

**UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

Feit Electric Company, Inc.,

Plaintiff,

v.

Beacon Point Capital, LLC,

Defendant.

Civil Action No. 13-cv-09339  
Judge Sharon Johnson Coleman

**AMENDED DECLARATORY JUDGMENT COMPLAINT**

1. This is an amended complaint for a declaratory judgment that Defendant is collaterally estopped from asserting infringement of U.S. Patent Nos. 5,757,140 and 6,172,464 (“the ‘140 patent” and “the ‘464 patent,” respectively) and, in the alternative, a declaratory judgment of unenforceability for inequitable conduct. True and correct copies of the ‘140 patent and ‘464 patent are attached hereto as Exhibits A and B, respectively.

**PARTIES**

2. Plaintiff Feit Electric Company, Inc. (“Feit”) is a California corporation with a principal place of business at 4901 Gregg Road, Pico Rivera, CA 90660.

3. Feit sells, among other things, self-ballasted, screw-in compact fluorescent lamps (“CFLs”) throughout the United States, including in this District.

4. On information and belief Defendant Beacon Point Capital, LLC (“Beacon”) is a Delaware limited liability company with a principal place of business at 16 Ascot Lane, Barrington, IL 60010.

### NATURE OF THE ACTION

5. This declaratory judgment action is the latest of several cases previously decided by this Court concerning the Nilssen CFL patents, namely: *Nilssen, et al. v. Osram Sylvania Inc.*, 440 F.Supp.2d 884 (N.D. Ill. 2006) (*aff'd* 504 F.3d 1223 (Fed. Cir. 2007)); *Nilssen v. Wal-Mart Stores, Inc.*, No. 04 C 5363, 2008 WL 5087967, at \*2 (N.D. Ill. Nov. 24, 2008); *see also Nilssen v. General Elec. Co.*, No. 06 C 4155, 2011 WL 633414 (N.D. Ill. Feb. 11, 2011). Indeed, at least three different judges in this District – Judge Darrah (who was affirmed by the U.S. Court of Appeals for the Federal Circuit), Judge Norgle, and Judge Gettleman – found Nilssen to have engaged in rampant and pervasive inequitable conduct rendering Nilssen CFL patents unenforceable. This Court has noted that “[f]ar too much judicial resources have been devoted to Nilssen’s losing litigation” and awarded attorneys’ fees for Nilssen’s pursuit of patents obtained in bad faith. *See Nilssen v. Wal-Mart Stores, Inc.*, No. 04 C 5363, 2008 WL 5087967, at \*2 (N.D. Ill. Nov. 24, 2008); *see also Nilssen v. General Elec. Co.*, No. 06 C 4155, 2011 WL 633414 (N.D. Ill. Feb. 11, 2011).

6. As a result of this Court’s and the Federal Circuit’s rulings, which are now final and unappealable, Defendant is collaterally estopped from asserting infringement under the ‘464 and ‘140 patents because, among other things, they have been found unenforceable in judgments that are now final and unappealable.

7. Defendant, a successor in interest in and to the Nilssen CFL patents apparently managed by a relative of Ole K. Nilssen, nonetheless now threatens Plaintiff with litigation under the ‘464 and ‘140 patents. Plaintiff therefore brings this declaratory judgment action.

## **JURISDICTION & VENUE**

8. This Court has subject-matter jurisdiction pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202, and pursuant to 35 U.S.C. §§ 1331 and 1338(a) because Feit's claims arise under the patent laws of the United States, 35 U.S.C. §§ 101, et seq.

9. There is an actual controversy between Beacon and Feit with respect to whether Beacon may assert the Nilssen patents, which Feit alleges are unenforceable. As set forth below, Beacon has, on more than one occasion, threatened to sue Feit for infringement of the '140 patent and the '464. Beacon's actions have created a substantial controversy and, in Feit, apprehension of suit, creating a legal dispute of sufficient immediacy and reality to warrant relief by this Court.

10. This Court has personal jurisdiction over Defendant Beacon which on information and belief conducts business in and from Barrington, Illinois.

11. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1391(b) and (c), because Defendant Beacon is subject to personal jurisdiction in this judicial district, and further because a substantial part of the events and activities giving rise to Feit's claims occurred in this judicial district.

## **BACKGROUND**

12. On information and belief, on or about September 5, 2013, the estate of Ole K. Nilssen assigned the '140 and '464 patents to Beacon.

13. On information and belief, Beacon is the successor in interest to Ole K. Nilssen and/or the Geo Foundation, Ltd. to ownership of the '140 patent and the '464 patent.

14. On information and belief, Beacon owns and has all substantial rights under the '140 and '464 patents, including the right to past damages.

15. Ole K. Nilssen and Geo Foundation, Ltd. have multiple times in the past asserted numerous patents in this Court.

16. In the *Nilssen, et al. v. Osram Sylvania Inc.*, 440 F.Supp.2d 884 (N.D. Ill. 2006) (*aff'd* 504 F.3d 1223 (Fed. Cir. 2007)) and *Nilssen, et al. v. Wal-Mart Stores Inc., et al.*, No. 1:04-CV-5363 (N.D. Ill.) cases, all of the asserted patents were withdrawn with prejudice or declared unenforceable for multiple grounds of inequitable conduct.

17. Even though not a named party in the action, to meet its obligation to defend its customers, Feit effectively defended and bore part of the cost of the defense in the *Nilssen, et al. v. Wal-Mart Stores Inc., et al.* case.

18. The '140 patent and the '464 patent name Ole K. Nilssen as inventor and were part of an extensive and complicated scheme of patent applications that included the patents declared unenforceable for multiple grounds of inequitable conduct in the *Nilssen, et al. v. Osram Sylvania Inc.* and *Nilssen, et al. v. Wal-Mart Stores Inc., et al.* cases ("the *Osram* case" and "the *Wal-Mart* case," respectively).

19. On or about May 24, 2012, Ole K. Nilssen and Geo Foundation, Ltd. commenced an action against Feit Electric Company, Inc. in the United States District Court for the Middle District of Florida, Ft. Myers Division (Civil Action No. 2:12-CV-296-FtM-99DNF), alleging, among other things infringement of U.S. Patent No. 5,757,140 (the '140 patent) by self-ballasted, screw-in compact fluorescent lamps ("CFLs" sold by Feit (the "Florida action"))).

20. In the Florida action, Ole K. Nilssen and Geo Foundation, Ltd. also asserted infringement of:

U.S. Patent No. 4,857,806 despite the fact that such patent was found unenforceable in the *Osram* and *Wal-Mart* cases for two types of inequitable conduct (misleading affidavit and false small entity declaration) and which expired on or about August 15, 2006;

U.S. Patent No. 5,233,270 despite the fact that such patent was found unenforceable in the *Osram* and *Wal-Mart* cases for two types of inequitable conduct (misleading affidavit and false small entity declaration) and which expired on or about September 10, 2008 based on a terminal disclaimer; and,

U.S. Patent No. 5,341,067 which was found unenforceable in the *Osram* and *Wal-Mart* cases for four types of inequitable conduct (misleading affidavit, false small entity declaration, failure to disclose material litigation, and failure to disclose material prior art) and which expired on or about September 10, 2008 based on a terminal disclaimer.

21. On or about February 13, 2013, Ole K. Nilssen and Geo Foundation, Ltd. voluntarily dismissed the Florida action without prejudice.

22. The dismissal of the Florida action was not based on any settlement, license or other resolution of the claim of infringement between Ole K. Nilssen and Geo Foundation, Ltd. on the one hand and Feit on the other hand.

23. On information and belief, Kenneth Sutton is the son-in-law of Ole K. Nilssen.

24. On information and belief, Kenneth Sutton is a principal, manager, and/or executive officer of Beacon.

25. Aaron Feit is the President and Chief Executive Officer of Feit.

26. On or about April 8, 2013, from the e-mail address “ksutton@beaconcapital.com,” Mr. Sutton sent Mr. Feit an e-mail message in which he referenced five patents listed in an attachment to that e-mail message that are allegedly directed to CFLs (the “April 2013 assertion message”).

27. The attachment to the April 2013 assertion message listed U.S. Patent No. 6,172,464 (the ‘464 patent) as well as U.S. Patent Nos.: 5,166,578; 5,191,262; 5,446,347; and, 5,757,140.

28. In the April 2013 assertion message, Mr. Sutton asserted that the referenced patents “are fully enforceable against CFL infringement.”

29. On or about December 3, 2013, attorney Frederick Roth sent Mr. Feit a letter in which he indicated that he had been retained by Beacon to represent Beacon’s rights and interest in the Ole K. Nilssen patents (the “first Roth letter”).

30. In the first Roth letter, Mr. Roth indicated that “Beacon is the sole owner of all patents formerly owned by Ole K. Nilssen.”

31. In the first Roth letter, Mr. Roth:

inquires as to whether Feit “is willing to participate in substantive negotiations regarding patent infringement;”

states that “[w]e believe you and your counsel are well acquainted with the patents at issue... and the basis for my client’s claims for patent infringement;

states that he is reaching out to Mr. Feit “before filing an appropriate action in court;” and,

states that if a response is not forthcoming by December 15, 2013 “we will assume litigation is the only option and proceed accordingly.”

32. On or about December 26, 2013, attorney Frederick Roth sent Mr. Feit a second letter (the “second Roth letter”) stating:

Dale Fiene has reviewed and considered a representative sample of virtually all of Feit Electric products found at Menards with regard to the patent claims and is convinced that all of the CFLs sold by Feit Electric during the last six years infringed on at least one claim of one patent. The foregoing statement is true even with consideration of the terminal disclaimers. Mr. Fiene is also convinced the future time period is at least through 5/26/2015 on all of Feit Electric CFLs and through 1/9/2018 on the majority of Feit Electric CFLs.

33. On information and belief, Dale Fiene was previously in the employ of, or contracted by, Ole K. Nilssen.

34. On information and belief, Dale Fiene is employed by or contracted by Beacon.

35. May 26, 2015 is the expiration date of the '140 patent.

36. January 9, 2018 is the expiration date of the '464 patent.

37. The communications and past conduct of Beacon and the communications of Beacon's attorney have caused Feit to be in reasonable apprehension of an imminent action for patent infringement by Beacon.

38. A justiciable case or controversy under the Declaratory Judgment Act exists between Feit and Beacon.

**COUNT I**  
**PATENTS DECLARED UNENFORCEABLE**  
**REMAIN UNENFORCEABLE**

39. Feit incorporates by reference the above paragraphs as if fully set forth herein.

40. In the *Osram* case, this Court found the following U.S. patents to be unenforceable, each on multiple grounds of inequitable conduct:

U.S. Patent No. 4,857,806  
U.S. Patent No. 5,164,637  
U.S. Patent No. 5,233,270  
U.S. Patent No. 5,343,123  
U.S. Patent No. 5,402,043  
U.S. Patent No. 5,416,386  
U.S. Patent No. 5,432,409  
U.S. Patent No. 5,479,074  
U.S. Patent No. 5,481,160  
U.S. Patent No. 5,510,680  
U.S. Patent No. 5,510,681  
U.S. Patent No. 4,677,345  
U.S. Patent No. 5,047,690  
U.S. Patent No. 5,341,067  
U.S. Patent No. 5,189,342

*Nilssen v. Osram Sylvania, Inc.*, 440 F. Supp. 2d 884 (N.D. Ill. 2006).

41. The United States Court of Appeals for the Federal Circuit affirmed the unenforceability findings of this Court in the *Osram* case. *Nilssen v. Osram Sylvania, Inc.*, 504 F.3d 1223 (Fed. Cir. 2007).

42. The United States Supreme Court denied a petition for certiorari to appeal the decision by United States Court of Appeals for the Federal Circuit affirming the finding of this Court in the *Osrham* case. That case is now final and unappealable.

43. In the *Wal-Mart* case, also final and not subject to appeal, this Court found the following U.S. patents to be unenforceable, each on multiple grounds of inequitable conduct and relying upon collateral estoppel from the *Osrham* case:

U.S. Patent No. 5,341,067

U.S. Patent No. 6,172,464

44. In the *Wal-Mart* case, Nilssen also stipulated to an adverse judgment on the following patents as unenforceable:

U.S. Patent No. 4,857,806

U.S. Patent No. 5,233,270

U.S. Patent No. 5,343,123

U.S. Patent No. 5,510,680

U.S. Patent No. 5,510,681

45. No intervening events or acts have changed, altered, reversed, and/or undone the unenforceability of the patents held unenforceable by this Court (the “unenforceable Nilssen patents”).

46. No intervening change in law has changed, altered, reversed, and/or undone the unenforceability of the unenforceable Nilssen patents.

47. The enforcement of the unenforceable Nilssen patents is barred by collateral estoppel.

48. The enforcement of the unenforceable Nilssen patents is barred by law.

49. The unenforceable Nilssen patents may not be asserted against Feit CFL products.

50. Based on Beacon’s actions described above, an actual substantial controversy of sufficient immediacy and reality has arisen and now exists between the parties as to the



enforceability of the claims of the '140, '464, '806, '270, and '067 patents. A declaratory judgment is necessary and appropriate to resolve this justiciable controversy.

**COUNT II**  
**BEACON IS COLLATERALLY ESTOPPED**  
**FROM ASSERTING THE '464 PATENT**

51. Feit incorporates by reference the above paragraphs as if fully set forth herein.

52. In the *Nilssen, et al. v. Wal-Mart Stores Inc., et al.*, No. 1:04-CV-5363 (N.D. Ill.) case, this Court found that Ole K. Nilssen made a false declaration claiming small entity status in the application leading to the '464 patent.

53. In the *Wal-Mart* case, on March 17, 2008, this Court found that Ole K. Nilssen failed to disclose material litigation in the application leading to the '464 patent.

54. In the *Wal-Mart* case, this Court found that Ole K. Nilssen failed to disclose material litigation in the application leading to the '464 patent. And that such failure constituted inequitable conduct.

55. In the *Wal-Mart* case, this Court found the '464 patent to be unenforceable for inequitable conduct.

56. In particular, the Court in the *Wal-Mart* case found that collateral estoppel applied from the *Osram* case even though the '464 patent was not directly at issue in that case.

57. In the *Osram* and *Wal-Mart* cases, as well as other cases in this District involving the Nilssen patents, this Court found the cases to be exceptional under 35 U.S.C. § 285 and awarded the defendants their reasonable attorneys' fees under 35 U.S.C. § 285 and their costs. The Federal Circuit upheld this finding the *Osram* case. In fact, in at least one case in this District, the Court found that collateral estoppel as to this finding that the case is exceptional applied. *See Nilssen v. General Elec. Co.*, No. 06 C 04155, 2011 WL 633414 (N.D. Ill. Feb. 11, 2011).

58. Under the doctrine of issue preclusion, Beacon is estopped from asserting infringement of the '464 patent by Feit.

59. Based on Beacon's actions described above, an actual substantial controversy of sufficient immediacy and reality has arisen and now exists between the parties as to the enforceability of the claims of the '464 patent and the effect of collateral estoppel. A declaratory judgment is necessary and appropriate to resolve this justiciable controversy and so that Feit may ascertain its rights and duties with respect to the '464 patent.

**COUNT III**  
**BEACON IS COLLATERALLY ESTOPPED**  
**FROM ASSERTING THE '140 PATENT**

60. Feit incorporates by reference the above paragraphs as if fully set forth herein.

61. Nilssen engaged in ongoing and pervasive inequitable conduct that rendered sixteen of his CFL patents unenforceable after full and final adjudication. (*Nilssen, et al. v. Osram Sylvania Inc.*, 440 F.Supp.2d 884 (N.D. Ill. 2006) ("*Osram I*"); (*aff'd* 504 F.3d 1223) (Fed. Cir. 2007) ("*Osram II*"), cert. denied 554 U.S. 903 (U.S. 2008); *Nilssen v. Wal-Mart Stores, Inc.*, No. 04 C 5363, Order on Summary Judgment, Dkt. No. 192 (N.D. Ill. March 17, 2008) ("*Wal-Mart*") (*aff'd, per curiam*, No. 2009-1495, Fed Cir. 2010) (*aff'd, per curiam*, No. 2010-1139, Fed. Cir. 2011), cert. denied, 132 S.Ct. 1915 (U.S. 2012)).

62. In the *Osram I* case, Judge Darrah found the following Nilssen CFL patents to be unenforceable, each on multiple grounds of inequitable conduct:

U.S. Patent No. 4,857,806  
U.S. Patent No. 5,164,637  
U.S. Patent No. 5,233,270  
U.S. Patent No. 5,343,123  
U.S. Patent No. 5,402,043  
U.S. Patent No. 5,416,386  
U.S. Patent No. 5,432,409  
U.S. Patent No. 5,479,074

U.S. Patent No. 5,481,160  
U.S. Patent No. 5,510,680  
U.S. Patent No. 5,510,681  
U.S. Patent No. 4,677,345  
U.S. Patent No. 5,047,690  
U.S. Patent No. 5,341,067  
U.S. Patent No. 5,189,342

63. In *Osram II*, The Federal Circuit affirmed the unenforceability findings in the *Osram* case. *Nilssen v. Osram Sylvania, Inc.*, 504 F.3d 1223 (Fed. Cir. 2007). The United States Supreme Court denied Nilssen's petition for certiorari to appeal the Federal Circuit's decision.

64. In the *Wal-Mart* case, which is also final and not subject to appeal, Judge Gettleman found two more of Nilssen's CFL patents to be unenforceable, each on multiple grounds of inequitable conduct and relying upon collateral estoppel from the *Osram* case:

U.S. Patent No. 5,341,067  
U.S. Patent No. 6,172,464

65. In the *Wal-Mart* case, Nilssen also stipulated to summary judgment of unenforceability, and Judge Gettleman entered judgment accordingly, on the following of Nilssen's CFL patents:

U.S. Patent No. 4,857,806  
U.S. Patent No. 5,233,270  
U.S. Patent No. 5,343,123  
U.S. Patent No. 5,510,680  
U.S. Patent No. 5,510,681

66. Three different Judges of this Court – Judge Darrah, Judge Gettleman and Judge Norgle – also found that Nilssen's conduct was so egregious that they each found the cases before them exceptional under 35 U.S.C. § 285 and ordered Nilssen to pay the attorneys' fees incurred by the defendants.

67. In Judge Norgle's decision finding Nilssen's case against GE to be "exceptional" pursuant to 35 U.S.C. § 285 and awarding attorneys' fees to GE, Judge Norgle stated that:

What made Nilssen's conduct so distinctive, however, is that although he considered himself an expert in the field of patent procedures and prosecutions Nilssen continued to engage in this inequitable conduct over a significant period of time.

68. Judge Darrah's decision in *Osram I*, issued after a bench trial on the issue of inequitable conduct, sets forth Nilssen's misconduct in detail, including his: (a) submission of false declarations and corresponding failure to properly pay more than \$200,000 in patent maintenance fees to the Patent Office; (b) improper and false claims of priority dates in oaths to avoid prior art; (c) failure to disclose the *Motorola* litigation (which involved related patents) to the Patent Office; and (d) failure to disclose material prior art to the Patent Office.

69. Judge Darrah held in *Osram I* that throughout the prosecution of his patents, Nilssen consistently acted with intent to defraud the Patent Office and that Nilssen should neither have received nor be entitled to retain the patent rights he fraudulently obtained.

70. The '140 Patent claims a priority date of March 20, 1978.

71. The '140 Patent is a child of application serial number 06/787,692 ("the '692 application").

72. The '692 application claims a priority date of August 14, 1980.

73. The '692 application does not claim a priority date of March 20, 1978.

74. The earliest applications that the '140 Patent relies upon for priority do not claim priority dates earlier than August 14, 1980.

75. In *Osram I*, Judge Darrah considered this same priority claim made by Nilssen in the '140 patent in connection with U.S. Patent Nos. 5,164,637, 5,510,680, and 5,510,681 ("the

'637, '680, and '681 patents," respectively), which like the '140 patent, were all children of the '692 application and found them to be unenforceable for inequitable conduct.

76. Nilssen made the priority claim in the application that led to the '140 patent under oath.

77. As found by Judge Darrah in *Osram I*, Nilssen submitted an oath intentionally claiming the March 1978 false priority date.

78. Judge Darrah also found in *Osram I* "that Nilssen intentionally misclaimed priority in the patents to claim an earlier effective date" and that "[t]hese false claims of priority dates were highly material because they allowed Nilssen to potentially avoid prior art and obtain patent claims to which he would not otherwise be entitled."

79. In *Osram I*, Judge Darrah found compelling evidence of Nilssen's intent:

This Advance letter demonstrates that Nilssen intentionally misclaimed priority in these '637, '680, and '681 Patents to claim an earlier effective date to assure that Advance could not cancel its License Agreement. Nilssen's testimony to the contrary was not credible.

80. As held by both Judge Darrah and confirmed by the Federal Circuit in *Osram I* and *II*, the March 20, 1978 priority claim is false. In particular, Judge Darrah found in *Osram I* that:

Nilssen's claim of priority to the effective filing date of March 20, 1978, in the '637, '680, and '681 Patents is, therefore, incorrect because the respective patent applications filed between 1980 and 1990 do not claim priority to or cross reference any patents or patent applications earlier than Nilssen's U.S. Patent Application No. 06/178,107, filed August 14, 1980.

As further explained by the Federal Circuit in *Osram II*:

Nilssen recited in his various patent applications paternity from earlier applications, the obvious purpose of which is to be able to assert a claim for priority over intervening publications or other patent-defeating occurrences if needed. The district court found, and appellants are not contesting, that the recitation of application histories did not comply with the applicable 35 U.S.C. § 120 requirements, and certain applications were thus not entitled to earlier priority dates.

81. The priority claim made by Nilssen in the application that led to the '140 patent is the same priority claim that was found to constitute inequitable conduct by Judge Darrah in *Osram I*.

82. Nilssen's intentional claim of a false priority date for children of the '692 application, was found to constitute inequitable conduct by both Judge Darrah in *Osram I* and the Federal Circuit in *Osram II* and those decisions are final and unappealable.

83. Nilssen made the same knowingly false claim of priority in connection with the '140 Patent.

84. Nilssen had a full and fair opportunity to litigate the issue of his false priority claim in *Osram I* and *Osram II*.

85. Collateral estoppel therefore precludes Beacon, as Nilssen's successor-in-interest, from challenging that finding.

86. The prosecution histories of the '140 and the '464 patents are so similar that collateral estoppel applies with equal force to the '140 patent.

87. In the prosecution history of the '464 patent, Nilssen filed a declaration claiming small entity status.

88. In the *Wal-Mart* case, this Court found that Nilssen made a false declaration claiming small entity status in the application leading to the '464 patent.

89. In the *Wal-Mart* case, this Court found the '464 patent to be unenforceable for inequitable conduct.

90. In particular, the Court in the *Wal-Mart* case found that collateral estoppel applied from the *Osram* case even though the '464 patent was not directly at issue in that case.

91. Collateral estoppel protects a party from having to relitigate issues that have been fully and fairly tried in a previous action and adversely resolved against the opposing party.

92. Collateral estoppel applies to patent issues that are identical.

93. Accordingly, although the '140 patent was not directly at issue in the *Osram* cases, collateral estoppel applies and the '140 patent is unenforceable, as set forth above, for the same reasons set forth in the *Osram* and *Wal-Mart* cases.

94. Based on Beacon's actions described above, an actual substantial controversy of sufficient immediacy and reality has arisen and now exists between the parties as to the enforceability of the claims of the '140 patent and the effect of collateral estoppel. A declaratory judgment is necessary and appropriate to resolve this justiciable controversy and so that Feit may ascertain its rights and duties with respect to the '140 patent.

**COUNT IV**  
**DECLARATORY JUDGMENT OF UNENFORCEABILITY OF  
THE '140 PATENT BECAUSE OF INEQUITABLE CONDUCT**

95. Feit incorporates by reference the above paragraphs as if fully set forth herein.

**False Small Entity Declaration**

96. On information and belief, on or about March 16, 1992, in the application leading to the issuance of the '140 patent, Ole K. Nilssen filed a declaration claiming small entity status.

97. On information and belief, Ole K. Nilssen was not at the time the declaration claiming small entity status was filed entitled to small entity status for the application leading to the '140 patent or the '140 patent.

98. On information and belief, on or before March 2, 1998, Ole K. Nilssen no longer qualified for small entity status for the application leading to the '140 patent or the '140 patent but he did not promptly correct that status or underpayments and made further small entity status payments to the U.S. Patent Office.

99. On information and belief, on or before June 1, 2000, Ole K. Nilssen no longer qualified for small entity status for the application leading to the '140 patent or the '140 patent but he did not promptly correct that status or underpayments.

100. On information and belief, even though he was not entitled to small entity status, Ole K. Nilssen made one or more small entity status payments in connection with the application leading to the '140 patent and/or in connection with the maintenance of the '140 patent.

101. On information and belief, during the time he took advantage of small entity status for the application leading to the '140 patent or the '140 patent, Ole K. Nilssen was not entitled to small entity status.

102. Ole K. Nilssen intentionally and purposefully submitted one or more declarations claiming small entity status knowing that he was not entitled to do so. The declarations claiming small entity status filed by Ole K. Nilssen in the application leading to the '140 patent were false.

103. A false declaration to claim small entity status constitutes inequitable conduct.



104. A false declaration to claim small entity status constitutes inequitable conduct rendering the '140 patent unenforceable.

105. The failure to timely correct entity status was misleading.

106. Improperly taking advantage of small entity status constitutes inequitable conduct.

107. Improperly taking advantage of small entity status constitutes inequitable conduct rendering the '140 patent unenforceable.

**False Priority Claim**

108. Additionally, the application leading to the '140 patent contained an oath signed by Ole K. Nilssen on March 12, 1992 (the "140 oath") with the following priority claim:

... which patent application is a continuation of Serial No. 07/819,655 filed 01/13/92; which is a Continuation of Serial" No. 07/643,023 filed 01/18/91; which is a Continuation-in-Part of application Serial No. 06/787,692 filed 10/15/85, now abandoned; which is a Continuation of application Serial No. 06/644,155 filed 08/27/84, now abandoned; which is a Continuation of Serial No. 06/555,426 filed 11/23/83, now abandoned; which is a Continuation of application Serial No. 06/178,107 filed 08/14/80 now abandoned; which is a Continuation-in-Part of serial No. 05/973,741 filed 12/28/78, now abandoned; which is a Continuation-in-Part of Serial No. 05/890,586 filed 03/20/78, now U.S. Patent No. 4,184,128.... [Sic.]

109. The first time in the chain of applications leading to the '140 patent a claim of priority back to U.S. patent application serial number 05/973,741 filed December 28, 1978 and/or U.S. patent application serial number 05/890,586 filed March 20, 1978 was in U.S. patent application serial number 07/819,655 filed January 13, 1992.

110. Contrary to the claim of priority recited in the '140 oath, U.S. patent application serial number 05/973,741 filed December 28, 1978 did not claim priority to U.S. patent application serial number 05/890,586 filed March 20, 1978.

111. The claim of priority recited in the '140 oath that U.S. patent application serial number 05/973,741 filed December 28, 1978 claiming priority to U.S. patent application serial number 05/890,586 filed March 20, 1978 is false.

112. Contrary to the claim of priority recited in the '140 oath, U.S. patent application serial number 06/178,107 filed August 14, 1980 did not claim priority U.S. patent application serial number 05/973,741 filed December 28, 1978.

113. The claim of priority recited in the '140 oath that U.S. patent application serial number 06/178,107 filed August 14, 1980 claiming claim priority U.S. patent application serial number 05/973,741 filed December 28, 1978 is false.

114. Contrary to the claim of priority recited in the '140 oath, U.S. patent application serial number 06/555,426 filed 23 November 1983 did not claim priority to U.S. patent application serial number 06/330,159 filed December 14, 1981.

115. The claim of priority recited in the '140 oath that U.S. patent application serial number 06/555,426 filed 23 November 1983 claiming priority to U.S. patent application serial number 06/330,159 filed December 14, 1981 is false.

116. The discontinuity in the priority claims in the chain of applications leading to the '140 patent makes the priority claims to U.S. patent application serial number 05/973,741 filed December 28, 1978 and U.S. patent application serial number 05/890,586 filed March 20, 1978 improper.

117. The discontinuity in the priority claims in the chain of applications leading to the '140 patent makes the priority claims to U.S. patent application serial number 05/973,741 filed December 28, 1978 and U.S. patent application serial number 05/890,586 filed March 20, 1978 ineffective.

118. The '140 oath contained at least three false statements. These statements by Nilssen were intentional and made with intent to deceive the patent office.

119. A false claim of priority is material.

120. A false claim of priority constitutes inequitable conduct.

121. A false claim of priority constitutes inequitable conduct rendering the '140 patent unenforceable.

122. Based on Beacon's actions described above, an actual substantial controversy of sufficient immediacy and reality has arisen and now exists between the parties as to the enforceability of the claims of the '140 patent. A declaratory judgment is necessary and appropriate to resolve this justiciable controversy and so that Feit may ascertain its rights and duties with respect to the '140 patent.

**COUNT V**  
**DECLARATORY JUDGMENT OF UNENFORCEABILITY OF  
THE '464 PATENT BECAUSE OF INEQUITABLE CONDUCT**

123. Feit incorporates by reference the above paragraphs as if fully set forth herein.

**False Small Entity Declaration**

124. On information and belief, on or about February 24, 1995, in the application leading to the issuance of the '464 patent, Ole K. Nilssen filed a declaration claiming small entity status.

125. On information and belief, Ole K. Nilssen was not at the time the declaration claiming small entity status was filed entitled to small entity status for the application leading to the '464 patent or the '464 patent.

126. On information and belief, on or before June 1, 2000, Ole K. Nilssen no longer qualified for small entity status for the application leading to the '464 patent or the '464 patent but he did not promptly correct that status or underpayments.

127. On information and belief, even though he was not entitled to small entity status, Ole K. Nilssen made one or more small entity status payments in connection with the application leading to the '464 patent and/or in connection with the maintenance of the '464 patent.

128. On information and belief, during the time he took advantage of small entity status for the application leading to the '464 patent and the '464 patent, Ole K. Nilssen was not entitled to small entity status.

129. Ole K. Nilssen intentionally and purposefully submitted one or more declarations claiming small entity status knowing that he was not entitled to do so. The declaration claiming small entity status filed by Ole K. Nilssen in the application leading to the '464 patent was false.

130. A false declaration to claim small entity status constitutes inequitable conduct.

131. A false declaration to claim small entity status filed by Ole K. Nilssen in the application leading to the '464 patent constitutes inequitable conduct rendering the '464 patent unenforceable.

132. The failure to timely correct entity status was misleading.

133. Improperly taking advantage of small entity status constitutes inequitable conduct.

134. Improperly taking advantage of small entity status constitutes inequitable conduct rendering the '464 patent unenforceable.

**Failure To Disclose Material Litigation Inequitable Conduct**

135. Ole K. Nilssen sued Motorola, Inc. and its subsidiary, Motorola Lighting, Inc. on October 19, 1993, alleging patent infringement and trade secret misappropriation (*See Nilssen v. Motorola, Inc.*, No. 93-C-6333, 2002 WL 31369410 (N.D. Ill. Oct. 21, 2002) -- the “*Motorola litigation*”).

136. The '464 patent shares a grandparent application with U.S. Patent No. 5,510,681 (the "'681 patent") that was at issue in the *Motorola* litigation.

137. The *Motorola* litigation involved the same subject matter that is disclosed and claimed in the '464 patent.

138. The '464 patent and the '681 patent share eight figures and their specifications are remarkably similar.

139. The *Motorola* litigation was material to the prosecution of the application that led to the '464 patent.

140. The *Motorola* litigation was highly material to the prosecution of the application that led to the '464 patent.

141. The *Motorola* litigation wound its way through this Court for close to ten years, finally being dismissed on October 21, 2002 pursuant to a settlement agreement.

142. Ole K. Nilssen was certainly aware of the *Motorola* litigation during the time he was prosecuting the applications that led to the '464 patent.

143. Nilssen was fully aware of his duty to disclose the *Motorola* litigation, which he commenced more than one year before he filed the application that led to the '464 patent.

144. Nilssen failed to disclose to the United States Patent Office all information regarding the *Motorola* litigation including, most importantly, *Motorola's* invalidity affirmative defenses. Nilssen did so intentionally and with intent to deceive.

145. The failure to disclose the *Motorola* litigation was misleading.

146. The failure to disclose the *Motorola* litigation constitutes inequitable conduct rendering the '464 patent unenforceable.

147. Based on Beacon's actions described above, an actual substantial controversy of sufficient immediacy and reality has arisen and now exists between the parties as to the enforceability of the claims of the '464 patent. A declaratory judgment is necessary and appropriate to resolve this justiciable controversy and so that Feit may ascertain its rights and duties with respect to the '464 patent.

**COUNT VI**  
**DECLARATORY JUDGMENT OF UNENFORCEABILITY**  
**BASED ON PROSECUTION LACHES ESTOPPEL**

148. Feit incorporates by reference the above paragraphs as if fully set forth herein.

**The '140 Patent Prosecution Laches Estoppel**

149. The '140 patent has a history of over twenty years of patent prosecution.

150. The '140 patent claims priority back to an application that was filed on or about March 20, 1978.

151. The '140 patent is a child of application serial number 06/787,692 ("the '692 application").

152. The '692 application claims a priority date of August 14, 1980.

153. The '140 patent claims priority back through a chain of nine applications, five of which were abandoned.

154. The application that led to the '140 patent was filed by Nilssen in a long line of continuation applications and claimed priority back through that chain of applications (the "'140 patent chain of applications"):

application serial number 07/851,887 filed March 16, 1992 (the application that matured into the 140 patent) as a continuation of

application serial number 07/819,655 filed January 13, 1992 as a continuation of

application serial number 07/643,023 filed January 18, 1991 as a continuation in part of

application serial number 06/787,692 filed October 15, 1985 as a continuation of

application serial number 06/644,155 filed August 27, 1984 as a continuation of

application serial number 06/555,426 filed November 23, 1983 as a continuation of

application serial number 06/178,107 filed August 14, 1980 as a continuation in part of

application serial number 05/973,741 filed December 28, 1978 as a continuation in part of

application serial number 05/890,586 filed March 20, 1978.

155. Nilssen abandoned five applications in the '140 patent chain of applications, each time filing a new file wrapper continuation application that was prosecuted and then abandoned.

156. Nilssen application serial number 07/643,023 in the '140 patent chain of applications was abandoned to file a file wrapper continuation application.

157. Nilssen application serial number 06/787,692 in the '140 patent chain of applications was abandoned to file a file wrapper continuation application.

158. Nilssen application serial number 06/644,155 in the '140 patent chain of applications was abandoned to file a file wrapper continuation application.

159. Nilssen application serial number 06/555,426 in the '140 patent chain of applications was abandoned to file a file wrapper continuation application.

160. Nilssen application serial number 06/178,107 in the '140 patent chain of applications was abandoned to file a file wrapper continuation application.

161. In at least one application in the '140 patent chain of applications, after receiving a notice of allowance, Ole K. Nilssen abandoned the application in favor of a file wrapper continuation application.

162. Application serial number 07/643,023 in the '140 patent chain of applications is a parent application to the application leading to the '140 patent, and in that application Nilssen received a notice of allowance on or about December 31, 1991.

163. Rather than letting application serial number 07/643,023 issue after receiving the notice of allowance, Nilssen filed a file wrapper continuation application.

164. The file wrapper continuation application filed after receiving a notice of allowance in application serial number 07/643,023 unreasonably prolonged and extended prosecution of the subject matter of the applications in the '140 patent chain of applications.

165. On information and belief, if application serial number 07/643,023 was allowed to issue responsive to the notice of allowance, it would have issued in 1992.

166. If application serial number 07/643,023 was allowed to issue responsive to the notice of allowance and it issued in 1992, given a term of seven years from the issue date, the resulting patent would have expired in 2009.

167. By filing a file wrapper continuation application rather than allowing application serial number 07/643,023 to issue pursuant to the notice of allowance, Nilssen and his successors in interest obtained at least six years of patent term later in time than it would have otherwise been entitled.

168. The '140 patent did not issue until 1998.

169. The term of the '140 patent expires in 2015.



170. The multiple abandonments and file wrapper continuation applications in the '140 patent chain of applications delayed the filing, prosecution and issuance of the '140 patent.

171. By abandoning and then filing multiple file wrapper continuation applications in the '140 patent chain of applications, Nilssen and his successors in interest obtained a patent term shifted later in time.

172. Such repeated abandonments and file wrapper continuation applications improperly extended the patent term and was an abuse of the patent system.

173. The multiple abandonments and file wrapper continuation applications in the '140 patent chain of applications was excessive and unreasonable.

174. The multiple abandonments and file wrapper continuation applications in the '140 patent chain of applications resulted in delay in the issuance of the '140 patent that is prejudicial to Feit.

175. There is no reasonable explanation for the multiple abandonments and file wrapper continuation applications in the '140 patent chain of applications.

176. Nilssen used one or more abandonments and file wrapper continuation applications in the '140 patent chain of applications patent to shift the term of the '140 patent to later in time.

177. Nilssen's filing of one or more abandonments and file wrapper continuation applications in the '140 patent chain of applications effectively shifted the term of the '140 patent later in time.

178. Feit began having CFLs made for sale in the United States in about 1986.

179. In the years following 1986 and to the present, Feit expanded its line of CFLs for sale in the United States.

180. In the years following 1986 and to the present, Feit and its suppliers further developed and improved upon the CFLs made for Feit for sale in the United States.

181. In the years following 1986 and to the present, Feit undertook substantial efforts to expand its sales and marketing of CFLs in the United States.

182. In the years following 1986 and to the present, Feit's substantial efforts to expand its sales and marketing of CFLs in the United States included investment to support such expansion.

183. The multiple abandonments and file wrapper continuations in the '140 patent chain of applications has prejudiced Feit by inexcusably delaying issuance, and therefore notice, of the '140 patent claims that otherwise Feit could have designed around or otherwise avoided.

184. The later patent term obtained by Nilssen prejudices Feit by creating a potential claim of patent infringement on patent claims that otherwise would have expired and would have thus been dedicated to the public.

185. The later patent term obtained by Nilssen's filing of one or more abandonments and file wrapper continuation applications in the '140 patent chain of applications is the result of an abuse of the patent system.

186. The '140 patent is invalid and/or unenforceable for prosecution laches estoppel.

**The '464 Patent Prosecution Laches Estoppel**

187. The '464 patent has a history of over twenty years of patent prosecution.

188. The '464 patent claims priority back to an application that was filed on or about August 14, 1980.

189. The '464 patent claims priority back through a chain of six earlier filed applications, four of which were abandoned.

190. The application that led to the '464 patent was filed by Nilssen in a long line of continuation applications and claimed priority back through that chain of applications (the "'464 patent chain of applications'"):

application serial number 08/394,251 filed February 24, 1995 (the application that matured into the '464 patent) as a continuation in part of

application serial number 07/579,569 filed September 10, 1990 which is a continuation in part of

application serial number 06/787,692 filed October 15, 1985 which is a continuation of

application serial number 06/644,155 filed August 27, 1984 which is a continuation of

application serial number 06/555,426 filed November 23, 1983 which is a continuation of

application serial number 06/178,107 filed August 14, 1980.

191. Nilssen abandoned four of the applications in the '464 patent chain of applications in favor of file wrapper continuation applications.

192. Nilssen application serial number 06/555,426 in the '464 patent chain of applications was abandoned to file a file wrapper continuation application.

193. Nilssen application serial number 06/644,155 in the '464 patent chain of applications was abandoned to file a file wrapper continuation application.

194. Nilssen application serial number 06/787,692 in the '464 patent chain of applications was abandoned to file a file wrapper continuation application.

195. The '464 patent did not issue until 2001.

196. The natural term of the '464 patent would have expired in 2018.

197. The multiple abandonments and file wrapper continuation applications in the '464 patent chain of applications delayed the filing, prosecution and issuance of the '464 patent.

198. Such repeated abandonments and file wrapper continuation applications improperly extended the patent term and was an abuse of the patent system.

199. By filing multiple abandonments and file wrapper continuation applications in the '464 patent chain of applications, Nilssen and his successors in interest obtained a patent term shifted later in time.

200. The multiple abandonments and file wrapper continuation applications in the '464 patent chain of applications was excessive and unreasonable.

201. The multiple abandonments and file wrapper continuation applications in the '464 patent chain of applications resulted in prejudice to Feit.

202. There is no reasonable explanation for the multiple abandonments and file wrapper continuation applications in the '464 patent chain of applications.

203. Nilssen used one or more abandonments and file wrapper continuation applications in the '464 patent chain of applications patent to shift the term of the '464 patent to later in time.

204. The multiple abandonments and file wrapper continuation applications in the '464 patent chain of applications delayed issuance of the '464 patent.

205. The multiple abandonments and file wrapper continuation applications in the '464 patent chain of applications resulted in delay in the issuance of the '464 patent prejudicial to Feit.

206. Nilssen's filing of one or more abandonments and file wrapper continuation applications in the '464 patent chain of applications effectively shifted the term of the '464 patent later in time.

207. Feit began having CFLs made for sale in the United States in about 1986.

208. In the years following 1986 and to the present, Feit expanded its line of CFLs for sale in the United States.

209. In the years following 1986 and to the present, Feit and its suppliers further developed and improved upon the CFLs made for Feit for sale in the United States.

210. In the years following 1986 and to the present, Feit undertook substantial efforts to expand its sales and marketing of CFLs in the United States.

211. In the years following 1986 and to the present, Feit's substantial efforts to expand its sales and marketing of CFLs in the United States included investment to support such expansion.

212. The multiple abandonments and file wrapper continuations in the '464 patent chain of applications has prejudiced Feit by inexcusably delaying issuance, and therefore notice, of the '464 patent claims that otherwise Feit could have designed around or otherwise avoided.

213. The later patent term obtained by Nilssen prejudices Feit by creating a potential claim of patent infringement on patent claims that otherwise would have expired and thus would have been dedicated to the public.

214. The '464 patent is invalid and/or unenforceable for prosecution laches estoppel.

215. Based on Beacon's actions described above, an actual substantial controversy of sufficient immediacy and reality has arisen and now exists between the parties as to the enforceability of the claims of the '140 patent and the '464 patent and the effect of prosecution history estoppel. A declaratory judgment is necessary and appropriate to resolve this justiciable controversy and so that Feit may ascertain its rights and duties with respect to the '140 patent and the '464 patent.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff Feit respectfully request that this Court enter judgment in favor of Plaintiff and against Defendant Beacon, and:

- (a) declare the '140 patent unenforceable for inequitable conduct;
- (b) declare the '464 patent unenforceable for inequitable conduct;
- (c) declare the '140 patent unenforceable for prosecution laches estoppel;
- (d) declare the '464 patent unenforceable for prosecution laches estoppel;
- (e) declare that the enforcement of the '464 patent is collaterally estopped;
- (f) declare that the enforcement of the '140 patent is collaterally estopped;
- (g) declare that patents found unenforceable in the *Osram* and *Wal-Mart* cases cannot be enforced by Beacon or any purported owner of those patents against any CFL product made, imported, used, offered for sale, or sold by Feit, Feit's customers, and Feit's end users;
- (h) enjoin Beacon or any purported owner of those patents from enforcing patents found unenforceable in the *Osram* and *Wal-Mart* cases against any CFL product made, imported, used, offered for sale, or sold by Feit, Feit's customers, and Feit's end users;
- (i) declare the case exceptional under 35 U.S.C. § 285;
- (j) declare that Beacon is collaterally estopped from denying that this case is exceptional under 35 U.S.C. § 285;
- (k) award Plaintiff its reasonable attorneys' fees under 35 U.S.C. § 285; and,
- (l) award Plaintiff any and all such other relief as the Court deems just and proper.

Dated: March 2, 2015

Respectfully submitted,

/s/ Kal K. Shah  
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