yunda's foray into selling infringing filters in the United States in the first place. Indeed, DeltaFill sent Yunda samples of Whirlpool's filters and asked Yunda to manufacture identical products for DeltaFill's distribution in the United States. (Ex. 3; App. 12-14). DeltaFill

went so far as to work with Yunda and another Chinese entity to develop the appropriate molds to manufacture Yunda’s infringing filters. (Ex. 3; App. 13-14). As a result of that relationship, Yunda manufactured at least 100,000 infringing filters for DeltaFill. (Ex. 3; App. 12). All the while, DeltaFill’s owner, Xiang Zhang, was aware that there were “patent issues”. (Ex. 3; App. 14-15).

DeltaFill appears to have stopped selling infringing filters that it purchased from Yunda. However, its infringing activities have not stopped. It now sells new copies of Whirlpool Filters 1 and 3, which are covered by the claims of the ‘894 Patent. These “Whirlpool Compatible” filters (collectively identified as “the Infringing Filters”) are actively displayed and offered for sale on one of DeltaFill’s websites as model numbers 3700A (copy of Whirlpool Filter 1) and 3800A (copy of Whirlpool Filter 3):

**SALE**



**OnePurify**  
**Whirlpool W10295370A /**  
**Kenmore 46-9930**  
**Compatible Refrigerator**  
**Water Filter**  
On sale from \$16.15

**SALE**

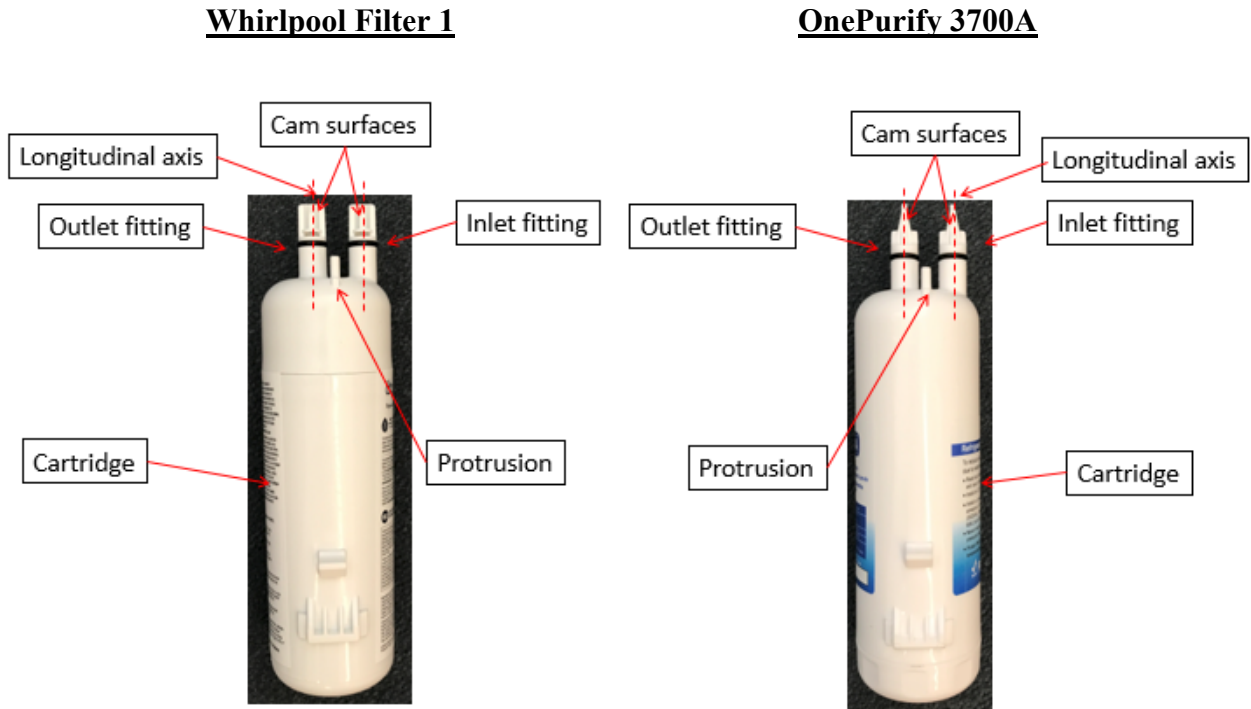


**OnePurify**  
**Whirlpool 4396841 FILTER 3**  
**EDR3RXD1 4396710**  
**W10186667 PUR Push**  
**Button Compatible**  
**Refrigerator Water Filter**  
On sale from \$15.14



(App. 20-21, listings from <https://www.shoponepurify.com>). DeltaFill also displays and offers the Infringing Filters for sale on eBay.com and Amazon.com (where it has sold thousands of the Infringing Filters) and other third-party retail sites such as Walmart.com. (Ex. 6-8; App. 42-56).

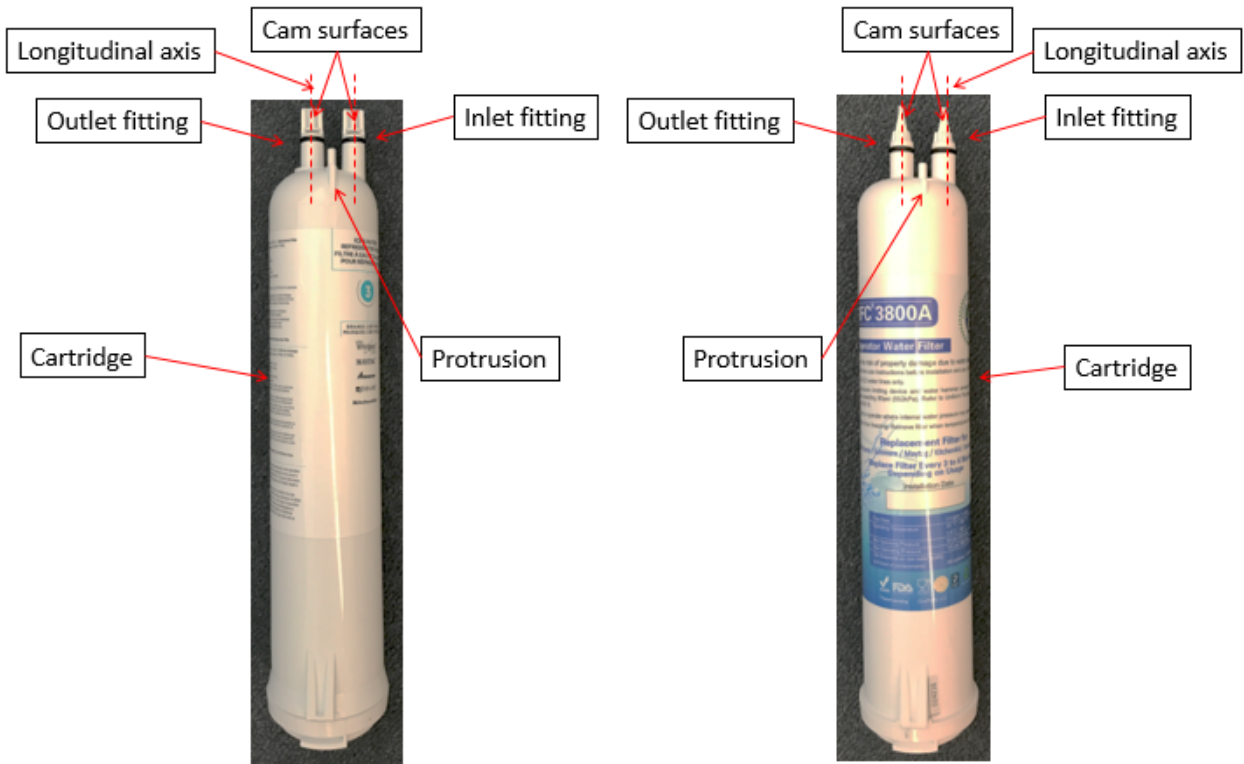
Shown below are annotated photographs of DeltaFill's 3700A filter and a corresponding image of Whirlpool's patented Filter 1, which are virtually identical:



The same is true of DeltaFill's 3800A filter and Whirlpool's patented Filter 3:

**Whirlpool Filter 3**

**OnePurify 3800A**



As explained below and in the attached declaration of Dr. Joseph Beaman, all Deltafill has done to its “new” design is add a spring mechanism to the inlet and outlet fittings, a minor change that does not remove it from the scope of Whirlpool’s patent claims.

**D. DELTAFILL’S CONTINUED INFRINGEMENT, AND INFRINGEMENT BY OTHER DISTRIBUTORS SELLING THE INFRINGING PRODUCTS.**

Relying on the consent judgments and permanent injunctions issued by this Court, Whirlpool has worked with third-party on-line retail sites (such as eBay.com and Amazon.com) to remove seller listings of infringing filters encompassed by those injunctions. Whirlpool attempted

to have DeltaFill's listings for the Infringing Filters removed from Amazon.com; however, DeltaFill responded by contending that "its design and technology are completely different from [Whirlpool's.]" (Ex. 10; App. 68). Despite knowledge of the '894 Patent and its infringement, DeltaFill continues to offer the Infringing Filters for sale on its own websites and other on-line retail sites. (Ex. 4-8; App. 20-56).

Furthermore, DeltaFill is actively advertising and selling private-labeled replacement refrigerator filters (including Whirlpool-compatible filters) to other retailers in the United States through a second website. (Ex. 5-6; App. 33-42 (<http://onepurifyfilters.com>)). There, DeltaFill bills itself as "The Leading OEM for Water Purification Technologies" and offers "remarkably economical pricing" on its replacement filters, as well as volume discounts to help its retail customers "improve their margins." (Ex. 5; App. 34, 37). Numerous other on-line retailers are already distributing the Infringing Filters. (Ex. 9; App. 57-67). Absent an injunction halting DeltaFill's continued sales of the Infringing Filters, Whirlpool must chase its tail and burden this Court by filing suit after suit against new retailers who sell DeltaFill's product (and who may very well start importing and selling their own private-labeled copies of the Infringing Filters).

### **ARGUMENT**

District courts are authorized to grant a preliminary injunction to restrain ongoing patent infringement "in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable." 35 U.S.C. § 283. The party "seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest." Apple v. Samsung Electronics

Co., Ltd., 695 F.3d 1370, 1373-74 (Fed. Cir. 2012) (internal quotation marks and citation omitted).

Each of these four factors is satisfied.

**A. WHIRLPOOL IS LIKELY TO SUCCEED ON ITS PATENT INFRINGEMENT CLAIMS.**

To establish a likelihood of success on the merits of its patent infringement claims, Whirlpool “must show that it will likely prove infringement, and that it will likely withstand challenges, if any, to the validity of the patent.” Titan Tire Corp. v. Case New Holland, Inc., 566 F.3d 1372, 1376 (Fed. Cir. 2009). These two requirements are herein met.

**1. DeltaFill’s filters clearly infringe the ‘894 Patent.**

Whirlpool must first prove that success in establishing infringement is “more likely than not.” Revision Military, Inc. v. Balboa Mfg. Co., 700 F.3d 524, 525-26 (Fed. Cir. 2012). Here, the infringement analysis is straightforward: the Infringing Filters are copies of Whirlpool’s patented Filters 1 and 3, each of which practice the ‘894 Patent. DeltaFill’s model numbers 3700A (copy of Filter 1), and 3800A (copy of Filter 3) meet each and every limitation of at least claims 1 and 4 of the ‘894 Patent.

A determination of infringement is a two-step process: “[t]he court must first construe the asserted claims and then compare the properly construed claims to the allegedly infringing devices.” Pause Tech. LLC v. TiVo Inc., 419 F.3d 1326, 1335 (Fed. Cir. 2005) (citation omitted). In comparing the claims to an accused product, a patentee must prove that “the accused device contains each limitation of the asserted claim, or an equivalent of each limitation.” Applied Medical Resources Corp. v. Tyco Healthcare Group LP, 534 Fed. Appx. 972, 976 (Fed. Cir. 2013) (quotation omitted).

The declaration of Dr. Joseph Beaman<sup>2</sup> and accompanying claim charts demonstrate that DeltaFill’s 3700A and 3800A filters literally infringe at least claims 1 and 4 of the ‘894 Patent. (Ex. 11A-D; App. 70-129). Under an analytical framework using the Court’s claim construction in the TST Water case and the plain and ordinary meaning of the remaining claim terms, each and every element of at least claims 1 and 4 is found in DeltaFill’s infringing Filter 1 and Filter 3 designs.<sup>3</sup> The fact the Infringing Filters differ slightly in design from Whirlpool’s commercial embodiment of the ‘894 Patent is irrelevant. See Datascope Corp. v. SMEC, Inc., 879 F.2d 820, 824 (Fed. Cir. 1989) (it is the *claims* that are infringed, not commercial embodiments).

Furthermore, it is fundamental patent law that one cannot simply avoid infringement by adding elements to an infringing device. See, e.g., CIAS, Inc. v. Alliance Gaming Corp., 504 F.3d 1356, 1360 (Fed. Cir. 2007) (explaining that an infringing device may include additional, unrecited elements); Northern Telecom, Inc. v. Datapoint Corp., 908 F.2d 931, 945 (Fed. Cir. 1990) (“The addition of features does not avoid infringement, if all the elements of the patent claims have been adopted .... Nor is infringement avoided if a claimed feature performs not only as shown in the patent, but also performs an additional function.”); A.B. Dick Co. v. Burroughs Corp., 713 F.2d 700, 703 (Fed. Cir. 1986) (“It is fundamental that one cannot avoid infringement merely by adding elements if each element recited in the claims is found in the accused device”); 5A DONALD S. CHISUM, CHISUM ON PATENTS, § 18.03[4][b] (2015).

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<sup>2</sup> Dr. Beaman holds a Sc.D. in Mechanical Engineering from the Massachusetts Institute of Technology and is the Earnest F. Gloyne Regents Chair in Engineering and Professor in the Department of Mechanical Engineering in the Cockrell School of Engineering at the University of Texas at Austin in Austin, Texas. (App. 70-72). Dr. Beaman testified at trial before this Court in the TST Water case, where the jury credited his testimony and returned a verdict finding infringement and that Whirlpool’s ‘894 Patent was not invalid.

<sup>3</sup> See Whirlpool Corporation v. TST Water, LLC, No. 2:15-CV-1528-JRG, Docket No. 59.

Here, adding a spring to the inlet and outlet fittings of the DeltaFill 3700A and 3800A filters does nothing to avoid infringement. All of the '894 Patent claims use the transitional phrase "comprising," which in patent parlance is well understood to mean "including but not limited to." See In Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc., 200 F.3d 795, 811 (Fed.Cir.1999) (explaining that patent claims "use the signal 'comprising,' which is generally understood to signify that the claims do not exclude the presence in the accused device or method of factors in addition to those explicitly recited"). Whirlpool therefore has satisfied its burden of demonstrating the likelihood of infringement of the '894 Patent.

## **2. The '894 Patent is Valid.**

To establish likelihood of success on the merits, Whirlpool must also demonstrate that at least one or more of the allegedly infringed claims "will also likely withstand the validity challenges presented by the accused infringer." AstraZeneca LP v. Apotex, Inc., 633 F.3d 1042, 1050 (Fed. Cir. 2010) (quotations and citations omitted). The trial court can deny a preliminary injunction on this basis only if it "concludes there is a 'substantial question' concerning the validity of the patent, meaning that the alleged infringer has presented an invalidity defense that the patentee has not shown lacks substantial merit." Titan Tire, 566 F.3d 1372, 1379 (Fed. Cir. 2009). Invalidity, however, is "an affirmative defense, and the patentee need not address invalidity as an initial matter in filing for a preliminary injunction."<sup>4</sup> Gaymer Industries, Inc. v. Cincinnati Sub-Zero Products, Inc., 790 F.3d 1369, 1375 n.7 (Fed. Cir. 2015) (citing Titan Tire, 566 F.3d at 1379). While Whirlpool does not have the burden in this brief of anticipating and rebutting arguments

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<sup>4</sup> In assessing whether a patentee is entitled to an injunction "the court views the matter in light of the burdens and presumptions that will inhere at trial." Titan Tire, 566 F.3d at 1379. "Thus, if a patentee moves for a preliminary injunction and the alleged infringer does not challenge validity, the very existence of the patent with its concomitant presumption of validity satisfies the patentee's burden of showing a likelihood of success on the validity issue." Id.

that DeltaFill may raise, it is apparent that DeltaFill will not be able to raise a substantial question of validity.

An issued U.S. patent is given a statutory presumption of validity. See 35 U.S.C §§ 171, 182; Ethicon Endo-Surgery, Inc. v. Covidien, Inc., 796 F.3d 1312, 1328 (Fed. Cir. 2015). The ‘894 Patent underwent an examination process by the USPTO in which a significant amount of prior art was considered, and the patent was duly issued. See Compl., Ex. A. The ‘894 Patent was also subject to a rigorous reexamination process by the USPTO during which additional prior art was considered. (Ex. 1; App. 3, ¶ 12; Compl., Ex. A). The claims were confirmed patentable as amended, and an Ex Parte Reexamination Certificate was issued on March 3, 2014. Compl., Exh. A. The ‘894 Patent also recently withstood a challenge to validity in a jury trial in the TST Water case. See Whirlpool Corporation v. TST Water, LLC, No. 2:15-CV-1528-JRG (Docket No. 148). In view of the above, there can be no substantial question as to the validity of the ‘894 Patent. See Titan Tire, 566 F.3d at 1379.

Furthermore, secondary considerations support the nonobviousness of the ‘894 Patent. See Wyers v. Master Lock Co., 616 F.3d 1231, 1245 (Fed. Cir. 2010) (discussing “secondary indicia of nonobviousness”). DeltaFill has essentially copied Whirlpool’s Filters 1 and 3, which embody and practice the ‘894 Patent. Evidence that a competitor replicated a specific product is strong evidence of nonobviousness. See Iron Grip Barbell Co., Inc. v. USA Sports, Inc., 392 F.3d 1317, 1325 (Fed. Cir. 2004). In addition, recognition in the industry of the validity of a patent may serve as evidence of nonobviousness. See Penda Corp. v. U.S., 29 Fed. Cl. 533, 569 (Fed. Cl. 1993). Whirlpool has entered into consent judgments with 28 retailers in which those retailers have acknowledged the validity and enforceability of the ‘894 Patent.

Accordingly, Whirlpool has shown that the Infringing Filters likely infringe the '894 Patent, and that the '894 Patent is not invalid. Whirlpool, therefore, is likely to prevail on its infringement claims.

**B. WHIRLPOOL WILL BE IRREPARABLY HARMED IN THE ABSENCE OF A PRELIMINARY INJUNCTION.**

If DeltaFill is allowed to continue to offer for sale, sell, and distribute the Infringing Filters, Whirlpool will suffer irreparable harm. Such harm will occur in the form of loss of market share, changed consumer expectations created by the presence of inexpensive, infringing products, and the loss of Whirlpool's exclusive patent rights. Harm also will occur via the immeasurable damage to Whirlpool's goodwill and reputation as the creator and only authorized provider of its patented inventions and designs. Furthermore, without injunctive relief, DeltaFill's "new" design will be adopted by other third-party manufacturers and distributors, and Whirlpool's only remedy will be to continue to bring suit after suit against sellers of this design.

Every time a consumer purchases an Infringing Filter from DeltaFill (or another distributor selling the Infringing Filters), a potential sale by Whirlpool is lost. Loss of market share justifies a finding of irreparable harm. See Golden Hour Data Systems, Inc. v. emsCharts, Inc., No. 2:06-CV-381-JRG, 2014 WL 8708239, at \* 9 (E.D. Tex. March 31, 2014) (citing Celsis In Vitro, Inc. v. CellzDirect, Inc., 664 F.3d 922, 930 (Fed. Cir. 2012)).<sup>5</sup> Without an injunction, Whirlpool's ongoing loss of sales and market share will extend into the future.

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<sup>5</sup> In order to show irreparable harm in the form of lost sales/market share, a patent holder must demonstrate a "causal nexus" between the lost sales/market share and the patented feature(s) at issue. Samsung Electronics, 695 F.3d at 1374. Such a "causal nexus" exists in the present case, as the Infringing Filters have end pieces that are virtually identical to those on Whirlpool's Filters 1 and 3 and are advertised as being compatible with Whirlpool's filters.



In addition to – and contributing to – the loss to Whirlpool’s market share, DeltaFill’s infringement is contributing to the creation of a marketplace where consumers expect a lower price point on replacement filters that are compatible with their Whirlpool products. The Infringing Filters are offered for sale by DeltaFill on its own website, as well as on online retail sites such as [eBay.com](http://eBay.com), and [Amazon.com](http://Amazon.com) for less than half the retail price for Whirlpool’s Filters 1 and 3. If DeltaFill’s infringement is permitted to continue, Whirlpool would be forced to decide between a continued loss to its market share or a reduction in the retail price for its own products in order to compete against the Infringing Filters.<sup>6</sup> See Celsis, 664 F.3d at 930 (price erosion valid ground for finding irreparable harm). “Competitors change the marketplace. Years after infringement has begun, it may be impossible to restore a patentee’s (or an exclusive licensee’s) exclusive position by an award of damages and a permanent injunction.” Polymer Techs., Inc. v. Bridwell, 103 F.3d 970, 975-76 (Fed. Cir. 1996). In a situation like the present, “the patentee suffers the harm—often irreparable—of being forced to compete against products that incorporate and infringe its own patented inventions.” Douglas Dynamics, LLC v. Buyers Prods. Co., 717 F.3d 1336, 1345 (Fed. Cir. 2013). This is particularly true where the infringing party is a direct competitor selling competing products in the same marketplace, as is the case with DeltaFill. See Trebro Mfg. Inc. v. Firefly Equip., LLC, 748 F.3d 1159, 1171 (Fed. Cir. 2014). Whirlpool’s trade partners are aware of copycat filters in the marketplace, and have expressed concern to Whirlpool about the economic benefit of continuing to sell genuine filters, such as the Whirlpool Filters, when cheaper, copycat products are so readily-available. (Ex. 3; App. 4, ¶ 19).

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<sup>6</sup> Furthermore, market research shows that some consumers elect not to purchase replacement filters at all due to confusion regarding the proper filter for their Whirlpool products. (App. 4, ¶ 18). As a result of DeltaFill’s infringement, consumers are now presented with replacement filters that are advertised as Whirlpool-compatible, further adding to customer confusion over the proper filter to purchase, and decreasing the number of filters that are purchased.

The irreparable harm to Whirlpool will be compounded if DeltaFill's Infringing Filters cause customer dissatisfaction. Whirlpool ensures that its water filters are of high quality by devoting substantial resources to quality control testing and third party certification. (Ex. 1; App. 2, ¶¶ 8-9). Whirlpool has no control over the quality of DeltaFill's Infringing Filters, or their compatibility or lack thereof with Whirlpool's refrigerators. "Harm to reputation resulting from confusion between an inferior accused product and a patentee's superior product is a type of harm that is often not fully compensable by money because the damages caused are speculative and difficult to measure." Reebok International Ltd. v. J. Baker, Inc., 32 F.3d 1552, 1554 (Fed. Cir. 1994).

Furthermore, if DeltaFill's infringement is allowed to continue, it will result in further erosion of Whirlpool's patent rights and the loss of Whirlpool's legal right to exclude. This Court has recognized that the loss of right to control the terms under which a patented invention is used in the marketplace is not easily quantifiable with money damages and supports a showing of irreparable harm. See Golden Hour Data Systems, 2014 WL 8708239 at \*10. If DeltaFill's continued infringement is permitted, it would be given a *de facto* license to practice Whirlpool's inventions, which "is fundamentally at odds with the right of exclusion built into our patent system." Ortho Pharm. Corp. v. Smith, 15 US.P.Q.2d 1856, 1863, 1990 WL 18681 (E.D. Pa. 1990); Odetics, Inc. v. Storage Tech. Corp., 14 F. Supp. 2d 785, 795 (E.D. Va. 1998) (holding that a compulsory license that would result from a refusal to grant an injunction would be "antithetical to a basic tenet of the patent system").

In addition, although DeltaFill Incorporated and One Purify, LLC are Texas entities, the availability of monetary payments to satisfy a judgment is highly dubious. The Court "should assess whether a damage remedy is a meaningful one in light of the financial condition of the

infringer before the alternative of money damages can be deemed adequate.” Robert Bosch LLC v. Pylon Mfg. Corp., 659 F.3d 1142, 1155 (Fed. Cir. 2011). This is because “[w]hile competitive harms theoretically can be offset by monetary payments in certain circumstances, the likely availability of those monetary payments helps define the circumstances in which this is so.” Id. at 1155-56. Here, the nature of DeltaFill’s relationship with its Chinese manufacturing partners is uncertain. For example, it appears that DeltaFill also owns and operates at least two Chinese-based companies that participate in its infringing activities. (Ex. 3; App. 12). An award of monetary damages is often inadequate in cases involving a foreign infringer. See O2 Micro Int’l Ltd. v. Beyond Innovation Tech. Co., No. 204-cv-32, 2007 WL 869576, at \*2 (E.D. Tex. March 21, 2007), vacated and remanded on other grounds, 521 F.3d 1351 (Fed. Cir. 2008) (finding a plaintiff demonstrated the inadequacy of monetary damages because “all three defendants are foreign corporations and there is little assurance it could collect money damages”); Bushnell, Inc. v. Brunton Co., 673 F.Supp.2d 1241, 1263 (D. Kan. 2009) (granting preliminary injunction; “the prospect of collecting money damages from a foreign defendant with few to no assets in the United States tips in favor of a finding of irreparable harm”); Canon Inc. v. GCC Int’l Ltd., 450 F.Supp.2d 243, 255-56 (S.D.N.Y. 2006) (granting preliminary injunction where infringing defendant was based abroad). In addition, DeltaFill’s ability to satisfy a monetary judgment is called into question by its past failures to pay its partners in China. (Ex. 3; App. 12). The inadequacy of monetary damages is further apparent because there is no reason to believe DeltaFill will voluntarily stop offering for sale, selling, and importing the Infringing Filters. See Robert Bosch, 659 F.3d at 1155-56 (the likelihood of continued infringement a relevant factor in assessing the adequacy of monetary damages). As discussed above, DeltaFill is aware of the ‘894 Patent and its active infringement, yet it continues to offer to sell and sell the Infringing Filters.

Finally, and perhaps most significantly, without injunctive relief, it is likely that DeltaFill's "new" design will be adopted by other third-party manufacturers and distributors. Many other distributors are already actively selling the Infringing Filters, and DeltaFill is actively advertising its private-label services through its website. (Ex. 9; App. 57-67; Ex. 5; App. 33-41). Without injunctive relief, Whirlpool's only remedy will be to continue to bring suit after suit against sellers of this "new" design.

**C. THE BALANCE OF THE EQUITIES WEIGHS HEAVILY IN FAVOR OF ENJOINING DELTAFILL'S CONTINUED INFRINGEMENT.**

The "'balance of the equities' assesses the relative effect of granting or denying an injunction on the parties." i4i Ltd. Partnership v. Microsoft Corp., 598 F.3d 831, 862 (Fed. Cir. 2010). This factor overwhelmingly favors Whirlpool.

As discussed above, Whirlpool will suffer significant and irreparable harm absent an injunction. DeltaFill has been a knowing infringer of the '894 Patent since its work with Yunda in 2015, and continues to infringe today with its 3700A and 3800A model filters. Furthermore, without an injunction, Whirlpool will be forced to file suit against others sellers of the Infringing Filters and also contend with retailers who may start importing and selling their own copies of the Infringing Filters.

On the other hand, DeltaFill has copied Whirlpool's patented inventions and designs, and is selling large quantities of infringing filters in violation of Whirlpool's patent rights, and DeltaFill has done all of this with full knowledge of the infringing nature of its filters. Any harm to DeltaFill in the form of costs or expenses incurred in creating the Infringing Filters, or in lost opportunity to sell the Infringing Filters, is irrelevant. See i4i Ltd., 598 F.3d at 863 (holding that the infringing party's expenses in creating the infringing products, consequences such as redesign costs, or loss of the opportunity for further commercial success should be ignored). See also Windsurfing Int'l

Inc. v. AMF, Inc., 782 F.2d 995, 1003 n. 12 (Fed. Cir. 1986) (“[o]ne who elects to build a business on a product found to infringe cannot be heard to complain if an injunction against continuing infringement destroys the business so elected”); Smith Int’l, Inc. v. Hughes Tool Co., 718 F.2d 1573, 1581 (Fed. Cir. 1983) (reversing denial of preliminary injunction where defendant was aware of patents and “took a calculated risk that it might infringe those patents.”). A party “is not entitled to continue infringing simply because it successfully exploited its infringement.” i4i Ltd., 598 F.3d at 863. The balance of the equities favors an injunction.

**D. ENJOINING DELTAFILL’S CONTINUED INFRINGEMENT PROMOTES THE PUBLIC INTEREST.**

The public interest “is best served by enforcing patents that are likely valid and infringed.” Apple, Inc. v. Samsung Electronics Co., Ltd., 678 F.3d 1314, 1338 (Fed. Cir. 2012). See also TiVo Inc. v. EchoStar Communs. Corp., 446 F. Supp. 2d 664,670 (E.D. Tex. 2006) (the public interest is served by enjoining infringement because “[t]he public has an interest in maintaining a strong patent system.”). “Without the right to obtain an injunction, the right to exclude granted to the patentee [by the Constitution and Congress] would have only a fraction of the value it was intended to have, and would no longer be as great an incentive to engage in the toils of scientific and technological research.” Smith Int’l, 718 F.2d at 1578. Denial of an injunction in circumstances like the present – continued infringement by a distributor that knows it is infringing – would encourage other infringers to enter the market and misappropriate Whirlpool’s intellectual property. An injunction here will serve the important function of encouraging third parties to respect patent rights and to compete based on their own innovations, rather than copying someone else’s inventions. No countervailing public interest weighs against the issuance of an injunction in this case.

## CONCLUSION

For the foregoing reasons, Whirlpool respectfully requests that the Court grant its motion and issue a preliminary injunction against DeltaFill Incorporated and One Purify, LLC pursuant to Fed. R. Civ. P. 65, 35 U.S.C. § 283, and 35 U.S.C. § 271.

Specifically, this Court should enter an order preliminarily enjoining DeltaFill Incorporated and One Purify, LLC and their subsidiaries, successors, assigns, officers, directors, agents, servants, employees, attorneys, and persons in active concert or participation with them (including any affiliated entities) from infringing, directly or indirectly, at least claims 1 and 4 of the '894 Patent by offering to sell, selling, or importing into the United States DeltaFill Incorporated's and One Purify, LLC's 3700A and 3800A model replacement water filters or any replacement water filters that are not more than colorably different therefrom until such time as a trial is held on the merits.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that on July 14, 2017, the foregoing was provided to a process server to effectuate personal service on the following:

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