

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA

CFMOTO POWERSPORTS, INC.;

Civil No.

Plaintiff,

v.

POLARIS INDUSTRIES INC.,

**COMPLAINT FOR
DECLARATORY JUDGMENT**

Defendant.

Plaintiff CFMoto Powersports, Inc. (“CPI”), for its Complaint against Defendant Polaris Industries, Inc. (“Polaris”), hereby alleges as follows:

PARTIES

1. Plaintiff CPI is a corporation organized and existing under the laws of Minnesota having an office and principal place of business at 3555 Holly Lane N. #30, Plymouth, Minnesota 55447.

2. Defendant Polaris is a corporation having an office and principal place of business at 2100 Highway 55, Medina, Minnesota 55340.

SUBJECT MATTER JURISDICTION

3. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338(a), 2201(a) and 2202.

PERSONAL JURISDICTION

4. Defendant resides within this District.

VENUE

5. Venue is proper in this district pursuant to 28 U.S.C. §§ 1391.

SUBSTANTIVE ALLEGATIONS

6. These claims are for declaratory relief under the Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202 which arises from an actual controversy between Plaintiff CPI and Defendant Polaris as to Defendant Polaris's allegation of infringement of United States Letters Patent Nos. 7,819,220 and 8,596,405.

7. Plaintiff CPI is currently engaged in litigation with Defendant Polaris as one of five named defendants based upon a complaint served by Polaris in 2010, styled *Polaris Industries Inc. v. CFMOTO Powersports, Inc.; CFMOTO America, Inc.; John T. & Angela M. O'Mara d/b/a/ Quad Central Motorsports; and Leo's Kawasaki Sales South, Inc.*, Civil Action No. 10-4362 (JNE/HB). In that action, Polaris alleges seven claims directed at the CF625 Z6:

- a) Infringement U.S. patent no. 7,819,220;
- b) Federal unfair competition (trade dress) – Lanham Act;
- c) Deceptive trade practices – Minn. Stat. 325D.44;
- d) Unlawful trade practices act – Minn. Stat. § 325D.09;
- e) Common law unfair competition;

f) Infringement of U.S. patent no. 8,382,125; and

g) Infringement of U.S. patent no. 8,596,405.

8. Plaintiff CPI is in the process of introducing a new sport side by side vehicle called the 2014 ZFORCE 800EX into the U.S. market. The 2014 ZFORCE 800EX is manufactured by Zhejiang CFMOTO Power Co. Ltd., in Hangzhou, China. Plaintiff CPI is the exclusive U.S. distributor of the 2014 ZFORCE 800EX.

9. On or about June 24, 2014, attorneys representing Defendant Polaris contacted Plaintiff CPI requesting an inspection the 2014 ZFORCE 800EX. At that time, Plaintiff CPI had not yet imported a 2014 ZFORCE 800EX into the United States.

10. Plaintiff CPI subsequently imported a 2014 ZFORCE 800EX into the United States and permitted attorneys representing Defendant Polaris to inspect the 2014 ZFORCE 800EX on August 1, 2014.

11. Defendant Polaris alleges that it is the owner, by assignment, of United States Letters Patent Nos. 7,819,220 and 8,596,405. A copy of United States Patent No. 7,819,220 is attached as Exhibit 1. A copy of United States Patent No. 8,596,405 is attached as Exhibit 2.

12. On or about August 20, 2014, Defendant Polaris asserted that the 2014 ZFORCE 800EX infringes United States Patent Nos. 7,819,220 and 8,596,405, providing Plaintiff CPI with a reasonable apprehension of suit.

COUNT I

NON-INFRINGEMENT OF U.S. PAT. NO. 7,819,220 BY THE 2014 ZFORCE 800EX

The allegations of paragraphs 1-12 above are incorporated by reference as if fully set forth herein.

13. The 2014 ZFORCE 800EX does not meet each and every limitation of any claim of U.S. Patent No. 7,819,220, either literally or under the doctrine of equivalents. Inter alia, the engine of the 2014 ZFORCE 800EX is not supported by the rear frame portion, the 2014 ZFORCE 800EX does not have a protective panel positioned between the pair of laterally spaced-apart seating surfaces and the engine wherein the front driveshaft extends under the protective panel, and the 2014 ZFORCE 800EX does not have a rear drive shaft.

14. There exists an actual controversy between the parties as to infringement of United States Letters Patent No. 7,819,220 by the 2014 ZFORCE 800EX with respect to which Plaintiff CPI requests a declaratory judgment that United States Patent No. 7,819,220 is not infringed by the 2014 ZFORCE 800EX.

COUNT II

INVALIDITY OF U.S. PAT. NO. 7,819,220

The allegations of paragraphs 1-14 above are incorporated by reference as if fully set forth herein.

15. There exists an actual controversy between the parties as to the validity of United States Letters Patent No. 7,819,220 with respect to which Plaintiff CPI requests a

declaratory judgment that United States Patent No. 7,819,220 is invalid for failing to satisfy at least one of 35 U.S.C. §§ 102, 103, 112, 115 and/or 132.

COUNT III

NON-INFRINGEMENT OF U.S. PAT. NO. 8,596,405

The allegations of paragraphs 1-15 above are incorporated by reference as if fully set forth herein.

16. The 2014 ZFORCE 800EX does not meet each and every limitation of any claim of U.S. Patent No. 8,596,405 either literally or under the doctrine of equivalents. Inter alia, the engine of the 2014 ZFORCE 800EX is not supported by the rear frame portion, the transmission of the 2014 ZFORCE 800EX is not completely rearward of the seating area, and the 2014 ZFORCE 800EX does not have a rear drive shaft.

17. There exists an actual controversy between the parties as to infringement of United States Letters Patent No. 8,596,405 by the 2014 ZFORCE 800EX with respect to which Plaintiff CPI requests a declaratory judgment that United States Patent No. 8,596,405 is not infringed by the 2014 ZFORCE 800EX.

COUNT IV

INVALIDITY OF U.S. PAT. NO. 8,596,405

The allegations of paragraphs 1-17 above are incorporated by reference as if fully set forth herein.

18. There exists an actual controversy between the parties as to the validity of United States Letters Patent No. 8,596,405 with respect to which Plaintiff CPI requests a declaratory judgment that United States Patent No. 8,596,405 is invalid for failing to satisfy at least one of 35 U.S.C. §§ 102, 103, 112, 115 and/or 132.

COUNT V

INEQUITABLE CONDUCT REGARDING U.S. PAT. NO. 7,819,220

The allegations of paragraphs 1-18 above are incorporated by reference as if fully set forth herein.

19. The application which matured into United States Patent No. 7,819,220 originally had claims rejected as obvious over U.S. Patent No. 7,510,199 to Nash (“Nash”). In arguing over Nash, the Applicant stated, “Nash et al. shows a utility vehicle of the four wheel drive type having a bench seat with the engine and transmission positioned under the seat.”

20. The statement “Nash et al. shows a utility vehicle of the four wheel drive type having a bench seat with the engine and transmission positioned under the seat” was and is false.

21. Nash shows an all terrain vehicle having two bucket seats.

22. Nash shows an all terrain vehicle with the transmission positioned between the seats and the engine positioned behind the seats. Nash expressly states, “the engine is positioned generally rearward of, and lower than, the seating area.”

23. The truth about Nash's bucket seats and the engine and transmission position in Nash refutes and is inconsistent with the false position taken by the Applicant in asserting an argument of patentability over Nash.

24. Applicant's false statements made to the United States Patent and Trademark regarding Nash were material.

25. Upon information and belief, at least one individual having a duty of candor and good faith in dealing with the U.S. Patent and Trademark Office associated with United States Patent No. 7,819,220 knew that the Applicant's statements regarding the type of seat and engine and transmission position were material and false.

26. Upon information and belief, the Applicant made its material and false statements regarding Nash with intent to deceive the U.S. Patent and Trademark Office.

27. By about May 19, 2004, Polaris constructed at least one fully functioning model of a vehicle (called a "Vista") which met every claim limitation of at least claim 1 of United States Patent No. 7,819,220.

28. By about May 19, 2004, Polaris knew that the Vista vehicle was fit for its intended purpose, including at least that every element meeting claim 1 of United States Patent No. 7,819,220 was present and fully functioning.

29. On May 19-23, 2004, Polaris publicly used the Vista vehicle at The Mounds ORV Park in Flint, MI.

30. The Mounds ORV Park in Flint, MI is public.

31. Entry into the Mounds ORV Park in Flint, MI was open to the public during May 19-23, 2004.

32. The purpose of Polaris's public use of the Vista vehicle at The Mounds ORV Park in Flint, MI on May 19-23, 2004 was commercial, for Polaris to better devise its marketing strategy for a vehicle Polaris knew was fully functional. The purpose of Polaris's public use of the Vista vehicle at The Mounds ORV Park in Flint, MI on May 19-23, 2004 was in no way to experiment and determine whether the components or assembly of components listed in any claim of United States Patent No. 7,819,220 were fit for their intended purpose and use as an all-terrain vehicle.

33. The Vista vehicle, including what components the vehicle did possess and the facts concerning its public use including reports evidencing the purpose of the May 19-23, 2004 use, raises a substantial question as to whether a public use condition pertains in the application which matured into United States Patent No. 7,819,220.

34. The Vista vehicle, including its structure and the fact that it was publicly used more than one year prior to the filing of the patent application which matured into United States Patent No. 7,819,220, were and are highly material to the issuance of United States Patent No. 7,819,220.

35. At least one person having a duty to disclose material information to the United States Patent and Trademark Office, including at least inventor Aaron Deckard, knew of the relevant facts and the materiality of the Vista vehicle and failed to disclose the Vista vehicle to the United States Patent and Trademark Office, with intent to mislead the United States Patent and Trademark Office into granting United States Patent No. 7,819,220.

36. The original application which matured into United States Patent No. 7,819,220 never included the term “rear drive shaft”, and never shows a “rear drive shaft” in its drawings.

37. There was no concept of a rear drive shaft in the application which matured into United States Patent No. 7,819,220 as filed.

38. Instead, the application which matured into United States Patent No. 7,819,220 states, “Rear differential 132 of modular engine assembly 34 is directly coupled to transmission 136 by housing 148”.

39. The term “rear drive shaft” was first introduced into the claims of United States Patent No. 7,819,220 only after Polaris had inspected a CFMoto Z6 vehicle.

40. Upon information and belief, Polaris (including in particular its attorney Eric Groen) introduced claims into the application which matured into United States Patent No. 7,819,220 only after learning that a CFMoto Z6 vehicle had a rear drive shaft. Upon information and belief, Polaris copied the “rear drive shaft” concept from CFMoto’s vehicle into the claims of United States Patent No. 7,819,220, having no basis in Polaris’ patent application as originally filed.

41. Every claim which subsequently issued in United States Patent No. 7,819,220 requires a “rear drive shaft”.

42. Polaris (including in particular its attorney Eric Groen) had a duty to disclose that the concept of a “rear drive shaft” was copied from CFMoto’s vehicle into the claims of United States Patent No. 7,819,220.

43. Plaintiff CPI requests a declaratory judgment that United States Patent No. 7,819,220 is unenforceable due to inequitable conduct.

COUNT VI

INEQUITABLE CONDUCT REGARDING U.S. PAT. NO. 8,596,405

44. U.S. Patent No. 8,596,405 claims priority from the application which matured into U.S. Patent No. 7,819,220. The allegations of paragraphs 1-43 above are incorporated by reference as if fully set forth herein, and the inequitable conduct regarding U.S. Patent No. 7,819,220 equally taints U.S. Patent No. 8,596,405.

45. By about May 19, 2004, Polaris knew that the Vista vehicle was fit for its intended purpose, including at least that every element meeting at least claim 1 of United States Patent No. 8,596,405 was present and fully functioning.

46. The application which matured into United States Patent No. 8,596,405 was filed on October 25, 2010.

47. The application which matured into United States Patent No. 8,596,405 was filed only after Polaris had inspected a CFMoto Z6 vehicle.

48. Upon information and belief, before October 25, 2009, Polaris had sold in the United States at least one vehicle meeting every limitation of one or more claims of United States Patent No. 8,596,405.

49. During prosecution of the application which matured into United States Patent No. 8,596,405, Polaris never told the United States Patent and Trademark Office that before

October 25, 2009, Polaris had sold in the United States at least one vehicle meeting every limitation of one or more claims of United States Patent No. 8,596,405.

50. United States Patent No. 8,596,405 does not show a “rear drive shaft” in its drawings.

51. The application which matured into United States Patent No. 8,596,405 never uses the term “rear drive shaft” in pages 1-24 and its abstract.

52. Instead, the application which matured into United States Patent No. 8,596,405 states, “Rear differential 132 of modular engine assembly 34 is directly coupled to transmission 136 by housing 148”.

53. As filed on October 25, 2010, the application which matured into United States Patent No. 8,596,405 only used the term “rear drive shaft” in claims 38-70 on pages 25-29.

54. United States Patent No. 8,596,405 does not show a “transmission extending rearwardly of the engine” in its drawings.

55. United States Patent No. 8,596,405 does not show a “transmission being completely rearward of the seating area” in its drawings.

56. The application which matured into United States Patent No. 8,596,405 never states that the transmission extends rearwardly of the engine, nor that the transmission is completely rearward of the seating area.

57. Instead, the application which matured into United States Patent No. 8,596,405 merely states, “Modular engine assembly 34 includes engine 133, transmission 136, and rear differential 132.”

58. As filed on October 25, 2010, the application which matured into United States Patent No. 8,596,405 never characterizes the location of the transmission relative to the engine or seating area in pages 1-24 and its abstract. As filed on October 25, 2010, the only language which characterizes the location of the transmission relative to the engine or seating area is in claims 38-70 on pages 25-29, including a claim limitation that “the engine and transmission are substantially positioned rearward of the pair of laterally spaced-apart seating surfaces”.

59. As filed on October 25, 2010, the application which matured into United States Patent No. 8,596,405 included two declarations: one executed in 2006 and one executed in 2008. No other declaration was filed in the application which matured into United States Patent No. 8,596,405.

60. Upon information and belief, claims 38-70 on pages 25-29 of the application did not exist in 2006 and 2008, and were only prepared after Polaris had inspected a CFMoto Z6 vehicle.

61. As filed on October 25, 2010, Polaris characterized the application which matured into United States Patent No. 8,596,405 as a “continuation” application at least in an application data sheet signed by Eric Groen.

62. A “continuation” application is one where no new matter has been added to the earlier-filed priority application.

63. The application which matured into United States Patent No. 8,596,405 was not a continuation application, because claims 38-70 on pages 25-29 of the October 25, 2010 filed application did not exist in the priority application.

64. Claims 38-70 on pages 25-29 of the application constitute new matter relative to the priority application.

65. At a minimum, it would have been important to an Examiner to know the relevant facts to be able to make an assessment of whether claims 38-70 on pages 25-29 of the application constitute new matter relative to the priority application, and to know the existence of intervening, anticipating prior art known to the Applicant.

66. Polaris, including in particular its attorney Eric Groen, never informed the United States Patent and Trademark Office that claims 38-70 on pages 25-29 of the application had been added relative to the priority application.

67. Polaris, including in particular its attorney Eric Groen, never informed the United States Patent and Trademark Office that claims 38-70 on pages 25-29 were never presented to the inventors as part of either the 2006-signed or 2008-signed declaration.

68. Instead, Polaris, including in particular its attorney Eric Groen, hid the fact that the application which matured into United States Patent No. 8,596,405 was a continuation-in-part application, filed without a proper oath or declaration, and including new matter relative to the priority application.

69. The hiding of the addition of new matter and filing with an improper declaration was material to the issuance of United States Patent No. 8,596,405, and was intentionally performed to mislead the United States Patent and Trademark Office into granting United States Patent No. 8,596,405.

70. The Applicant's failure to disclose that, before October 25, 2009, Polaris had sold at least one vehicle meeting every limitation of one or more claims of United States

Patent No. 8,596,405, was material to the issuance of United States Patent No. 8,596,405, and was intentionally performed to mislead the United States Patent and Trademark Office into granting United States Patent No. 8,596,405.

71. In prosecution of the application which matured into United States Patent No. 8,596,405 and while claims were pending that required a “rear drive shaft”, Applicant submitted a Declaration of Aaron Deckard. The Declaration of Aaron Deckard stated, “The concept vehicle was not a fully functioning model of the claimed and disclosed vehicle. At a minimum, the concept vehicle did not have a rear drive shaft extending between the transmission and a rear differential for coupling the transmission to the rear wheels.”

72. The Vista vehicle contained a rear drive shaft at least to the extent that the application which matured into United States Patent No. 8,596,405 disclosed a rear drive shaft.

73. Mr. Deckard’s statement that “the concept vehicle did not have a rear drive shaft...” was a material misrepresentation of the structure of the concept vehicle relative to the application’s disclosure of a “rear drive shaft”, intentionally made to mislead the United States Patent and Trademark into issuing United States Patent No. 8,596,405.

74. In prosecution of the application which matured into United States Patent No. 8,596,405 and while claims were pending that required a “rear drive shaft”, Applicant submitted a Second Declaration of Aaron Deckard. The Second Declaration of Aaron Deckard stated, “The concept vehicle was not a fully functioning model of the claimed and disclosed vehicle. ... The concept vehicle did not have a continuous rear drive shaft extending between the transmission and a rear differential for coupling the transmission to

the rear wheels. The vehicle had a dampening coupler disposed between the engine and a rear differential that allowed for power transmission therebetween.”

75. The Vista vehicle contained a rear drive shaft at least to the extent that the application which matured into United States Patent No. 8,596,405 disclosed a rear drive shaft, and at least to the extent that the claims of United States Patent No. 8,596,405 require a rear drive shaft.

76. Mr. Deckard’s statement that “the concept vehicle did not have a continuous rear drive shaft...” was a material misrepresentation of the structure of the concept vehicle relative to the application’s disclosure and claims of a “rear drive shaft”, intentionally made to mislead the United States Patent and Trademark into issuing United States Patent No. 8,596,405.

77. The Vista vehicle, including what components the vehicle did possess and the facts concerning its public use including reports evidencing the purpose of the May 19-23, 2004 use, raises a substantial question as to whether a public use condition pertains in the application which matured into United States Patent No. 8,596,405.

78. The Vista vehicle, including its structure and the fact that it was publicly used more than one year prior to the filing of the patent application which matured into United States Patent No. 7,819,220, were and are highly material to the issuance of United States Patent No. 8,596,405.

79. At least one person having a duty to disclose material information to the United States Patent and Trademark Office, including at least inventor Aaron Deckard, knew of the relevant facts and the materiality of the Vista vehicle and failed to fully disclose the Vista

vehicle and its public use to the United States Patent and Trademark Office, with intent to mislead the United States Patent and Trademark Office into granting United States Patent No. 8,596,405.

80. Plaintiff CPI requests a declaratory judgment that United States Patent No. 8,596,405 is unenforceable due to inequitable conduct.

WHEREFORE, Plaintiff CPI respectfully requests that this Court grant judgment:

- (a) that the 2014 ZFORCE 800EX does not infringe and has not infringed United States Patent No. 7,819,220;
- (b) that United States Patent No. 7,819,220 is invalid;
- (c) that United States Patent No. 7,819,220 is unenforceable;
- (d) that the 2014 ZFORCE 800EX does not infringe and has not infringed United States Patent No. 8,596,405;
- (e) that United States Patent No. 8,596,405 is invalid;
- (f) that United States Patent No. 8,596,405 is unenforceable;
- (g) That Plaintiff CPI be awarded its costs and attorneys' fees incurred in prosecuting this action, as provided for by 35 U.S.C. §285, plus interest; and
- (h) any other relief this Court deems just and appropriate.

JURY DEMAND WAIVED

Plaintiff CPI hereby waives any demand that this matter be tried before a jury.

Respectfully submitted,

DATED: September 8, 2014

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