

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

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)	
EXPANDED TECHNOLOGIES, INC.,)	
)	
Plaintiff,)	
)	
v.)	CIVIL ACTION FILE NO:
)	
WALLNER TOOLING/EXPAC, INC.,)	1:14-CV-1421-RWS
)	
Defendant.)	
)	
)	
)	
)	

COMPLAINT AND DEMAND FOR TRIAL BY JURY

Plaintiff Expanded Technologies, Inc. (“Expanded Technologies” or “Plaintiff”), by and through its undersigned attorneys, hereby files this Complaint against Defendant Wallner Tooling/Expac, Inc. (“Wallner” or “Defendant”), alleging as follows:

NATURE OF THE SUIT

1. This is a declaratory judgment action for patent invalidity and non-infringement under the Declaratory Judgment Act, 28 U.S.C. §§ 2201, *et seq.*, and under the United States Patent Act, 35 U.S.C. §§ 1, *et seq.*, seeking a declaration that the claims of U.S. Patent No. 8,696,781 (“the ’781 Patent” or “the patent-in-suit”) are invalid and not infringed by Expanded Technologies.

PARTIES

2. Expanded Technologies is a corporation organized and existing under the laws of the State of Oklahoma, having its principal place of business at 1177 Hayes Industrial Drive, Marietta, Georgia 30062.

3. Upon information and belief, Defendant Wallner is a corporation organized and existing under the laws of the State of California, and maintains its principal place of business at 9160 Hyssop Drive, Rancho Cucamonga, California 91730. Upon information and belief, Wallner can be served through its registered agent, Sandra Tyler at 3660 North Kennesaw Industrial Parkway, Kennesaw, Georgia 30144.

JURISDICTION AND VENUE

4. This Court has original federal subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338(a).

5. Wallner transacts business in the State of Georgia and in this judicial district. Specifically, Wallner offers for sale and sells its products in this judicial district and operates a manufacturing facility in this judicial district. Accordingly, this Court has personal jurisdiction over Wallner.

6. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1391 and 1400(b).

BACKGROUND FACTS

Expanded Technologies and its Expanded Metal Products

7. Expanded Technologies, headquartered in Cobb County, Georgia, is a leading manufacturer of expanded metals for the HVAC filter industry.

8. Expanded Technologies was founded in 1989 by Jean-Luc Liverato. Mr. Liverato currently serves as President of Expanded Technologies, and has held this position since founding the company. Mr. Liverato has over 35 years of experience in the expanded metals industry.

9. For more than two decades, Expanded Technologies has been in the business of providing expanded metal products to manufacturers of HVAC filters. These filters are used in various applications, including commercial and industrial applications. For example, Expanded Technologies has supplied expanded metal to customers that make filters, including but not limited to pleated filters, for use in

the HVAC systems of facilities such as office buildings, schools, hospitals, shopping centers, airports, hotels, and industrial plants.

Wallner

10. Wallner is also a market participant in expanded metal products for the HVAC filter industry. As such, Wallner competes with Expanded Technologies for business.

11. Prior to founding Expanded Technologies, Mr. Liverato was employed by Wallner from about May 1988 until about August 1989. During this time, Mr. Liverato helped Wallner to expand its operations to the East Coast. Mr. Liverato was primarily responsible for opening and managing the operations of Wallner's manufacturing facility in Kennesaw, Georgia, which remains in operation today.

12. Upon information and belief, Wallner purports to own intellectual property rights, including one patent described more fully below, relating to expanded metal.

Wallner's '781 Patent

13. U.S. Patent No. 8,696,781 ("the '781 Patent") is entitled "Expanded Metal and Process of Making the Same." A true copy of the '781 Patent is attached as Exhibit 1. The '781 Patent issued on April 15, 2014.

14. The '781 Patent issued from U.S. Patent Application No. 12/891,606 (“the '606 Application”), filed on September 27, 2010, and claims priority to U.S. Provisional Patent Application No. 61/246,943 (“the '943 Provisional Application”), filed on September 29, 2009.

15. Upon information and belief, the '606 Application, which issued as the '781 Patent, was duly assigned to Wallner, effective September 23, 2010. Wallner claims to be the current owner of all rights, title, and interest in and under the '781 Patent.

16. The '781 Patent relates generally to expanded metal and more particularly to a filter having a filter medium reinforced with expanded metal of a specific form.

Wallner's History of Suing Expanded Technologies

17. Wallner is not hesitant to enforce its legal rights, including its intellectual property rights, specifically against Expanded Technologies.

18. In 1990, Expac, Inc. and Wallner Tooling, Inc., predecessors to Wallner, sued Mr. Liverato for alleged trade secret misappropriation in connection with his opening of Expanded Technologies in competition with Wallner (Superior Court of Cobb County, Georgia, Case No. 9012883-99).

19. Wallner's suit was ultimately dismissed with prejudice without any recovery to Wallner.

20. In addition, on February 16, 1996, Wallner sued Expanded Technologies and Jerry Cook, who at that time was an employee of Expanded Technologies and a former employee of Wallner, in the Superior Court of Cobb County, Georgia alleging that Cook breached a "Patent Rights Agreement" and that Cook and Expanded Technologies misappropriated Wallner's purported trade secrets. Wallner sought a temporary restraining order to enjoin Cook and Expanded Technologies from revealing an alleged "Innovation" relating to Wallner's "methodology and technology by which the machines expanded the metal mesh" in Wallner's expanded metal products. In connection with Wallner's motion, Wallner contended that Cook, while still employed by Wallner, entered Wallner's "Kennesaw, Georgia facility on a weekend and video taped the machinery used to implement the Innovation" A true copy of Wallner's Complaint and Brief in Support of Temporary Restraining Order is attached as Exhibits 2 and 3.

21. Wallner's motion for a temporary restraining order was denied, and the case was ultimately dismissed with prejudice without any recovery to Wallner.

22. On December 4, 2012, a man entered Expanded Technologies' manufacturing facility without authorization through the loading docks with a camera and tried, perhaps successfully, to take pictures or video of Expanded Technologies' expanded metal manufacturing machines in action.

Wallner's Letters to Expanded Technologies

23. As noted above, the '606 Application, which ultimately issued as the '781 Patent, was filed on September 27, 2010. As originally filed, the '606 Application contained 33 claims.

24. On November 30, 2010, Wallner's counsel filed a "Request for Early Publication" with the USPTO, asking the USPTO to publish the '606 Application "as soon as possible." A true copy of Wallner's Request is attached as Exhibit 4.

25. On March 24, 2011, the '606 Application published with the original 33 claims as U.S. Patent Publication No. 2011/0067372 ("the '372 Publication"). A true copy of the '372 Publication is attached as Exhibit 5.

26. About two months later, on May 31, 2011, Wallner's counsel sent a letter to Expanded Technologies "to provide [Expanded Technologies] with notice pursuant to [pre-AIA] 35 U.S.C. § 154(b) of provisional rights conferred to Wallner by [the '372 Publication]." Wallner, through counsel, asserted that Wallner is the owner of the '372 Publication and attached a copy of the '372

Publication to the letter. Wallner further asserted that “[o]nce a patent is issued off [the ’372 Publication], any party who has made, used, offered for sale, or sold any expanded metal, or used a process for making expanded metals which infringes any of the published claims in this publication, may be liable to Wallner for reasonable royalties as of the date that such party had notice of this publication.” A true copy of the May 31, 2011, letter is attached as Exhibit 6.

27. On June 21, 2011, Expanded Technologies’ counsel responded with a letter to Wallner’s counsel, stating that Expanded Technologies considered the matter to be closed until the ’606 Application issued as a patent. A true copy of the June 21, 2011, letter is attached as Exhibit 7.

28. On January 25, 2012, Wallner’s counsel sent a letter to Expanded Technologies’ counsel asserting (i) that expanded metal furnished by Expanded Technologies and incorporated in certain filters “infringes one or more claims of” the ’372 Publication and (ii) that once the ’372 Publication issued as a patent, Wallner “intends to enforce it to the full extent of the law and seek all available damages.” A true copy of the January 25, 2012, letter is attached as Exhibit 8.

29. Specifically, in its letter, Wallner through counsel stated “[w]e have recently become aware that filters such as the PURAFILTER 2000 incorporating expanded metal, which we believe is furnished by Expanded Technologies, Inc.,

are currently on sale.” In addition, Wallner asserted “[w]e believe the expanded metal incorporated in such filters infringes one or more claims of the Wallner Tooling/Expac, Inc., U.S. Patent Publication No. 2011/0067372 (‘the ’372 Publication’).” Wallner, through counsel, further advised Expanded Technologies that “[w]e are monitoring the marketplace very closely for infringing products. Once [the ’372 Publication] issues as a patent, we intend to enforce it to the full extent of the law and seek all available damages as of the date infringers had notice of the ’372 Publication.” (*See* Ex. 8.)

30. On February 3, 2012, Expanded Technologies’ counsel sent a letter to Wallner’s counsel stating that “in the absence of an issued patent, there is no need to respond to your assertions.” A true copy of the February 3, 2012, letter is attached as Exhibit 9.

31. In addition, Expanded Technologies’ counsel advised Wallner’s counsel that upon review of the USPTO prosecution history, Expanded Technologies believed that “relevant products were not disclosed to the Patent Office.” Specifically, Expanded Technologies’ counsel informed Wallner’s counsel that Mr. Liverato “has identified to us that [Wallner] manufactured and sold products including the same features of several claims of the ’372 publication.

This activity occurred [sic] for a significant period of time, including during Mr. Liverato's previous employment at Wallner." (*See* Ex. 9).

32. Expanded Technologies' counsel further informed Wallner's counsel that "[a]ccording to Mr. Liverato, these products were sold during a period of time commencing more than one year prior to the filing date of both the '372 publication, September 27, 2010, and the ['943 Provisional Application] from which the '372 publication claims benefit, September 29, 2009. As you are likely aware, the '372 publication's prosecution history does not reflect the existence of these products or sales." (*Id.*)

33. On February 8, 2012, Wallner's counsel filed a "Preliminary Amendment" in the USPTO in connection with the '606 Application. In the Preliminary Amendment, Wallner's counsel amended several of the original 33 claims and presented new, additional claims 34-44. A true copy of the Preliminary Amendment is attached as Exhibit 10.

34. 35 U.S.C § 154(b) (pre-AIA), which Wallner's counsel cited in the May 31, 2011, letter to Expanded Technologies as allegedly conferring provisional rights to Wallner, provided, in relevant part, that "[t]he right . . . to obtain a reasonable royalty shall not be available under this subsection unless the invention

as claimed in the patent is substantially identical to the invention as claimed in the published patent application.”

35. On February 28, 2012, Wallner’s counsel filed a “Request for Republication of Patent Application” with the USPTO to request that the ’606 Application be republished “with the amended specification and claims” A true copy of the Request for Republication is attached as Exhibit 11.

36. On June 14, 2012, the USPTO republished the ’606 Application as U.S. Patent Publication No. 2012/0144792 (“the ’792 Publication”), which included the amended and new claims resulting from the Preliminary Amendment. A true copy of the ’792 Publication is attached as Exhibit 12.

37. A few weeks later, on July 31, 2012, Wallner’s counsel sent a letter to Expanded Technologies’ counsel to “provide [Expanded Technologies] and [its counsel] with notice pursuant to [pre-AIA] 35 U.S.C. § 154(b), of provisional rights conferred to Wallner by the ’372 [sic] Publication.” Although Wallner’s counsel referred to the “’372 Publication” in the letter, the letter referenced the June 14, 2012 publication date of the ’792 Publication and attached a copy of the ’792 Publication. A true copy of the July 31, 2012 letter with the ’792 Publication attachment is attached as Exhibit 13.

38. As noted above, the ’781 Patent issued on April 15, 2014.

39. About two weeks later, on April 30, 2014, Wallner's counsel sent Expanded Technologies' counsel a letter enclosing a copy of the '781 Patent and stating that the '781 Patent issued from the '606 Application, which was published as the '372 Publication and as the '792 Publication. A true copy of the April 30, 2014 letter is attached as Exhibit 14.

40. On May 2, 2014, Wallner's counsel sent Expanded Technologies' counsel an email asking for confirmation that the April 30, 2014 letter and attachments were received. A true copy of the email is attached as Exhibit 15.

41. As a result, based on the foregoing correspondence, and in conjunction with the prosecution history of the '781 Patent, Wallner's history of suing Expanded Technologies and its employees, and the other activities outlined above, Expanded Technologies is reasonably apprehensive that Wallner will attempt to enforce its patent rights in court against Expanded Technologies.

42. For instance, in the foregoing correspondence, Wallner (i) affirmatively accused of infringement expanded metal incorporated in certain filters and purportedly furnished by Expanded Technologies (Ex. 8); and (ii) expressly stated an intent to enforce its alleged rights "[o]nce [the published application] issues as a patent" (*id.*). These direct threats – particularly in conjunction with Wallner's counsel, shortly after the '781 Patent issued in April

2014, sending Expanded Technologies' counsel a copy of the '781 Patent, and confirming its receipt in a follow up email – have led Expanded Technologies to reasonably infer that Wallner is presently prepared and willing to seek to enforce the '781 Patent against Expanded Technologies.

43. In addition, Wallner through counsel (i) requested early publication and re-publication of the '606 Application; (ii) promptly sent notice of the '372 and '792 Publications to Expanded Technologies' counsel once they were published by the USPTO; and (iii) expressly alleged “provisional rights” to reasonable royalties “pursuant to [pre-AIA] 35 U.S.C. § 154(b)” (Exs. 6 & 13). This course of conduct has led Expanded Technologies to reasonably infer that Wallner sought to obtain the '781 Patent for the purpose of asserting it against Expanded Technologies.

COUNT I
Declaration of Non-Infringement by Expanded Technologies
of U.S. Patent No. 8,696,781

44. The allegations of paragraphs 1–44 above are incorporated by reference as if fully set forth herein.

45. A substantial controversy regarding non-infringement of the '781 Patent exists between Expanded Technologies and Wallner, which have adverse

legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

46. Expanded Technologies has not infringed and does not infringe the '781 Patent for reasons including, but not limited to, that Expanded Technologies does not manufacture filters and Expanded Technologies' expanded metal products are used by end customers in pleated and in unpleated filters.

47. Nonetheless, Expanded Technologies has a reasonable apprehension of being sued by Wallner for infringement of the '781 Patent, based on Wallner's activities described above, including the letters it sent to Expanded Technologies on May 31, 2011, January 25, 2013, July 31, 2012, and April 30, 2014.

48. A judgment declaring that Expanded Technologies does not infringe the '781 Patent would finalize the controversy between the parties and offer them relief from uncertainty.

49. Pursuant to the Declaratory Judgment Act, 28 U.S.C. §§ 2201, *et seq.*, Expanded Technologies is therefore entitled to a declaration that it does not infringe the '781 Patent.

50. In light of the existing controversy, Expanded Technologies will be damaged in the absence of such a declaration.

COUNT II
Declaration of Invalidity of U.S. Patent No. 8,696,781

51. The allegations of paragraphs 1–51 above are incorporated by reference as if fully set forth herein.

52. On information and belief, the claims of the '781 Patent are invalid because they fail to satisfy one or more of the requirements of patentability set forth in the U.S. Patent Act, including but not limited to 35 U.S.C. §§ 101, 102, 103, and/or 112.

53. Because all of the allegedly patentable limitations of, for instance, claim 1 of the '781 Patent are disclosed in the prior art (including but not limited to admitted prior art disclosed in the '781 patent specification, prior art products incorporating expanded metal manufactured by Wallner, and other prior art), claim 1 is anticipated and/or rendered obvious by the prior art and is therefore invalid.

54. The remaining claims of the '781 patent are likewise anticipated and/or rendered obvious by the prior art and are also invalid.

55. The specification of the '781 Patent fails to provide a written description of the invention and the manner and process of making and using it, in such full, clear, concise and exact terms so as to enable any person skilled in the art

to which it pertains to make and use the same, rendering the patent claims invalid under 35 U.S.C. § 112.

56. Expanded Technologies has suffered an injury in fact which is concrete, particularized, and actual or imminent.

57. Wallner's course of conduct has put Expanded Technologies in a dilemma that the Declaratory Judgment Act is intended to address, namely, the dilemma of either pursuing purportedly illegal behavior, *i.e.*, infringement, or abandoning that which Expanded Technologies claims a right to do, *i.e.*, sell its expanded metal products.

58. A substantial controversy as to the invalidity of the '781 Patent exists between Expanded Technologies and Wallner, which have adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

59. A judgment declaring that the '781 Patent is invalid would finalize the controversy between the parties and offer them relief from uncertainty.

60. Pursuant to the Declaratory Judgment Act, 28 U.S.C. §§ 2201, *et seq.*, Expanded Technologies is therefore entitled to a declaration that the claims of the '781 Patent are invalid.

61. In light of the existing controversy, Expanded Technologies will be damaged in the absence of such a declaration.

PRAYER FOR RELIEF

62. WHEREFORE, Plaintiff prays for the following relief:

- (a) Pursuant to 28 U.S.C. §§ 2201 and 2202, a Judgment that the claims of the '781 Patent are invalid;
- (b) Pursuant to 28 U.S.C. §§ 2201 and 2202, a Judgment that Plaintiff has not infringed the '781 Patent; and
- (c) Such other and further relief as this Court deems just and proper.

DEMAND FOR JURY TRIAL

63. Pursuant to Fed. R. Civ. P. 38(b), Plaintiff demands a trial by jury on all issues triable by right of jury.

This 9th day of May, 2014.

Respectfully submitted,

/s/ Henry M. Quillian III
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CERTIFICATE OF COMPLIANCE

I hereby certify that the foregoing pleading was prepared using Times New Roman, 14-point, and otherwise conforms to the requirements of Local Rule 5.1.

This 9th day of May, 2014.

Respectfully submitted,

/s/ Coby S. Nixon

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