

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

### **PARTIES**

2. ITW is a Delaware corporation having a principal place of business and corporate office located within this judicial district at 155 Harlem Avenue, Glenview, IL 60025.

3. Upon information and belief, Pacific Tek is a California corporation with a principal place of business at 1298 N. Blue Gum Street, Anaheim, CA 92806.

4. Upon information and belief, Skorcz is a co-owner and president of Pacific Tek, and resides at 2231 Cape Cod Way, Santa Ana, CA 92703.

5. Upon information and belief, Preston is a co-owner and CEO of Pacific Tek, and resides at 17292 Almelo Lane, Huntington Beach, CA 92649.

### **JURISDICTION AND VENUE**

6. This Court has subject matter jurisdiction over the patent infringement claims under 28 U.S.C. §§ 1331 and 1338.

7. This Court has supplemental jurisdiction over the other claims in this action under 28 U.S.C. § 1367 because they are so related to the patent infringement claims that they form part of the same case or controversy under Article III of the United States Constitution.

8. This Court also has subject matter jurisdiction under 28 U.S.C. § 1332 based on diversity of the parties and the amount claimed by ITW in this action, which is greater than \$75,000.

9. This Court has personal jurisdiction over the Defendants under the Illinois Long Arm Statue, 735 ILCS § 2-209(a)(2), by virtue of the tortious acts they committed within the State of Illinois. At a minimum, Defendants committed fraudulent inducement. Skorcz and Preston also committed tortious interference with a contract within the State of Illinois.

10. Defendants made the fraudulent representations that are alleged in this complaint via electronic communications directed into Illinois. The fraud and other tort causes of actions were directed to and had their impact upon ITW in Illinois.

11. This district has proper venue under 28 U.S.C. §§ 1391(c) and 1400(b) because a substantial part of the events or omissions giving rise to ITW's claims occurred in this district.

## **FACTS**

### **I. The ITW Patents**

#### **A. The '078 Patent**

12. ITW is the assignee and owner of all right, title and interest in and to the '078 patent, which the United States Patent and Trademark Office issued on September 27, 2011. A true and correct copy of the '078 patent is attached as Exhibit 1.

13. The '078 patent addresses an invention for a vehicle mountable arm for a valve operating machine.

14. The valve operating machine described in the '078 patent is a device mounted on the back of a truck that is used to open and close water valves, typically in underground, municipal sewer systems. The truck carries the machine to the sewer opening where the water valve is located.

15. The '078 invention includes a pivoting arm that is attached to the truck at one end and to the valve operating machine at the other end. The arm extends at the pivot points and supports the valve operating machine as the operator moves it off the truck and positions it over the water valve.

16. Once the valve operating machine is in position, the operator can stabilize the arm by locking all of the pivot points remotely from a controller at the end of the arm.

17. The ITW invention represented an elegant solution to problems experienced by earlier valve operating devices. This invention used a very easy-to-move pivoting arm that allowed operators to more easily maneuver the heavy valve operating machine from the truck bed and position it over the water valve.

18. But the easy-to-extend pivoting arm also potentially created instability. The valve operating machines must provide a great deal of turning power (torque) to open even the tough-to-open valves (valves that are rusted closed, for example). ITW's unique remote locking system allowed operators to hold the valve operating machine in position while locking the pivot points.

19. With the pivot points locked, the valve operating machine would remain in place even when applying a great deal of torque to turn the water valves. ITW's unique combination of pivoting arms and remote locking mechanism made the ITW machines easier to use, safer, and more effective. The ITW invention stabilized the pivoting arm to such a degree that ITW was able to add greater torque to its machines without compromising safety or ease of use.

20. ITW's design has been commercially successful and has become the leading product of its kind in the market.

**B. The '664 Patent**

21. ITW is the assignee and owner of all right, title and interest in and to the '664 patent, which the United States Patent and Trademark Office issued on March 5, 2013. A true and correct copy of the '664 patent is attached as Exhibit 2.

22. The '664 patent is related to the '078 patent; they both trace back to the same original patent application that ITW filed on April 29, 2008.

**C. The '667 Patent**

23. ITW is the assignee and owner of all right, title and interest in and to the '667 patent, which the United States Patent and Trademark Office issued on May 26, 2015. A true and correct copy of the '667 patent is attached as Exhibit 3.

24. The '667 patent is related to the '078 patent and the '664 patent; they trace back to the same original patent application that ITW filed on April 29, 2008.

**D. ITW's Patents**

25. The '078 patent, the '664 patent, and the '667 patent claim the different characteristics of the valve operating invention disclosed in that original patent application.

26. ITW has the exclusive rights to make, use, sell and/or offer to sell any invention embodying the '078, the '664 and/or the '667 patents throughout the United States, and to import any invention embodying these patents into the United States.

**E. ITW's Patented Product**

27. ITW manufactures, sells and markets, in this district, an embodiment of the device claimed in the '078, '664 and '667 patents. ITW calls this product the ERV-750 Extended Reach Valve Operator.

**II. Pacific Tek's Infringement**

28. Between September 27, 2011 and October 24, 2011, Pacific Tek manufactured and sold at least two PT-13 long reach valve operators.

29. Upon information and belief, these valve operators infringed one or more claims of the '078 patent.

30. On October 24, 2011, counsel for ITW notified Pacific Tek and Preston, in writing, that Pacific Tek's sales of the PT-13 long reach valve operators were infringing ITW's '078 patent.

31. This notice triggered a series of communications between ITW and Pacific Tek in November and December 2011.

32. Preston and/or Skorcz were involved in these communications with ITW and, on information and belief, they were the driving force behind all of Pacific Tek's actions.

33. Through counsel, Defendants negotiated an agreement to settle ITW's patent infringement claim.

### **III. The Pacific Tek Settlement Agreement**

34. In the Settlement Agreement, which Pacific Tek executed on October 11, 2012, Pacific Tek agreed to stop selling the accused product, and it agreed to compensate ITW for past sales of the accused product. (See Exhibit 4.)

35. Pacific Tek also agreed to redesign its product to comply with the design reflected in a figure that was attached as Exhibit B to the Settlement Agreement. (See Exhibit 4.)

36. Upon information and belief, Defendants Skorcz and Preston not only were aware of Pacific Tek's settlement promises, but they also were the individuals responsible for making the promises and for ensuring that Pacific Tek would adhere to its promises.

37. Upon information and belief, the Defendants never intended to implement the product re-design as they had promised in the Settlement Agreement.

38. Instead, Pacific Tek continued marketing, manufacturing, and selling the original infringing Pacific Tek products that they had just vowed to stop selling.

39. Upon information and belief, Defendants induced ITW to enter into the Settlement Agreement with promises that Defendants did not intend to honor.

40. Upon information and belief, Defendants continued making, using, selling and/or offering to sell customers valve operators that infringe the '078 patent (including the PT-13 device), despite ITW's earlier warnings and despite Defendants' promise to stop the infringement.

41. Since valve operating devices like the Pacific Tek PT-13 long reach valve operator and the ITW ERV-750 typically are sold in closed bid contests, ITW was unaware that Pacific Tek was underbidding ITW and displacing ITW's potential sales of the ERV-750 with Pacific Tek's infringing PT-13 device.

42. ITW only recently has learned that Pacific Tek was still selling the infringing PT-13 devices.

43. Likewise, ITW only recently has learned that Pacific Tek did not implement the re-design as it had promised in the 2011 Settlement Agreement.

44. On March 5, 2013, the '664 patent issued to ITW. Upon information and belief, all Pacific Tek devices sold since that time that have infringed the '078 patent also have infringed the '664 patent.

#### **COUNT I—PACIFIC TEK'S INFRINGEMENT OF THE '078 PATENT**

45. ITW incorporates the allegations contained in paragraphs 1 through 44 of this Complaint as though fully set forth in this paragraph.

46. Upon information and belief, Pacific Tek has been, and currently is, directly infringing at least claims 1, 10 and 15 of the '078 patent by making, using, selling and/or offering to sell certain valve operators, including the PT-13 long reach valve operators.

47. Upon information and belief, Pacific Tek also infringes the '078 patent indirectly by actively encouraging its customers to infringe the '078 patent directly by using the infringing Pacific Tek valve operators.

48. Pacific Tek has encouraged this infringing use with full knowledge of the '078 patent, with full knowledge of ITW's infringement claim, and with a specific intent to cause its customers to infringe the '078 claims.

49. Pacific Tek's acts constitute active inducement of patent infringement in violation of 35 U.S.C. § 271(b).

50. Unless Pacific Tek is enjoined, it will continue to infringe the '078 patent directly and to induce its customers to infringe.

51. ITW has been irreparably harmed both by Pacific Tek's direct infringement and by Pacific Tek's actions inducing others to infringe. Unless it is enjoined, Pacific Tek will continue to harm ITW irreparably. Monetary damages alone cannot compensate for this harm.

52. Pacific Tek's infringement has been willful and deliberate. Pacific Tek's deliberate infringement without any reasonable justification, makes this an exceptional case, entitling ITW to an award of treble damages under 35 U.S.C. § 284 and an award of attorney fees under 35 U.S.C. § 285.

## **COUNT II—PACIFIC TEK'S INFRINGEMENT OF THE '664 PATENT**

53. ITW incorporates the allegations contained in paragraphs 1 through 52 of this Complaint as though fully set forth in this paragraph.

54. Upon information and belief, Pacific Tek has been, and currently is, directly infringing at least claims 1, 8 and 13 of the '664 patent by making, using, selling and/or offering to sell certain valve operators, including the PT-13 long reach valve operators.



55. Unless Pacific Tek is enjoined, it will continue to infringe the '664 patent.

56. ITW has been irreparably harmed by Pacific Tek's infringement. Unless it is enjoined, Pacific Tek will continue to harm ITW irreparably. Monetary damages alone cannot compensate for this harm.

### **COUNT III—PACIFIC TEK'S INFRINGEMENT OF THE '667 PATENT**

57. ITW incorporates the allegations contained in paragraphs 1 through 56 of this Complaint as though fully set forth in this paragraph.

58. Upon information and belief, Pacific Tek has been, and currently is, directly infringing at least claim 1 of the '667 patent by making, using, selling and/or offering to sell certain valve operators, including the PT-13 long reach valve operators.

59. Unless Pacific Tek is enjoined, it will continue to infringe the '667 patent.

60. ITW has been irreparably harmed by Pacific Tek's infringement. Unless it is enjoined, Pacific Tek will continue to harm ITW irreparably. Monetary damages alone cannot compensate for this harm.

### **COUNT IV— SKORCZ AND PRESTON'S INFRINGEMENT OF THE '078 PATENT**

61. ITW incorporates the allegations contained in paragraphs 1 through 60 of this Complaint as though fully set forth in this paragraph.

62. Upon information and belief, Skorcz and Preston actively encourage Pacific Tek to directly infringe the '078 patent by encouraging it to make, use, sell and/or offer for sale the infringing Pacific Tek valve operators.

63. Skorcz and Preston have encouraged this infringing activity with full knowledge of the '078 patent, with full knowledge of ITW's infringement claim, and with a specific intent to cause Pacific Tek to infringe the '078 claims.

64. Upon information and belief, Skorcz and Preston communicate with Pacific Tek's customers and actively encourage those customers to use Pacific Tek's infringing valve operators.

65. Skorcz and Preston have encouraged this infringing activity with full knowledge of the '078 patent, with full knowledge of ITW's infringement claim, and with a specific intent to cause Pacific Tek's customers to infringe the '078 claims.

66. These acts by Skorcz and Preston constitute active inducement of patent infringement in violation of 35 U.S.C. § 271(b).

67. Unless they are enjoined, Skorcz and Preston will continue to induce Pacific Tek as well as Pacific Tek's customers to infringe the '078 patent.

68. ITW has been irreparably harmed by the infringement-inducing activities of Skorcz and Preston. Unless they are enjoined, Skorcz and Preston will continue to impose this irreparable harm upon ITW. Monetary damages alone cannot compensate for this harm.

69. Skorcz and Preston have performed these infringing activities in a willful and deliberate manner.

70. Skorcz and Preston have performed these infringing activities despite being aware of both the '078 patent and ITW's infringement claim.

71. Skorcz and Preston participated in the settlement negotiations in which they, on Pacific Tek's behalf, promised to stop these infringing activities.

72. With no reasonable justification or excuse, Skorcz and Preston continue to induce Pacific Tek and Pacific Tek's customers to infringe ITW's '078 patent.

73. This willful activity makes this case exceptional and entitles ITW to an award of treble damages under 35 U.S.C. § 284 and an award of attorney fees under 35 U.S.C. §285.

**COUNT V—BREACH OF CONTRACT**

74. ITW incorporates the allegations contained in paragraphs 1 through 73 of this Complaint as though fully set forth in this paragraph.

75. The Settlement Agreement is a valid and enforceable contract between ITW and Pacific Tek.

76. ITW performed all of its obligations under the Settlement Agreement.

77. Pacific Tek did not redesign its infringing valve operators, as the Settlement Agreement required.

78. Pacific Tek continues to make, use, sell and/or offer for sale infringing valve operators in violation of the Settlement Agreement.

79. As a result of these actions, Pacific Tek breached the Settlement Agreement.

80. ITW suffered injury as a result of Pacific Tek's breach.

**COUNT VI—TORTIOUS INTERFERENCE WITH A CONTRACT**

81. ITW incorporates the allegations contained in paragraphs 1 through 80 of this Complaint as though fully set forth in this paragraph.

82. The Settlement Agreement is a valid and enforceable contract between ITW and Pacific Tek.

83. As co-owners, President and CEO of Pacific Tek, Skorcz and Preston were aware of the contractual relation between ITW and Pacific Tek under the Settlement Agreement.

84. Skorcz and Preston were in charge of deciding whether Pacific Tek would redesign its product as required by the Settlement Agreement, or whether Pacific Tek instead would breach the Settlement Agreement and continue infringing ITW's '078 patent.

85. Skorcz and Preston directed Pacific Tek to continue making, marketing, and selling infringing valve operators in violation of the Settlement Agreement.

86. Skorcz and Preston intentionally and unjustifiably induced Pacific Tek to breach the Settlement Agreement.

87. ITW suffered damages as a result of Skorcz and Preston's actions.

**COUNT VII—FRAUDULENT INDUCEMENT TO ENTER CONTRACT**

88. ITW incorporates the allegations contained in paragraphs 1 through 87 of this Complaint as though fully set forth in this paragraph.

89. To convince ITW to enter into the Settlement Agreement, Pacific Tek and its co-owners, Skorcz and Preston, represented to ITW that they would redesign Pacific Tek's valve operators to avoid infringing the '078 patent.

90. This representation was one of material fact; it was one of the primary concessions that led ITW to enter the Settlement Agreement.

91. Upon information and belief, at the time they made this representation, Pacific Tek, Skorcz and Preston had no intention of redesigning Pacific Tek's valve operators to avoid infringing the '078 patent.

92. Upon information and belief, Pacific Tek, Skorcz and Preston at all relevant times knew that ITW was relying upon this false representation as an inducement to execute the Settlement Agreement, which released Pacific Tek from past infringement claims.

93. ITW has suffered damages resulting from its reliance on this false statement by Pacific Tek, Skorcz and Preston.

WHEREFORE, ITW asks this Court to:

- a. Find that the '078, '664 and '667 patents are valid and enforceable;
- b. Find that Defendants have infringed the '078 patent;
- c. Find that Pacific Tek has infringed the '664 and '667 patents;
- d. Find that Pacific Tek breached the Settlement Agreement with ITW;
- e. Find that Skorcz and Preston tortiously interfered with ITW's Settlement Agreement with Pacific Tek;
- f. Find that Defendants fraudulently induced ITW to enter into the Settlement Agreement;
- g. Permanently enjoin Defendants from infringing the '078, '664 and '667 patents;
- h. Award ITW damages sufficient to compensate it for Defendants' past infringement of the '078, '664 and '667 patents, together with costs and prejudgment interest;
- i. Award ITW treble damages under 35 U.S.C. § 284;
- j. Award ITW its reasonable attorney fees under 35 U.S.C. § 285;
- k. Award all available common law and statutory damages and restitution; and
- l. Award ITW such other and further relief as may be just and proper under the circumstances.

Dated: July 10, 2015

Respectfully submitted:

/s/ Marina N. Saito

Edward H. Rice

Marina N. Saito

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**CERTIFICATE OF SERVICE**

I, the undersigned attorney, certify that on July 10, 2015, I served the foregoing via electronic mail to the following:

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/s/ Marina N. Saito

Marina N. Saito