Docket No. 2023-2429

United States Court of Appeals for the Federal Circuit

CTD NETWORKS, LLC,

Plaintiff–Appellant

v.

MICROSOFT LLC,

Defendant-Appellee

Appeal from The United States District Court for the Western District of Texas Originating Case No. 6:22-cv-01049-XR before Judge Xavier Rodriguez

EMERGENCY MOTION FOR THE WITHDRAWAL OF PLAINTIFF'S ATTORNEYS

Attorneys for Appellant:

Ramey LLP

<u>/s/ William P. Ramey, III</u> William P. Ramey, III Texas Bar No. 24027643 wramey@rameyfirm.com 5020 Montrose Blvd., Suite 800 Houston, Texas 77006 (713) 426-3923

CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rule 47.4(a) and Federal Rule of Appellate Procedure 26.1, counsel for Appellant CTD Networks, LLC ("CTD") certifies the following:

1. The full name of every party represented by the undersigned is CTD Networks, LLC.

2. The real party in interest is CTD Networks, LLC.

3. CTD Networks, LLC has no parent corporation and there is no publicly held corporation that owns 10% or more of the stock of either corporation.

4. The names of all law firms and the partners or associates that appeared for CTD Networks, LLC in the district court or are expected to appear in this Court are:

William P. Ramey, III of Ramey LLP

Kyril Talanov formally of Ramey LLP [not expected to appear before this Court]

5. The title and number of any case known to counsel to be pending in

this or any other court or agency that will directly affect or be directly affected by

this court's decision in the pending appeal. See Fed. Cir. R. 47. 4(a)(5) and 47.5(b).

- 1) 6:22cv01302 CTD Networks LLC v. Akamai Technologies, Inc., WDTX
- 2) 6:22cv01303 CTD Networks LLC v. Musarubra US LLC, WDTX
- 3) 6:22cv01304 CTD Networks LLC v. Palo Alto Networks, Inc., WDTX
- 4) 6:22cv01306 CTD Networks LLC v. Verizon Communications, Inc., WDTX

- 5) 2:23cv00273 CTD Networks, LLC v. Musarubra US, LLC, EDTX
- 6) 6:22cv01034 CTD Networks, LLC v. Amazon.com, Inc., WDTX
- 7) 6:22cv01038 CTD Networks, LLC v. AT&T Inc., WDTX
- 8) 6:22cv01039 CTD Networks, LLC v. Cisco Systems, Inc., WDTX
- 9) 6:22cv01042 CTD Networks, LLC v. Google, LLC, WDTX
- 10) 6:22cv01044 CTD Networks, LLC v. International Business Machines Corporation, WDTX
- 11) 6:22cv01049 CTD Networks, LLC v. Microsoft Corporation, WDTX
 - 6. None

Date: December 11, 2023

<u>/s/ William P. Ramey, III</u> William P. Ramey, III

GROUNDS FOR MOTION

William Ramey individually, and Ramey LLP (collectively, "Ramey Lawyers"), counsel for Plaintiff, CTD Networks, LLC ("CTD Networks") in this matter, move the Court for an Emergency Order to withdraw as counsel for CTD Networks. This Emergency Motion is necessary given that a party adverse to Ramey LLP controls CTD Networks, namely AiPi, Inc. Withdraw is also requested due to nonpayment to Ramey LLP for legal work performed on behalf of CTD Networks. AiPi's acts are prejudicing the rights of the client CTD Networks and Ramey LLP. An Emergency Order allowing withdrawal of Ramey LLP is necessary to prevent manifest injustice. Ramey LLP therefore requests an immediate order allowing it to withdraw from representing CTD Networks in both the District Court case and the Federal Circuit case so it can protect its own interests without harming the interests of CTD Networks. Ramey LLP will still file an appeal brief at the Federal Circuit addressing the issues as they relate and may affect Ramey LLP. CTD Networks has counsel through Whitestone Law that has been involved from the beginning of the case. No prejudice will come to CTD Networks.

BACKGROUND AND RELEVANT FACTS

On September 14, 2021, Ramey LLP, through William P. Ramey, III ("Ramey"), was approached by a colleague for a co-counsel opportunity on a series

of patent infringement cases. The colleague introduced Ramey LLP to Eric Morehouse ("Morehouse") of AiPi Solutions (later changed to AiPi, Inc.) ("AiPi").¹

Morehouse introduced himself and his company as a patent litigation funder and law firm.² Morehouse explained that he had a series of investors that helped him finance patent litigation. Morehouse explained that he was able work as a lawyer from his firm and as a funder under AiPi.³

Ramey asked him who his funders were and he said he had many, including both private individuals and institutions. He said funding was not a problem and that the cases were paid for already.

In November of 2021, Morehouse said he wanted to work with Ramey and Ramey LLP. He proposed a financial arrangement whereby Ramey LLP was compensated for work performed. Morehouse told Ramey that he could make it work with his firm, later known as Whitestone Law, PLLC ("Whitestone"), helping with the legal work from drafting the cases through trial. Morehouse told Ramey he viewed the entities within each Case Group as his personal clients and he and AiPi owned several of the Case Group Plaintiffs. Eric Morehouse, Erik Lund and Ken Sheets, among others, were attorneys for AiPi who became

¹ Declaration of William P. Ramey, III ("Ramey Decl.") at ¶3.

² Morehouse later formed Whitestone Law, PLLC.

³ Ramey Decl. at ¶4.

attorneys with Whitestone Law. Morehouse is a founder of both Whitestone and AiPi.⁴

Ramey LLP began to enter appearances in cases that were already filed. In 2021-2022, many cases were filed.

For all new Case Groups, Morehouse would use AiPi and Whitestone to find the clients for the case Groups, draft the complaints, and draft the claim charts. Morehouse or Erik Lund would then send the complaints and claim charts to Ramey LLP with instructions to file. After reviewing and amending the complaints and claim charts for sufficiency and legal basis, as needed, Ramey LLP would file them.⁵

Morehouse told Ramey on multiple occasions that he, through AiPi, controls several case groups, including CTD Networks. Morehouse explained that he controls CTD because he bought the patents which allowed him to do what he wants with the patents and settlements.

Morehouse and AiPi initially paid according to the terms of the agreement. However, the payments were not in full and the unpaid balances of the invoices increased monthly.

⁴ Ramey Decl. at ¶¶5-6.

⁵ Ramey Decl. at ¶¶5-6.

Ramey approached Morehouse on a nearly constant basis from September of 2022 to the present about paying AiPi's, his and Whitestone's past due invoices. Ramey emphasized that Ramey LLP would need to withdraw from the cases if payment was not made. On multiple occasions, Morehouse personally guaranteed to pay the invoices as he just needed more time to secure funding. Morehouse implored Ramey LLP not to withdraw as it would destroy his chances of getting further financing. Morehouse always stated that there was money to pay the current obligations.⁶

In an effort to assist Morehouse and AiPi to bring in new investors, Ramey LLP filed several more case groups, each time receiving partial payment (collectively "Additional Case Groups"). Morehouse said he had investors lined up to pay for these Additional Case Groups. However, starting in the late summer of 2022, payments slowed down for all case groups and eventually completely stopped.

Ramey approached Morehouse about the payment difficulties and was informed that he was working with investors to make payment. Several expenses necessary for litigation, such as depositions and travel expenses went unpaid and remain so today. The late payments jeopardized several pending cases.

⁶ Ramey Decl. at ¶¶10-11.

In July to August of 2023, Ramey approached Morehouse and the clients in a few of the Case Groups, specifying that he needed to withdraw from the cases due to nonpayment. Morehouse paid Ramey LLP a small amount of money during the last week of August and agreed that payment would be made every month thereafter on the 15th until the balance was paid off. At a meeting in July, Morehouse told Ramey and others that it would be hard for Ramey LLP to withdraw from several of the cases because of the stage of the cases. He guaranteed that funding was in and the balances would be paid. Based on that representation from Morehouse, Ramey LLP did not seek to withdraw from the cases and travelled to Finland for depositions in the Valjakka Case Group and worked unpaid to preserve the client's case through defending summary judgment.⁷

On September 15, 2023, Morehouse did not make the payment and said his bank accounts were frozen due to a fraud investigation. That story line continued for weeks.

Ramey LLP was in the middle of the dispositive motion period in a Case Group and could not withdraw without prejudicing the client. Morehouse knew that Ramey LLP would find it hard to withdraw and therefore falsely represented that payment would be made every month.

⁷ Ramey Decl. at ¶¶11-13.

Additionally, Ramey was involved in briefing a response to a motion to dismiss in this case. Attorneys from AiPi were very involved in drafting the response with Ramey LLP.⁸ Even though Ramey LLP was not receiving payment, Ramey LLP participated in the response because Defendant was seeking sanctions from the client and from Ramey LLP.

Shortly before Morehouse made the last payment, he suggested that Ramey LLP withdraw from all cases except the Ward case Group, the Valjakka Case Group and the Pedersen case Group. He said he needed those cases to help him get investors. He personally guaranteed payment for all work performed for the Additional Case Groups. He personally guaranteed payment and repeatedly assured me that payment would, in fact, be made, after all the work done to help him, Whitestone and AiPi.⁹

No payment was made after the payment in August of 2023. However, Morehouse maintained that his accounts were frozen, but he would arrange payment as soon as the accounts were unfrozen. Morehouse claimed to have two law firms working to unfreeze his accounts. To date, no further payments have been made.

⁸ Doc. 60-2 at ¶¶3-7 and 11-17.

⁹ Ramey Decl. at ¶11.

Ramey LLP began to withdraw from cases when it would not prejudice the client. However, Morehouse frustrated efforts to withdraw by not having one of his attorneys from Whitestone enter an appearance in more than one Case Group, including the CTD Networks, LLC Case Group, thereby making it impossible for Ramey LLP to withdraw.¹⁰

Whitestone Law has appeared in other of CTD Network's cases, namely *CTD Networks, LLC v. Musarubra US, LLC*, Case No. 2:23-cv-273, previously pending in the Eastern District of Texas ("EDTX CTD Case"), but not this case. The EDTX CTD Case was settled by AiPi and Whitestone without consultation with and to the exclusion of Ramey LLP.¹¹

AiPi's refusal to cooperate with Ramey LLP on the withdrawal from this matter is likely due to the fact that Ramey LLP has put AiPi on Notice that it is owed money.¹²

ARGUMENT

Ramey LLP has a direct conflict with the entities controlling CTD Networks, namely AiPi. Ramey LLP and its lawyers cannot continue to represent CTD Networks given the conflict and the lack of payment.¹³ CTD is controlled by

¹⁰ Ramey Decl. at ¶¶12-13.

¹¹ Ramey Decl. at ¶12.

¹² Ramey Decl. at ¶13.

¹³ Ramey Decl. at ¶13.

AiPi, whose principal recently formed Whitestone Law. CTD Networksis not without counsel as Whitestone Law has made appearances in other CTD Networks cases.¹⁴ Ramey LLP therefore requests that CTD Networks is given seven days to have new counsel enter an appearance and assume responsibility for the appeal and remaining District Court matters.

Ramey LLP intends to file an appeal brief for at least its interest in the pending Federal Circuit appeal in this matter. However, Ramey LLP has not been authorized by the client CTD Networks to file the brief and CTD Network's lawyers have not indicated they will file a brief either.¹⁵ In short, AiPi and Whitestone appear to be purposely prejudicing Ramey LLP's and CTD Network's interests in the pending appeal at the Federal Circuit by not filing an appeal brief. Ramey LLP therefore requests an immediate order allowing it to withdraw from representing CTD Networks in both the District Court case and the Federal Circuit case so it can protect its own interests without harming the interests of CTD Ramey LLP will still file an appeal brief at the Federal Circuit Networks. addressing the issues as they relate and may affect Ramey LLP. CTD Networks has counsel through Whitestone Law that has been involved from the beginning of the case. No prejudice will come to CTD Networks.

¹⁴ Ramey Decl. at ¶12.

¹⁵ Ramey Decl. at ¶14.

<u>/s/ William P. Ramey, III</u> William P. Ramey, III

CERTIFICATE OF COMPLIANCE

I certify that this Motion is proportionately spaced and contains 1,659 words excluding parts of the document exempted by Federal Circuit Rule 27(d).

<u>/s/ William P. Ramey, III</u> William P. Ramey, III

STATEMENT OF CONSENT OR OPPOSITION PER FED. CIR R. 27(A)(5)

Pursuant to Local Rules, William Ramey, conferenced with counsel for Defendant by e-mail on December 10, 2023, regarding the filing of this Motion, they are opposed. I certify also on December 10, 2023, I e-mailed Joseph Zito, counsel for AiPi, and Eric Morehouse, a principal of AiPi on December 10, 2023, but have not received a response by the filing of this motion and therefore this motion is filed as opposed.

> <u>/s/ William P. Ramey, III</u> William P. Ramey, III

CERTIFICATE OF SERVICE

Pursuant to the Federal Rules of Civil Procedure and Local Rule CV-5, I hereby certify that all counsel of record who have appeared in this case are being served on this day of December 11, 2023, with a copy of the foregoing via e-mail.

/s/ William P. Ramey, III

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MICROSOFT LLC,

Defendant-Appellee

Appeal from The United States District Court for the Western District of Texas Originating Case No. 6:22-cv-01049-XR before Judge Xavier Rodriguez

DECLARATION OF WILLIAM P. RAMEY, III

Attorneys for Appellant:

Ramey LLP

<u>/s/ William P. Ramey, III</u> William P. Ramey, III Texas Bar No. 24027643 wramey@rameyfirm.com 5020 Montrose Blvd., Suite 800 Houston, Texas 77006 (713) 426-3923 I, William Ramey, declare as follows:

1. My name is William P. Ramey, III. I am over the age of 21. I have personal knowledge of the facts contained herein, which are true and correct. If called as a witness, I could competently testify to these statements.

2. I am licensed to practice law in the state of Texas and am an attorney with the law firm of Ramey LLP. I represent the Plaintiff in the above-captioned lawsuit. I am admitted to this District.

3. On September 14, 2021, I was approached by a colleague for a co-counsel opportunity on a series of patent infringement cases. The colleague introduced me to Eric Morehouse ("Morehouse") of AiPi Solutions (later changed to AiPi, Inc.) ("AiPi").

4. Morehouse introduced himself and his company as a patent litigation funder and law firm.¹ He explained that he had a series of investors that helped him finance patent litigation. He explained that he was able work as a lawyer from his firm and a funder under AiPi.

5. In November of 2021, Morehouse said he wanted to work with me and Ramey LLP. He proposed a financial arrangement whereby Ramey LLP would be

¹ Morehouse later formed Whitestone Law, PLLC, comprised primarily of attorneys from AiPi.

compensated for its work. Morehouse told Ramey that he could make it work with his lawyers, later known as Whitestone Law, PLLC ("Whitestone"), helping with the legal work from drafting the cases through trial. Morehouse told me he viewed the entities within each Plaintiff Case Group as his personal clients.

6. Ramey LLP and I began to enter appearances in cases that were already filed and in new cases as they were filed. In addition to reliance on my highly competent staff and the other attorneys at the Ramey LLP firm, I also used resources including litigation support services from AiPi, including Eric Morehouse, Erik Lund, Ken Sheets, and a team of technical staff that Morehouse said would help with the claim charts. Shortly after Ramey LLP began working with AiPi, I visited Morehouse at AiPi's office located at 11718 Bowaman Green Drive, Reston, VA 20190 and personally met the lawyers and some of what I was told was the engeineering staff. Later, after the lawyers with AiPi joined Whitestone Law, Jospeh Zito was added.

8. Morehouse repeatedly referred to the Plaintiff Case Group entities as his clients and he provided legal services through AiPi for each, using Ramey LLP to make court appearances for each Case Group. AiPi owned, through investment vehicles, several of the Case Group Plaintiffs, including at least, CTD Networks and ALD Social, and on information and belief, Gatekeeper Solutions, and SLS Manager Techn. Morehouse told me that it was easier for him to buy a Case Group Entity because he could do with it what he wanted.

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9. At first, I was confident in the support I received from AiPi and its attorneys but by the summer of 2023, the relationship began to sour as Morehouse formed Whitestone Law to move the work in-house and quit paying for Ramey LLP's work. 10. In late July of 2023, I told Morehouse by phone that I needed and planned to stop all work for his matters. Morehouse again asked me not to withdraw as his attorneys would handle all of the drafting as my firm was not being paid. He told me that he was having trouble raising money but he promised me that it would be resolved shortly. This promise was repeated many times over the next few months. Morehouse told me on multiple occasions he was having funding problems and asked me not to withdraw as it would affect his ability to raise funds.

11. In August of 2023, I again told Morehouse I needed to withdraw from his matters if I was not going to be paid. He agreed that I should withdraw from all Case Group Entities except Valjakka, Ward, Traxcell and Pedersen.² He personally guaranteed payment and repeatedly assured me that payment would, in fact, be made.

As of this date, I and my Firm have been able to withdraw from all of the AiPi
Related Cases except for Valjakka, Pedersen, Ward and the reminaing CTD Cases.
Each of Pedersen, Ward and Valjakka have informed me that they have a funding

² Whitestone's lawyers did not enter an appearance in the CTD case group controlled by AiPi, thus preventing Rameyy LLP's withdraw.

agreement with AiPi whereby AiPi pays litigation related expenses. Pedersen, Ward and Valjakka also informed me that AiPi ceased paying litigation related expenses for each of these Case Group Entities in the summer of 2023 even though each of these Case Groups were in critical periods of litigation. Recently, Joseph Zito of Whitestone Law entered an appearance in *CTD Networks, LLC v. Musarubra US, LLC*, Case No. 2:23-cv-273, previously pending in the Eastern District of Texas ("EDTX CTD Case"). The EDTX CTD Case was settled by AiPi and Whitestone without consultation with and to the exclusion of Ramey LLP.

13. Morehouse and Zito's expressed animous and deliberate falsehoods towards me and my Firm are likely due to the fact that more than one of their former Case Group Entities have informed AiPi they do not want to work with them any longer and would rather work with me and my Firm. Further, at least one of the Case Group Entities has threatened legal action against AiPi and Morehouse because they were abandoned by AiPi and Morehouse at a critical time in the litigation and because my Firm has put AiPi, Morehouse and Whitestone Law on Notice of the fees they owe. 14. I personally communicated with Erik Lund and Jospeh Zito about the need for an appeal of the Order dismissing this case. An appeal was authorized but I have received no instructions for the brief and have not been paid. As neither my Firm or I am being paid, I asked Zito who would draft the brief but received no response. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on December 11, 2023.

William P. Ramey, III