

**IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF ILLINOIS
PEORIA DIVISION**

CUMMINS INC.,)	
)	
Plaintiff,)	
)	
vs.)	Case No. _____
)	
TAS DISTRIBUTING COMPANY, INC.,)	Judge _____
)	
Defendant.)	JURY TRIAL DEMANDED
)	
)	
)	
)	

COMPLAINT

Plaintiff Cummins Inc. (“Cummins”), by and through its attorneys, Foley & Lardner LLP and Davis & Campbell LLC, hereby submits its Complaint against Defendant TAS Distributing Company, Inc. (“TAS”) and alleges as follows¹:

THE PARTIES

1. Cummins Inc. (“Cummins”) is an Indiana corporation with a principal place of business and corporate headquarters located in Columbus, Indiana.
2. Cummins designs, manufactures, distributes, and services engines and related technologies including fuel systems, controls, air handling, filtration, emission solutions, and electrical power generation systems. From its headquarters in Columbus, Indiana, Cummins

¹ Cummins is concurrently filing a Motion for Leave to File an Amended Answer, Affirmative Defenses, and Counterclaims to the Third Amended Complaint in *TAS v. Cummins II*. (See ¶ 13.) The new affirmative defenses and counterclaims are similar to the claims asserted herein. For judicial economy, Cummins will proceed with either its proposed affirmative defenses and counterclaims in *TAS v. Cummins II*, or the claims asserted herein.

serves customers in approximately 190 countries and territories through a network of more than 500 Company-owned and independent distributor locations and approximately 5,200 dealer locations.

3. Upon information and belief, TAS Distributing Company, Inc. (“TAS”) is an Illinois corporation with a principal place of business and corporate headquarters located in Peoria, Illinois.

4. Upon information and belief, TAS and/or its predecessor companies have made and sold Temp-A-Start and Temp-A-Stop units or products having Temp-A-Start or Temp-A-Stop functionality since the mid 1980s.

JURISDICTION AND VENUE

5. These counterclaims are for declarations of patent invalidity, unenforceability, patent misuse, and inequitable conduct arising under 28 U.S.C. § 2201 and 35 U.S.C. § 1 *et seq.*, and for breach of contract and fraudulent inducement. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338(a), and 1367.

6. Venue is proper in the Central District of Illinois pursuant to 28 U.S.C. §§ 1391(b) and 1391(c).

7. This Court has personal jurisdiction over TAS. TAS is an Illinois corporation with its principal place of business and corporate headquarters in Peoria, Illinois.

BACKGROUND FACTS

The Relationship Between Cummins and TAS

8. In February of 1997, the parties entered into a series of agreements. Those agreements included a Master Agreement dated February 22, 1997 (the “Master Agreement,” attached hereto as Exhibit A), an Intellectual Property License Agreement dated February 22,

1997 (the “License Agreement,” attached hereto as Exhibit B), and a Consulting Services Agreement dated February 22, 1997 (the “Consulting Agreement,” attached hereto as Exhibit C). The Parties also entered into a First Amendment to Agreements dated June 3, 1998 (the “First Amendment,” attached hereto as Exhibit D.) The Master Agreement, License Agreement, Consulting Agreement, and First Amendment shall be collectively known as the “Agreements,” and Exhibits A-D were also attached to the original Complaint in this matter.

9. The Master Agreement sets forth the general definitions and provisions for the License Agreement and the Consulting Agreement. (Exhibit A.)

10. The Consulting Agreement relates to certain “consulting, engineering, and other services” provided by TAS to Cummins. (Exhibit C.)

11. The purpose of the First Amendment was purportedly to implement a settlement agreement between TAS and a third party, Detroit Diesel Corporation (“DDC”), in a manner that required certain revisions to the Master Agreement and License Agreement. (Exhibit D.)

12. This is the third case between the parties relating to the Agreements. The first case styled as *TAS Distributing Company, Inc. v. Cummins Engine Company, Inc.*, Case No. 03-1026 (C.D. Ill.) (“*TAS v. Cummins I*”) related to whether Cummins had made “all reasonable efforts” to market and sell products containing the licensed technology and to maximize TAS’ royalties under Section 6(f) of the License Agreement. In that case, the district court rejected TAS’ argument and granted summary judgment to Cummins on this issue in a January 21, 2005 Order. This Court’s ruling was affirmed on appeal by the Seventh Circuit. *See TAS Distributing Company, Inc. v. Cummins Engine Company, Inc.*, Case No. 05-1371, 2007 WL 1704114 (7th Cir., June 14, 2007).

13. The second case styled as *TAS Distributing Company, Inc. v. Cummins Inc. f/k/a Cummins Engine Company, Inc.*, Case No. 07-1141 (C.D. Ill.) (“*TAS v. Cummins II*”) is pending before Judge McDade in the United States District Court for the Central District of Illinois. In that case, TAS again asserts breach of contract and Cummins’ alleged failure to pay royalties under the License Agreement.

14. The focus of the present related case is the invalidity, unenforceability, and misuse of TAS’ alleged “patented technology.”

TAS’ “Patented Technology” And The License Agreement

15. Upon information and belief, TAS claims to own, or have an exclusive license to U.S. Patent No. 5,072,703 (the “’703 Patent”) which issued on December 17, 1991 and is entitled “Apparatus For The Automatic Starting, Running, And Stopping Of An Internal Combustion Engine.” (A copy of the ’703 Patent is attached hereto as Exhibit 1; *see also* Exhibit B, Schedule 1.)

16. Upon information and belief, TAS has asserted that it owns, or is the exclusive licensee of U.S. Patent No. 5,222,469 (the “’469 Patent”) which issued on June 29, 1993 and is entitled “Apparatus For Monitoring An Internal Combustion Engine Of A Vehicle.” (A copy of the ’469 Patent is attached hereto as Exhibit 2; *see also* Exhibit B, Schedule 1.)

17. Pursuant to Sections 3 and 4 (as amended) of the License Agreement, TAS granted Cummins a worldwide, perpetual license to certain TAS technology. This technology included the Temp-A-Stop and Temp-A-Start systems. (*See* Exhibits A, B, D)

18. The License Agreement defines the alleged Temp-A-Stop system as follows:

The Temp-A-Stop system is an engine-control system that can perform all of the following functions: (i) automatically stop the engine by overriding the ignition key if the vehicle is parked or not moving and idling for a predetermined time; and (ii) provide a park

break safety interlock to prevent false stops while the vehicle is moving or the interlocks are not properly initiated.

(Exhibit B at Section 2(b).)

19. The License Agreement defines the alleged Temp-A-Start system as follows:

The Temp-A-Start system is an engine-control system that can perform all of the following functions: (i) automatically start and stop the engine based on oil or engine block temperature, battery condition, or other electrical signals such as thermostats in the sleeper compartment; (ii) override the ignition key if the vehicle is parked or not moving and the driver fails to turn off the engine; (iii) monitor engine conditions while the engine is operating to prevent engine failure from overheating, loss of oil pressure, low battery voltage, or starter motor overload; (iv) maintain engine idling at the manufacturer's recommended RPM; (v) interface with mechanical and electronic engine controls; (vi) delay engine shutdown in two-stage RMP control to assure that the engine and the turbocharger are properly cooled; (vii) provide fault information for sensor and system malfunctions that may cause engine shutdown; (viii) provide safety interlocks to prevent false starts and stops while the vehicle is moving, access to the vehicle is in process, or the interlocks are not properly initiated; (ix) start and stop the engine to control cab and sleeper temperature through the vehicle heating and air conditioning units; and (x) start and stop the engine to activate necessary items such as battery warmers, electric blankets, fuel tank heaters, and fuel line heaters.

(*Id.* at Section 2(a).)

20. Upon information and belief, TAS asserts that '703 and '469 Patents cover the Temp-A-Stop and Temp-A-Start systems. (*TAS v. Cummins II*, Third Am. Compl. at ¶¶ 10-12.)

TAS' Improper Extension of the Patent Monopoly

21. The License Agreement expressly covered patent rights with a grant to Cummins for an exclusive, perpetual, worldwide license as follows:

3. Grant of Rights.

Subject to all of the rights (and related obligations) retained and reserved by Licensor under Section 19 of the Master Agreement, License hereby grants Licensee exclusive rights to use and employ the Subject Technology and Related Intellectual Property for any

and all products or purposes, including without limitation the design, development, engineering, testing, installation, application, manufacture, distribution, advertising, and sale of Original ECM Products and Retrofit Products, subject o Licensee making the payments set forth in Sections 5 and 6 of this License Agreement.

(Exhibit B at Section 3.)

22. Section 3 of the License Agreement was amended by the First Amendment to recite:

"3. Grant of Rights.

"(a) Subject to the reservations, retentions and limitations set forth in Section 19 of the Master Agreement and in this Section 3 of the License Agreement, Licensor grants to Licensee a "co-exclusive worldwide license" (i.e., shared only with the parties set forth below) to the Subject Technology and Related Intellectual Property (which exists as of the date hereof) to make, have made, use and sell the "Temp-A-Start/One Box Product" (defiled below) solely on Cummins branded engines that are either manufactured or sold by Cummins or any of its 50% or more owned subsidiaries (individually, a "Cummins Subsidiary" and collectively, the "Cummins Subsidiaries"). Notwithstanding anything to the contrary, TAS reserves the right to grant to (i) Detroit Diesel Corporation, a similarly restricted "co-exclusive worldwide license" to the Subject Technology and Related Intellectual Property to make, have made, use and sell the Temp-A-Start/One Box Product solely on engines that use DDEC electronics and on any other DDC branded engines that are either manufactured or sold by DDC or any of its 50% or more owned subsidiaries (individually, a "DDC Subsidiary" and collectively, the "DDC Subsidiaries"); and (ii) Mack Trucks, Incorporated a similarly restricted "co-exclusive worldwide license" to the Subject Technology and Related Intellectual Property to make, have made, use and sell the Temp-A-Start/One Box Product solely on Mack branded engines that are either manufactured or sold by Mack or any of its 50% or more owned subsidiaries (individually, a "Mack Subsidiary" and collectively, the "Mack Subsidiaries").

"Temp-A-Start/One Box Product" shall mean any system based on the Subject Technology which includes programming based upon the Subject Technology in the engine or vehicle electronic control module ("ECM").

"(b) Subject to the reservations, retentions and limitations set forth in Section 19 of the Master Agreement and in this Section 3 of the License Agreement, Licensor grants to Licensee a non-exclusive worldwide license to the Subject Technology and Related Intellectual Property to make, have made, use and sell the "Temp-A-Start/Two Box Product" (defined below) solely on any Cummins branded engines that are either manufactured or sold by Cummins or any of the Cummins Subsidiaries). Notwithstanding anything to the contrary, TAS reserves the right to (i) use and employ the Subject Technology and Related Intellectual Property to make, have made, use and sell the Temp-A-Start/Two Box Product to any and all third parties (including Caterpillar Inc:), and (ii) grant to any and all third parties (except Caterpillar Inc.) non-exclusive worldwide licenses to the Subject Technology and Related Intellectual Property to make, have made, use and sell the Temp-A-Start/Two Box Product solely on any such licensee branded engines that are either manufactured or sold by such licensee or any of its 50% or more owned subsidiaries.

"Temp-A-Start/Two Box Product" shall mean any system based on the Subject Technology which does not include programming based upon the Subject Technology in the engine or vehicle ECM. For a system to be a Temp-A-Start/Two Box Product, a separate control module must be used to implement the Temp-A-Start Technology. Temp-A-Start/Two Box Products shall include, without limitation: (i) any system based upon the Subject Technology installed after the OEM has made certain preparatory steps for the installation of the system based on the Subject Technology (including any or all of pre-wiring of the engine harness, or installation of the engine sensors, the hood switch, or the idle neutral switch); (ii) any system based on the Subject Technology installed in a vehicle in which the OEM has made no preparatory steps for the installation of the system based on the Subject Technology; and (iii) any system based upon the Subject Technology installed at the time of vehicle assembly but not utilizing programming based upon the Subject Technology in the engine or vehicle ECM or replacement engine or vehicle ECM, or upon reprogramming of the original or replacement engine or vehicle ECM.

"(c) Subject to the reservations, retentions and limitations set forth in Section 19 of the Master Agreement and in this Section 3 of the License Agreement, TAS grants to Licensee a non-exclusive worldwide license to the Temp-A-Stop patent known as U.S. Patent No. 5,222,469 and any foreign equivalents (the "Temp-A-Stop Patent") for the life of such patent solely to make, have made,

use and sell systems based upon the Temp-A-Stop Patent solely on Cummins branded engines that are either manufactured or sold by Cummins or any of the Cummins Subsidiaries. Notwithstanding the above, TAS reserves the sole and exclusive right to grant to any and all third parties non-exclusive licenses to the Temp-A-Stop Patent for any purpose."

(Exhibit D at 1-3.)

23. The scope of the grant of rights in the License Agreement is as follows:

4. Scope of Rights.

Subject to all of the rights (and related obligations) retained and reserved by Licensor under Section 19 of the Master Agreement:

(a) Licensee shall have rights to use and employ all patents, trademarks, tradenames, and copyrights in the Subject Technology and Related Intellectual Property for the life of such patents, trademarks, tradenames, and copyrights in the United States. A non-exhaustive list of the licensed patents, trademarks, tradenames, and copyrights is set forth in the Schedule 1 attached to this License Agreement.

24. Section 4 of the License Agreement was amended by the First Amendment as follows:

The first two (2) lines of Section 4 of the License Agreement are hereby deleted in their entirety and the following is substituted in lieu thereof:

“Subject to and limited by all of the reservations and retentions on the grant of the licenses and other rights set forth in Section 3 of this License Agreement, and further subject to and limited by all of the rights (and related obligations) reserved and retained by Licensor under Section 19 of the Master Agreement:”

(Exhibit D at 3.)

25. Section 5 of the License Agreement relates to royalties and provides as follows:

5. Royalties.

(a) From and after the Retrofit Stand-Alone Date, Licensee shall pay a royalty to Licensor for every Retrofit Product sold by Licensee, whether sold under the

Cummins brand or some other name, at the rate of: one hundred dollars (\$100) per unit sold by Licensee in the first year commencing with the Retrofit Stand-Alone Date; one hundred and twenty-five dollars (\$125) per unit sold by Licensee in the second year commencing with the first anniversary of the Retrofit Stand Alone Date; and one hundred dollars (\$100) per unit sold by Licensee in each year thereafter, commencing with the successive anniversaries of the Retrofit Stand-Alone Date. Royalties shall be paid on a monthly basis, with the first month beginning on the Retrofit Stand-Alone Date, within thirty (30) days after the close of each month.

(b) From and after the Original ECM Product Date, Licensee shall pay a royalty to Licensor for every Original ECM Product sold by Licensee, at the rate of one hundred dollars (\$100) per unit for the first two thousand five hundred (2,500) units sold by Licensee in each year, commencing with the Original ECM Product Date or anniversary thereof; and at the rate of fifty dollars (\$50) per unit for each additional unit sold by Licensee in each such year. Royalties shall be paid on a monthly basis, with the first month beginning on the Original ECM Product Date, within thirty (30) days after the close of each month.

(*Id.* at Section 5.)

26. The License Agreement does not segregate the patented technology from the unpatented technology for purposes of setting the royalty rate owed or establishing any declining royalty amount as the licensed patents expire or should the licensed patents be found invalid or unenforceable.

27. The '703 Patent issued on December 17, 1991. The '703 Patent will expire on December 17, 2011.

28. The '469 Patent issued on June 29, 1993. The '469 Patent will expire on June 29, 2013.

29. The License Agreement has no expiration or express termination date.

30. Under the above quoted language in Section 5, Cummins is obligated to pay TAS royalties in perpetuity, including beyond the expiration of the '703 and '469 Patents.

TAS' Patented Technology Is Barred By The On-Sale Bar

31. Based upon the deposition testimony and evidence, products embodying the Temp-A-Start and/or Temp-A-Stop system was sold at least as early as 1986. (*See infra.*)

32. The Temp-A-Start/Temp-A-Stop system sold in 1986 had the ability to restart and restop the engine and to shut down vehicle accessories.

33. The Temp-A-Start/Temp-A-Stop system sold in 1986 had the ability to determine what the temperature was within the vehicle and based on that temperature start or stop the engine.

34. The Temp-A-Start/Temp-A-Stop system sold in 1986 had the ability to automatically start or stop the engine based on certain conditions. Those conditions included, but were not limited to, engine block temperature, oil temperature, battery condition, or other electrical signals such as thermostats in the sleeper compartment.

35. The Temp-A-Start/Temp-A-Stop system sold in 1986 had a method to determine when the vehicle was safely parked or had been idling.

36. The Temp-A-Start/Temp-A-Stop system sold in 1986 had the ability to restart the engine if the vehicle was parked and not in a moving state.

37. The Temp-A-Start/Temp-A-Stop system sold in 1986 had the ability to monitor the engine conditions while the engine was operating so as to prevent engine failure from overheating or loss of oil pressure or low battery voltage.

38. The Temp-A-Start/Temp-A-Stop system sold in 1986 had the ability to start, run, or stop the engine based on the temperature in the sleeper compartment.

39. The Temp-A-Start/Temp-A-Stop system sold in 1986 had the ability to disable or turn off vehicle accessories.

40. The 1986 Temp-A-Start/Temp-A-Stop system sold by TAS (or its predecessor) contains every element, or nearly every element, claimed in the TAS '703 and '469 Patents.

41. The '703 Patent purports to cover the functionality of the Temp-A-Start and Temp-A-Stop systems of being able to start, stop, and re-start the engine based on certain conditions. The '469 Patent purports to add the functionality of shutting off vehicle accessories.

42. A comparison of independent Claim 1 the '703 Patent and recent deposition testimony of TAS' sales consultant (Gary Krofchalk) and named inventor of the '703 and '469 Patents (Loran Sutton) is illustrative:

Claim 1, '703 Patent	Krofchalk Testimony	Sutton Testimony
	<p>Q. And at the time in 1986, did you have a general understanding of how the Temp-A-Start product worked?</p> <p>A. Absolutely.</p> <p>(Ex. 5, Krofchalk 2/26/09 Dep. at 16:5-8.)</p>	
<p>An apparatus for maintaining a comfortable truck sleeper unit temperature of a truck having a truck engine, and a reducing idling time of the truck engine, comprising: temperature sensing means within said truck sleeper unit,</p>	<p>Q. Also in 1986 would that Temp-A-Start system automatically start and stop the engine based on oil or engine block temperature, battery condition or other electrical signals such as thermostats in the sleeper compartment?</p> <p>A. Yes.</p> <p>Q. Did that 1986 unit have a method of determining what the temperature was within the truck or unit and based on that temperature start or stop the engine?</p> <p>A. Yes.</p> <p>(Ex. 5, Krofchalk 2/26/09 Dep. at 16:19-24, 17:15-19.)</p>	<p>REDACTED – FILED UNDER SEAL</p> <p>(Ex. 3, Sutton 3/9/09 Dep. at 99:1-8.)</p>
<p>means for starting, running and stopping the truck engine in accordance with said temperature sensing means thereby supplying heating or cooling only as needed,</p>	<p>Q. Did that 1986 unit have a method of starting, running or stopping the engine based upon what the temperature was in the sleeper cabinet for the trucker?</p> <p>A. Yes.</p> <p>(Ex. 5, Krofchalk 2/26/09 Dep. at 17:20-24.)</p>	<p>REDACTED – FILED UNDER SEAL</p>

Claim 1, '703 Patent	Krofchalk Testimony	Sutton Testimony
		<p style="text-align: center;">REDACTED – FILED UNDER SEAL</p> <p>(Ex. 3, Sutton 3/9/09 Dep. at 99:24-100:7, 101:6-10.)</p>
<p>means for detecting when said truck is safely parked and idling,</p>	<p>Q. Did that 1986 unit have a method of detecting when the truck was either safely parked or had been idling?</p> <p>A. Well, it had sensors to determine if it was safely parked.</p> <p>***</p> <p>Q. Did that 1986 Temp-A-Start unit also have sensors for determining if the engine had been idling for a certain period of time?</p> <p>***</p> <p>A. Yes, but it wasn't conditioned on what it did before.</p> <p>(Ex. 5, Krofchalk 2/26/09 Dep. at 18:1-19:3.)</p>	<p style="text-align: center;">REDACTED – FILED UNDER SEAL</p> <p>(Ex. 3, Sutton 3/9/09 Dep. at 100:8-17.)</p>
<p>means for automatically enabling said starting means after said means for detecting when said truck is safely parked and idling indicates said truck has been safely parked and idling for a predetermined amount of time,</p>	<p>Q. ... Would that system in 1986 also, if certain conditions were met, restart the engine if the vehicle was parked and not in a moving state?</p> <p>A. That was the purpose of it.</p> <p>(Ex. 5, Krofchalk 2/26/09 Dep. at 17:4-8.)</p>	<p style="text-align: center;">REDACTED – FILED UNDER SEAL</p> <p>(Ex. 3, Sutton 3/9/09 Dep. at 100:18-22.)</p>
<p>and means for automatically disabling said starting, running, and stopping means.</p>	<p>Q. And that, again, 1986 unit, in addition to having a method for starting and stopping the engine, it also had a method for disabling or shutting off the vehicle accessories?</p> <p>A. Correct.</p> <p>(Ex. 5, Krofchalk 2/26/09 Dep. at 19:4-8.)</p>	<p style="text-align: center;">REDACTED – FILED UNDER SEAL</p> <p>(Ex. 3, Sutton 3/9/09 Dep. at 101:6-10.)</p>

43. Similar testimony regarding prior sales of Temp-A-Start and Temp-A-Stop in the 1980s was given by Harvey Slepian, President and CEO of TAS. (Ex. 4, Slepian 3/5/09 Dep. at 16:2-18:5, 63:5-21, 72:16-73:10, 88:15-19.)

TAS' Inequitable Conduct Before The U.S. Patent & Trademark Office

44. Based on the deposition testimony and evidence, TAS knew or should have known that the '703 Patent was invalid because the Temp-A-Start/Temp-A-Stop system was on-sale at least as early as 1986. (*See infra.*)

45. Based on the deposition testimony and evidence, TAS knew or should have known that the '469 Patent was invalid because the Temp-A-Start/Temp-A-Stop system was on-sale at least as early as 1986. (*See infra.*)

46. TAS' marketing brochures memorialized the development, sale, and installation of the 1986 Temp-A-Start/Temp-A-Stop system. (*See Ex. 3 and related Exs.*)

47. TAS intentionally failed to disclose the 1986 sales or marketing brochures for the Temp-A-Start/Temp-A-Stop system to the U.S. Patent Office during the prosecution of the '703 Patent.

48. TAS intentionally failed to disclose the 1986 sales or marketing brochures for the Temp-A-Start system to the U.S. Patent Office during the prosecution of the '469 Patent.

49. Loran W. Sutton, an employee and/or independent contractor of TAS, is listed as the named inventor on both the '703 and '469 Patents.

50. Representative recent testimony from Mr. Sutton confirms that he and TAS failed to disclose material facts regarding sales in the 1980s of Temp-A-Start/Temp-A-Stop units:

**REDACTED –
FILED UNDER SEAL**

(Ex. 3, Sutton 3/10/09 Dep. at 30:5-32:6.)

**REDACTED –
FILED UNDER SEAL**

(Ex. 3, Sutton 3/10/09 Dep. at 32:24-33:6.)

51. The sales and marketing brochures referred to in Mr. Sutton's testimony are material and were not disclosed to the U.S. Patent Office.

Wrong Inventor Named on '469 Patent

52. Mr. Sutton testified that a different person invented the subject matter of the '469 Patent and this fact was not disclosed to the U.S. Patent Office.

53. Mr. Sutton testified that he did not invent the microprocessor Temp-A-Start invention claimed in the '469 Patent. Rather, the microprocessor Temp-A-Start was allegedly invented by Mr. Sutton's brother. (Ex. 3, Sutton 3/10/09 Dep. at 61:19-62:21.)

54. These facts regarding inventorship were not disclosed to the U.S. Patent Office.

TAS' Breach of the Agreements

55. TAS has breached at least Section 9 of the Master Agreement.

56. Section 9(a) states, in pertinent part, as follows:

. . . TAS hereby represents and warrants that TAS is the sole and exclusive owner and/or licensee of the Subject Technology and

Related Intellectual Property, and that TAS has the unconditional right and authority to grant Cummins the rights and licenses and to make the undertakings set forth in the Agreements.

(Exhibit A, Section 9(a).)

Section 9(c) of the Master Agreement provides:

(c) TAS represents and warrants that...no claim, action, lawsuit, arbitration, investigation, or administrative proceeding related to the Subject Technology or Related Intellectual Property, or to TAS's design, development, engineering, testing, installation, application, manufacture distribution, advertising, or sale of the Products, has been instituted by or against TAS, nor has any court, arbitral panel, or government agency issued any order, judgment, or decree relating to the Subject Technology, Related Intellectual Property, or TAS's design, development, engineering, testing, installation, application, manufacture, distribution, advertising, or sale of the Products. TAS further represents that, after a diligent investigation, TAS does not know or have reason to know of any basis for any such claim, action, lawsuit, arbitration, investigation, or administrative proceeding, or order, judgment, or decree.

(Exhibit A, Section 9(c).)

57. Upon information and belief, TAS has breached Section 9(a) of the Master Agreement because it is not the sole and exclusive owner or licensee of the Subject Technology and Related Intellectual Property (including the TAS Patents).

58. Loran W. Sutton is identified as the sole inventor of the '703 Patent on the face of the patent.

59. Upon information and belief, Mr. Sutton assigned the '703 Patent to TEMP A START, INC. on October 16, 1990.

60. Upon information and belief, Thermo King Corporation assigned the '703 Patent to Trans-Pro, Inc. on October 25, 1993.

61. There is a gap in the chain of title between TEMP A START, INC. and Thermo King Corporation. Upon information and belief, Thermo King Corporation did not have any right to assign the '703 Patent to Trans-Pro, Inc.

62. Upon information and belief, if Thermo King Corporation did not have any rights to assign to Trans-Pro, Inc., then Trans-Pro, Inc. did not have any rights to assign to TAS.

63. Upon information and belief, TAS breached Section 9 of the License Agreement because it did not have any rights in the '703 Patent to grant to Cummins.

64. TAS further breached the representations and warranties in Section 9(c) of the Master Agreement by licensing patents that it knew or should have known to be invalid or, alternatively, for failing to conduct a "diligent investigation" of the validity and ownership of the '703 and '469 Patents.

65. Section 8(c) of the Master Agreement provides as follows:

(c) Licensor and Licensee each agrees to indemnify the other for any claim or demand, and any costs or expenses, including attorneys' fees, associated with the defense of any claim or demand, arising out of or incurred with respect to any breach of representation, warranty, or covenant made in the Agreements by such party.

(Exhibit A, Section 8.)

66. Cummins has suffered irreparable damage by TAS' breach and is entitled to monetary relief including attorneys' fees and costs.

CLAIMS

COUNT I: INVALIDITY OF THE '703 PATENT

67. Cummins realleges and incorporates Paragraphs 1-66 herein by reference.

68. TAS has asserted and continues to assert that Cummins makes, uses, sells, and offers for sale products that incorporate the invention claimed in the '703 Patent.

69. The '703 Patent application was filed on October 16, 1990. The '703 Patent issued on December 17, 1991. An actual controversy exists between TAS and Cummins with respect to the validity of the '703 Patent by virtue of the fact that the Temp-A-Start/Temp-A-Stop system embodied in the claims of the '703 Patent was on sale at least as early as 1986, which is well over a year before the filing date of the '703 Patent application.

70. The '703 Patent, and more particularly the invention claimed in the '703 Patent, is invalid and of no effect for failure to comply with one or more of the requirements set forth in 35 U.S.C. §102 and/or §103.

71. Cummins is therefore entitled to a declaration of the Court, pursuant to 28 U.S.C. §2201, that the '703 Patent is invalid.

COUNT II: INVALIDITY OF THE '469 PATENT

72. Cummins realleges and incorporates Paragraphs 1-71 herein by reference.

73. TAS has asserted and continues to assert that Cummins makes, uses, sells, and offers for sale products that incorporate the invention claimed in the '469 Patent.

74. The '469 Patent application was filed on June 9, 1992. The '469 Patent issued on June 29, 1993. An actual controversy exists between TAS and Cummins with respect to the validity of the '469 Patent by virtue of the fact that the Temp-A-Start/Temp-A-Stop system was on sale at least as early as 1986, which is well over a year before the filing date of the '469 Patent application.

75. The '469 Patent, and more particularly the invention claimed in the '469 patent, is invalid and of no effect for failure to comply with one or more of the requirements set forth in 35 U.S.C. §102 and/or §103.

76. Cummins is therefore entitled to a declaration of the Court, pursuant to 28 U.S.C. §2201, that the '469 Patent is invalid.

COUNT III: PATENT MISUSE

77. Cummins realleges and incorporates Paragraphs 1-76 herein by reference.

78. The License Agreement purports to grant Cummins a worldwide, perpetual, exclusive license to the '703 and '469 Patents, and other unpatented TAS technology.

79. The '703 Patent issued on December 17, 1991. The '469 Patent issued on June 29, 1993. The '703 and '469 Patents will expire on December 17, 2011 and June 29, 2013, respectively.

80. The License Agreement does not have an expiration or express termination.

81. Section 5 of the License Agreement requires Cummins to pay royalties *ad infiniteum*, including past the expiration of the '703 and '469 Patents or beyond any potential finding that the patents are invalid or unenforceable.

82. The License Agreement restrains competition and creates an anti-competitive effect because it does not segregate the patented technology from the unpatented technology for purposes of setting the royalty rate owed or establishing any declining royalty amount as the licensed patents expire or if the licensed patents are found to be invalid or unenforceable.

83. TAS' claim for royalties under the License Agreement is invalid as a matter of law under the doctrine of patent misuse which voids license agreements in which royalty payments accrue after the expiration of the licensed patents.

84. Accordingly, the Court should declare the License Agreement and related Agreements are void based on patent misuse.

**COUNT IV: PATENT MISUSE BASED ON IMPROPER ENFORCEMENT OF
INVALID AND UNENFORCEABLE PATENTS**

85. Cummins realleges and incorporates Paragraphs 1-84 herein by reference.

86. TAS knew or should have known that the '703 Patent was invalid and unenforceable.

87. TAS knowingly and improperly enforced the '703 Patent when it knew or should have known the patent was invalid and unenforceable due to fraud or inequitable conduct before the U.S. Patent Office. (*See supra* and Count V.)

88. TAS knew or should have known that the '469 Patent was invalid and unenforceable.

89. TAS knowingly and improperly enforced the '469 Patent when it knew or should have known the patent to be invalid and unenforceable due to fraud or inequitable conduct before the U.S. Patent Office. (*See supra* and Count VI.)

90. TAS' enforcement of the invalid '703 and '469 Patents improperly restrained competition and/or created an anticompetitive effect.

91. Accordingly, the Court should find that TAS has engaged in patent misuse and declare that the Agreements are void for patent misuse.

COUNT V: INEQUITABLE CONDUCT ('703 PATENT)

92. Cummins realleges and incorporates Paragraphs 1-91 herein by reference.

93. Applicants for U.S. Patents and their representatives before the U.S. Patent Office are subject to a duty of candor, good faith, and honesty in their prosecution of patent applications.

94. The '703 Patent is unenforceable because TAS made material misrepresentations and/or omissions to the U.S. Patent Office during the prosecution of the '703 Patent.

95. TAS knew or should have known that the Temp-A-Start/Temp-A-Stop system claimed in the '703 Patent was on-sale at least as early as 1986.

96. TAS knew or should have known that TAS' marketing brochures detailed the development and installation of the Temp-A-Start/Temp-A-Stop system sold at least as early as 1986.

97. TAS clearly was aware of the 1986 Temp-A-Start/Temp-A-Stop system sales, and it obligated to disclose those facts to the U.S. Patent Office.

98. TAS failed to disclose the 1986 Temp-A-Start/Temp-A-Stop system sales or the related marketing brochures to the U.S. Patent and Trademark Office during the prosecution of the '703 Patent.

99. Upon information and belief, TAS intended to deceive the U.S. Patent Office by failing to disclose the existence of the 1986 Temp-A-Start/Temp-A-Stop system sales or the related marketing brochures.

100. The omissions relating to TAS' failure to disclose the 1986 Temp-A-Start/Temp-A-Stop system sales or the related marketing brochures to the U.S. Patent Office were material.

101. Recent Testimony from TAS employees and/or independent contractors confirms that TAS knew of the 1986 sales of the Temp-A-Start/Temp-A-Stop units yet failed to disclose this information to the U.S. Patent Office.

102. TAS thus violated the duty of candor and good faith required by 37 C.F.R. § 1.56 and the '703 Patent is unenforceable.

COUNT VI: INEQUITABLE CONDUCT ('469 PATENT)

103. Cummins realleges and incorporates Paragraphs 1-103 herein by reference.

104. Applicants for U.S. Patents and their representatives before the U.S. Patent Office are subject to a duty of candor, good faith, and honesty in their prosecution of patent applications.

105. The '469 Patent is unenforceable because TAS made material misrepresentations and/or omissions to the Patent Office during the prosecution of the '469 Patent.

106. TAS knew or should have known that the Temp-A-Start/Temp-A-Stop system claimed in the '469 Patent was on-sale at least as early as 1986.

107. TAS knew or should have known that TAS' marketing brochures detailed the development and installation of the Temp-A-Start/Temp-A-Stop system sold at least as early as 1986.

108. TAS clearly was aware of the 1986 Temp-A-Start/Temp-A-Stop system sales, and it was obligated to disclose those facts to the U.S. Patent Office.

109. TAS failed to disclose the 1986 Temp-A-Start/Temp-A-Stop system sales or the related marketing brochures to the U.S. Patent Office during the prosecution of the '469 Patent.

110. Upon information and belief, TAS intended to deceive the U.S. Patent Office by failing to disclose the existence of the 1986 Temp-A-Start/Temp-A-Stop system sales or the related marketing brochures.

111. The omissions relating to TAS' failure to disclose the 1986 Temp-A-Start system sales or the related marketing brochures to the U.S. Patent Office were material.

112. Recent Testimony from TAS employees and/or independent contractors confirms that TAS knew of the 1986 sales of the Temp-A-Start/Temp-A-Stop units yet failed to disclose this information to the U.S. Patent Office.

113. TAS thus violated the duty of candor and good faith required by 37 C.F.R. § 1.56 and the '469 Patent is unenforceable.

COUNT VII: FRAUDULENT INDUCEMENT

114. Cummins realleges and incorporates Paragraphs 1-113 herein by reference.

115. TAS made a false statement of material fact relating to the validity of the '703 Patent to Cummins.

116. TAS made a false statement of material fact relating to the validity of the '469 Patent to Cummins.

117. TAS knew or should have known that the '703 and '469 Patents were invalid.

118. TAS intended for Cummins to rely on its representations relating to the validity of the '703 and '469 Patents when entering into the License Agreement and related Agreements.

119. Cummins did, in fact, rely on TAS' statements relating to the validity of the '703 and '469 Patents when it entered into the License Agreement and related Agreements.

120. Cummins was damaged by its reliance on TAS' false statements regarding the validity of the '703 and '469 Patents.

121. Cummins acted with reasonable diligence and now disaffirms the License Agreement and related Agreements within a reasonable time of its discovery of TAS' fraudulent inducement.

122. Accordingly, the Agreements should be rescinded.

COUNT VIII: BREACH OF THE MASTER AGREEMENT

123. Cummins realleges and incorporates Paragraphs 1-122 herein by reference.

124. TAS has breached Section 9 of the Master Agreement because it is not the sole and exclusive owner or licensee of the Subject Technology and Related Intellectual Property (including the TAS Patents).

125. Specifically, TAS breached Section 9(a) of the Master Agreement because it did not have any rights in the '703 and '469 Patents to grant to Cummins.

126. Additionally, TAS further breached the representations and warranties in Section 9(c) of the Master Agreement by licensing patents that it knew or should have known to be invalid or, alternatively, for failing to conduct a "diligent investigation" of the validity and ownership of the '703 and '469 Patents.

127. Cummins has been damaged by TAS' breach and has no adequate remedy at law.

128. Cummins acted with reasonable diligence and now disaffirms the Master Agreement and related Agreements within a reasonable time of its discovery of TAS' breach.

129. Accordingly, the Court should rescind the Agreements and award Cummins its attorneys' fees and costs under Section 8.

JURY TRIAL DEMANDED

Cummins demands a jury trial on all issues related to its Counterclaims.

CUMMINS' PRAYER FOR RELIEF

WHEREFORE, Cummins prays that the Court:

- A. Dismiss TAS' Third Amended Complaint in its entirety and order that TAS takes nothing thereby.
- B. Declare that the '703 Patent is invalid.
- C. Declare that the '469 Patent is invalid.
- D. Declare the License Agreement void for patent misuse.
- E. Declare that TAS has engaged in patent misuse.

- F. Declare that the '703 Patent is unenforceable based on inequitable conduct.
- G. Declare that the '469 Patent is unenforceable based on inequitable conduct.
- H. Rescind the License Agreement.
- I. Rescind the Master Agreement.
- J. Award Cummins its attorneys' fees and costs of suit under Section 8 of the Master Agreement and relevant patent statutes; and
- K. Award Cummins such other and further relief as the Court may deem just and appropriate.

Dated: March 17, 2009

Respectfully submitted,

CUMMINS INC.

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