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WEEKLY

Jury awards Emerson in contract case

Company: Remanufacturer didn't correctly label products



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A federal jury awarded St. Louis-based Emerson \$5.4 million in a contract and trade secrets case against a competitor.

The jury in U.S. District Court in St. Louis returned its verdict Dec. 7 against Process Controls International Inc. after four and a half days of trial.

A bench trial four days later ended with a settlement calling for the destruction of documents containing trade secrets and setting requirements for labeling Process Controls' products.

Emerson had filed counterclaims against a Process Controls subsidiary based in Earth City over the marketing and selling of reconditioned equipment originally manufactured by Fisher Controls International, an Emerson subsidiary.

The lawsuit was over valves and electronic devices that control the flow of liquids in piping systems throughout a plant. The products are used in plants such as Anheuser-Busch InBev's St. Louis brewery, oil refineries and chemical plants.

Emerson claimed Process Controls' subsidiary Automation Service reneged on a 2007 agreement that called for Process Controls to mark its products clearly as remanufactured and indicate on invoices and orders that remanufactured products originally made by Emerson aren't approved or affiliated with the company.

"It's a contract that was signed by the parties to make sure that when someone bought a real Fisher product and saw a real Fisher label, something stood behind that," Jim Bennett, a Dowd Bennett attorney representing Emerson, said in his opening statement, made available via a video posted on the U.S. Courts website.

The trial was the first to be partially recorded on digital video in St. Louis under a national pilot program in federal courts.

John Walsh, a Lathrop & Gage attorney representing Automation Service, said the company met the contract's specific requirements.

"It may not be that folks at Emerson like the result they got because unfortunately original equipment manufacturers don't tend to like remanufacturers," Walsh said in his opening statement.

Emerson also claimed Automation Service violated trade secret laws when a former Emerson employee, John Rooneo, brought more than 1,000 design documents to Automation Service.

\$5.4M Defense Counterclaim Verdict

BUSINESS (BREACH OF CONTRACT, TRADE SECRETS)

- **Breakdown:** \$5,343,874 for breach of contract; \$102,027 for misappropriation of trade secrets
- **Court:** U.S. District Court for the Eastern District of Missouri
- **Case Number/Date:** 4:10-cv-00645/Dec. 7, 2012
- **Judge:** Catherine Perry
- **Caption:** Process Controls International Inc. d/b/a Automation Service v. Emerson Process Management and FM Approvals v. John Rooneo
- **Plaintiffs' Attorneys:** John Walsh, John Ryan and Scott Dickenson, Lathrop & Gage, St. Louis, for Process Controls International; Walsh for counter-defendant Rooneo
- **Defendants' Attorney:** Jim Bennett, Ed Dowd Jr., John Comerford, Gabriel Gore and Megan Heinsz, Dowd Bennett, St. Louis, for Emerson; Ted Farrell and James Kress, Baker Botts, Washington, D.C.; and Steven Sanders and John Mahon Jr., Williams Venker & Sanders, St. Louis, for FM Approvals

The documents “had been used by Fisher for decades to make it the company it is today,” Bennett said.

Walsh countered that Emerson delivered the documents to the former employee after he was fired. The employee used them at Automation Service to help him as he did his job. When his supervisor discovered them, Automation Service copied them, but only to find out what he had, Walsh said.

Emerson is pleased with the verdict, General Counsel

Frank Steeves said in a statement emailed by Bennett.

“We are grateful that the verdict protected our important contract and intellectual property rights in this case involving a remanufacturer of our Fisher products,” Steeves said in the statement.

John Ryan, another Lathrop & Gage attorney representing Automation Service, declined to comment before the bench trial ended. He didn’t return a phone call by press time after the parties reached a settlement.

Automation Service’s parent company originally was the plaintiff in the case. Process Controls sued in 2010 because the company couldn’t get its products certified. Process Controls claimed that FM Approvals, an insurance company subsidiary that certifies the safety of the process-control products, was in cahoots with Emerson.

FM Approvals also filed a counterclaim, claiming unauthorized use of its trademarks by Process Controls.

The jury only heard Emerson’s claims. Catherine Perry, the U.S. District Court’s chief judge, dismissed some of Automation Service’s claims early in the case and granted Emerson summary judgment on others about six weeks before trial.

FM Approvals settled its claims against Process Controls the week before trial.

Emerson, a manufacturing and technology company, had revenue of \$24.2 billion in 2011. **MO**