

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS**

FIREBLOK IP HOLDINGS, LLC,

Plaintiff,

v.

HILTI, INC.,

Defendant.

Civil Action No.: 2:19-cv-23

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff, FireBlok IP Holdings, LLC (FireBlok) by its attorneys, as and for its Complaint against Defendant, Hilti Inc., alleges as follows:

The Parties

1. Plaintiff is a corporation organized and existing under the laws of the State of Georgia with its principal place of business at Suite 200, 5 Concourse Parkway, Atlanta, Georgia.

2. Plaintiff was formed on February 29, 2016, as a result of a total asset transfer from Intumescent Technologies, LLC (“Intumescent”).

3. Plaintiff has been in the business of manufacturing and selling fire suppression gaskets for the construction industry since its formation, and continues manufacturing and selling fire suppression gaskets today.

4. On information and belief, Defendant Hilti, Inc. is a corporation organized and existing under the laws of the State of Oklahoma with its principal place of business at 7250 Dallas Parkway, Plano Texas.

5. On information and belief, Defendant is the United States subsidiaries of Hilti AG based in Schaan, Liechtenstein, and along with Defendant, markets, offers for sale, and sells,

among other products, fire suppression products for the construction industry under the Hilti brand name.

Jurisdiction and Venue

6. This Court has jurisdiction over the subject matter of this case under 28 U.S.C. § 1331 (federal question), § 1332 (a suit between citizens of different states, and the amount in controversy exceeds \$75,000, exclusive of interest and costs); § 1338 (patent law – 35 U.S.C. § 101, *et seq.*); and § 1367 (supplemental jurisdiction).

7. This Court has personal jurisdiction over Defendant because Defendant has purposefully availed itself of the rights and privileges of this forum by placing its principal place of business in this State and this judicial district, and marketing, offering to sell and selling its products in this State and this judicial district.

8. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391 and § 1400.

BACKGROUND

9. On June 26, 2001, U.S. Patent No. 6,252,167 (“the ’167 patent”), entitled “System and Method for Suppressing Fire in Electrical Boxes,” was duly and legally issued by the United States Patent and Trademark Office, naming Elmer Algin Rose the inventor. A true and accurate copy of the ’167 patent is attached hereto as Exhibit A.

10. On July 22, 2002, Mr. Rose assigned his rights in the ’167 patent to Intumescent.

11. On February 29, 2016, Intumescent assigned its rights in the ’167 patent to Plaintiff.

12. The ’167 patent is directed to a method of suppressing electrical fires at an electrical box through the application of intumescent material applied adjacent to a support covering in the electrical box.

13. Plaintiff has made, offered for sale and sold electrical fire suppression devices as described in the '167 patent since 2016 following Intumescent who made, offered for sale and sold such products since 2011.

14. Only Plaintiff, third party RectorSeal Corporation ("RectorSeal"), third party Specified Technologies, Inc. ("STI") and Defendant make, offer for sale and/or sell products that are described by the '167 patent.

15. In order to enforce its rights in the '167 patent, on June 10, 2010, Intumescent filed suit against RectorSeal in the Northern District of Georgia, for infringement of the '167 patent.

16. Subsequently, on February 14, 2011, Intumescent filed suit against STI in the Northern District of Georgia, for infringement of the '167 patent.

17. Both infringement cases were settled to Intumescent's advantage, and included agreements not to bring suit against either STI or RectorSeal for future infringement of the '167 patent.

18. In the RectorSeal litigation, RectorSeal paid an additional one-time license fee ("the RectorSeal License").

19. The RectorSeal License entitled any entity purchasing certain RectorSeal products, either directly from RectorSeal or through an intermediary vendor, or any entity that subsequently obtains or uses the product, immunity from suit for infringing '167 patent.

20. Under the RectorSeal License, RectorSeal agreed to mark all products that fall under the License with the '167 patent number.

COUNT I – INFRINGEMENT OF U.S. PATENT NO. 6,252,167

21. Plaintiff incorporates by reference paragraphs 1 through 20 of its Complaint as if set forth herein.

22. Defendant markets, offers for sale and sells a product known as the Firestop Box Insert throughout the United States, including in this judicial district.

23. The Firestop Box Insert is advertised as an intumescent box insert designed to help protect electrical outlet boxes.

24. The Firestop Box Insert is advertised as being certified by the Underwriter's Laboratory ("UL").

25. The Firestop Box Insert is designed to work exclusively with electrical boxes.

26. Defendant's product information for the Firestop Box Insert, attached hereto as Exhibit B, provides detailed instructions on how to install the Firestop Box Insert in an electrical box, which, if followed, results in direct infringement of the '167 patent.

27. The Firestop Box Insert has no use other than preventing the spread of fires from an electrical box.

28. Defendant is, and has been aware that the Firestop Box Insert has no use other than preventing the spread of fires from an electrical box.

29. At least as early as 2012, Defendant was aware of the existence of '167 patent.

30. Defendant has and continues to directly and/or indirectly infringe one or more claims of the '167 patent.

31. But for Defendant's infringing sales, Plaintiff would have been the beneficiary of those sales.

COUNT II – FRAUDULENT MISREPRESENTATION

32. Plaintiff incorporates by reference paragraphs 1 through 31 of its Complaint as if set forth herein.

33. On March 1, 2016, Plaintiff put Defendant on notice that it was infringing the '167 patent, and requested a discussion concerning the Defendant's infringement.

34. Defendant did not respond to that March 1, 2016 correspondence.

35. Rather, RectorSeal's counsel responded claiming that RectorSeal provides its Metacaulk[®] Box Guard[™] ("Metacaulk") to Defendant under the name Firestop Box Insert, and therefore Defendant's products fall under the RectorSeal License.

36. This contradicts Defendant's advertising video for its Firestop products (<https://www.youtube.com/watch?v=0PUcbVD7Slc>) which claims that "The advantage that [Defendant] always had is the fact that we do the research and development and manufacture the products ourselves and then sell direct" implying that, among others, the Firestop Box Insert product was researched, developed and manufactured by Defendant.

37. The video further states that the advantage to the customer of purchasing from the company that researched, developed and manufactured the product, is that Defendant "ha[s] the understanding of what the customer needs."

38. Defendant's Firestop Box Insert product information differs from RectorSeal's Metacaulk product description, attached hereto as Exhibit C.

39. These differences would not exist if Defendant's product and RectorSeal's product were the same.

40. As one example, Metacaulk allows a maximum of a 3/8-inch hole to be created in the Metacaulk to allow access to the ground screw opening, but the Firestop Box Insert only allows for a slit to be cut from one corner of the Firestop Box Insert to allow access to the ground screw opening.

41. As one other example, Metacaulk claims that it complies with UL Accelerated Aging and High Humidity testing, but the Firestop Box Insert claims no such certification.

42. In addition, Metacaulk's label, attached hereto as Exhibit D, is marked with reference to the '167 patent, as required under the RectorSeal License, as well as RectorSeal's U.S. Patent No. 6,207,085 ("the '085 patent"), but Defendant's product labeling, attached hereto as Exhibit E, has no patent marking whatsoever.

43. Only within the past year has Defendant begun listing the '167 patent on its website, but there is no reference on the product labeling to a website associating the Firestop Box Insert with the '167 patent.

44. In view of the inconsistencies between the Metacaulk product and Defendant's Firestop Box Insert, in November, 2017, Plaintiff's legal counsel commenced discussions directly with Defendant seeking documents evidencing the claim that Defendant was purchasing its Firestop Box Inserts under the RectorSeal License.

45. In particular, on November 21, 2017, Plaintiff's legal counsel sent a letter to Defendant, attached hereto as Exhibit F, asking for information from Defendant showing that it had purchased its Firestop Box Inserts from RectorSeal starting in approximately 2006, and specifically requesting, "the quantities of all Firestop Box Inserts purchased by [Defendant] from RectorSeal and the quantity of all sales and inventory of the products by [Defendant]."

46. On January 16, 2018, Defendant's assistant general counsel, Martin Schofield, provided a letter, attached as Exhibit G, reiterating that Defendant had been selling its product since 2006, and at all times purchased its product from RectorSeal.

47. On January 26, 2018, Defendant also provided spreadsheets purporting to show Defendant's 2017 purchase history for the Firestop Box Insert, and alleged sales for the third quarter of 2017.

48. Also, on January 26, 2018, Defendant provided what it claims were two random purchase order "recreations".

49. At that time, Defendant did not provide the requested information concerning the quantities of Firestop Box Inserts purchased from RectorSeal since 2006, quantities of Firestop Box Inserts sold by Defendant since 2006, or quantities of Firestop Box Inserts kept in inventory.

50. On November 2, 2018, Plaintiff's counsel again sought the promised evidence that "[Defendant] had purchased its Firestop Box Inserts beginning in 2006," attached hereto as Exhibit H.

51. In response to that November 2, 2018 request, Defendant provided a spreadsheet alleging to be the purchase history for Firestop Box Inserts from RectorSeal under the RectorSeal License from 2012 through 2017, but with no indication where the information in the spreadsheet came from.

52. To further confirm Defendant's claim that it has always purchased its Firestop Box Inserts from RectorSeal, on December 12, 2018, Plaintiff requested all documents concerning Defendant's UL certification listed for the Firestop Box Inserts, attached hereto as Exhibit I.

53. Where a company is purchasing products from another company and selling them under their own name, the UL certification of the selling company also applies to products from the purchasing company, because they are the same products. UL calls this a multiple listing. For a company to claim a multiple listing, UL requires a Multiple Product Request Form worksheet, a Global Services Agreement or applicable regional service agreement, and a signed L14A form

agreement between the company seeking certification, in this case Defendant, and the company that manufactures the product, in this case allegedly RectorSeal.

54. In response, on January 2, 2019, Defendant provided a single, undated and unsigned document which appeared to be the first page of UL's Multiple Product Request Form worksheet for the Firestop Box Insert.

55. In view of the lack of evidence supporting Defendant's claim that it has been purchasing its Firestop Box Inserts under the RectorSeal License, in one final attempt to confirm Defendant's claim, on January 8, 2019, Plaintiff requested further conclusive evidence such as a contract for the sale of the products between Defendant and RectorSeal, correspondence evidencing sales of RectorSeal's product to Defendant, or the L14A agreement form required by UL for multiple listings.

56. In response to that January 8, 2019, request, Defendant again provided the first page of the Multiple Product Request Form worksheet, and included the second page of the same form.

57. Defendant did not provide any other documentation, including contracts between Defendant and RectorSeal, correspondence evidencing sales of the RectorSeal product to Defendant or the L14A agreement form.

58. Given the number of substantial differences between RectorSeal's Metacaulk product, which both Defendant and RectorSeal claim Defendant is selling as the Firestop Box Insert, and Defendant's product, Defendant is not purchasing the Metacaulk product from RectorSeal as its own product.

59. Defendant's claim that it is purchasing its product under the RectorSeal License also contradicts its advertising which states that Defendant has always researched, developed and manufactured its Firestop products.

60. Defendant's claim that it is purchasing its product under the RectorSeal License also contradicts its advertising that Defendant's customers are purchasing the Firestop Box Inserts directly from the organization that researched, developed and manufactured the products.

61. Had Defendant been purchasing its Firestop Box Insert under the RectorSeal License, it would have been obligated to mark its product with the '167 patent, but Defendant's product contains no such marking.

62. By virtue of the fact that Defendant did not mark its product with the '167 patent, Defendant is not entitled to the protections of the RectorSeal License.

63. Defendant misrepresented that it has been purchasing its Firestop Box Inserts from RectorSeal under the RectorSeal License.

64. Defendant intended for Plaintiff to rely on its misrepresentation that Defendant was purchasing its Firestop Box Inserts from RectorSeal under the RectorSeal License.

65. Plaintiff relied on that misrepresentation, and misrepresentations that Defendant would provide evidence that Defendant had purchased its Firestop Box Inserts from RectorSeal since 2006.

66. Defendant has sold its infringing Firestop Box Inserts without Plaintiff receiving the benefit of the '167 patent.

67. In the absence of any obligation to pay Plaintiff for the sale of products disclosed in the '167 patent, Defendant, who is a much larger entity than Plaintiff, is able to sell its Firestop Box Inserts at a rate that is much less than the rate charged by Plaintiff.

68. Defendant's unauthorized and reduced-rate sales have led to lost sales that otherwise would have been made by Plaintiff had Defendant not infringed the '167 patent and

sought to hide that infringement. Defendant's unauthorized sales have also led to price erosion of products sold by Plaintiff.

69. In reliance of Defendant's misrepresentation concerning the source of Defendant's Firestop Box Insert, Plaintiff has not challenged Defendant's reduced-rate sales in an attempt to amicably resolve this matter without Court intervention, until it became clear that Defendant had misrepresented the source of its product.

WHEREFORE, Plaintiff respectfully requests the following relief:

- a. An adjudication that Defendant has infringed the '167 patent;
- b. An adjudication that Defendant has committed fraudulent misrepresentation by claiming it purchased Firestop Box Inserts under the RectorSeal License;
- c. An award of damages to be paid by Defendant adequate to compensate Plaintiff for Defendant's infringement of the '167 patent, and for Defendant's fraudulent misrepresentation, including interest, costs, expenses and an accounting of all infringing acts including, but not limited to, those acts not presented at trial;
- d. An award of Plaintiff's lost profits and/or price erosion damages to be paid by Defendant adequate to compensate Plaintiff for Defendant's infringement of the '167 patent, and Defendant's fraudulent misrepresentation;
- e. That such damages be trebled pursuant to 35 U.S.C. § 284 for the willful acts of infringement complained of herein;
- f. A declaration that this case is exceptional under 35 U.S.C. § 285, and an award of Plaintiff's reasonable attorneys' fees; and
- g. An award to Plaintiff of such further relief at law or in equity as the Court deems just and proper.

JURY DEMAND

Plaintiff demands a trial by jury on all issues presented in this Complaint.

Dated: January 23, 2019

DEVLIN LAW FIRM LLC

/s/ Timothy Devlin

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