

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

<p>UCAR CARBON COMPANY, INC. 12900 Snow Road Parma, Ohio 44130,</p> <p style="text-align: right;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>TOUCHSTONE RESEARCH LABORATORY, LTD. The Millennium Centre Triadelphia, WV 26059,</p> <p style="text-align: right;">Defendant.</p>	<p>) CASE NO.))) COMPLAINT FOR DECLARATORY JUDGMENT OF PATENT INVALIDITY AND NON-INFRINGEMENT, OR IN THE ALTERNATIVE, FOR DECLARATORY JUDGMENT ENFORCING A LICENSE BETWEEN THE PARTIES) DEMAND FOR JURY TRIAL)))))</p>
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Plaintiff UCAR Carbon Company, Inc. (“Plaintiff” or “UCAR”), by and through its undersigned counsel, hereby files this Complaint against Defendant Touchstone Research Laboratory, Ltd. (“Touchstone”) and avers as follows:

NATURE OF THE ACTION

1. This is an action based on the Patent Laws of the United States, 35 U.S.C. § 1 *et seq.*, seeking a declaratory judgment of invalidity and non-infringement of United States Letters Patent No. 6,849,098 B1 for “COMPOSITE TOOLING” (“the ‘098 patent”). A true and correct copy of the ‘098 patent is attached as Exhibit A.

2. In the alternative, Plaintiff also seeks a declaratory judgment enforcing a license between the parties, as further defined and described below.

THE PARTIES

3. Plaintiff UCAR is a corporation organized and operating under the laws of the State of Delaware, having a principal place of business at 12900 Snow Road, Parma, Ohio 44130.

4. UCAR is a subsidiary of GrafTech International, Ltd., a holding company organized and operating under the laws of the State of Delaware, having a principal place of business at 12900 Snow Road, Parma, Ohio 44130. Many of UCAR's products are sold in connection with the GrafTech name.

5. Upon information and belief, Defendant Touchstone is a corporation organized and existing under the laws of the State of West Virginia, having a principal place of business at The Millennium Centre, Triadelphia, West Virginia 26059.

6. Upon information and belief, Touchstone has regularly conducted business in Ohio, including distributing its products, providing consulting services, and negotiating the license agreement in issue in this case in Ohio.

7. Upon information and belief, Touchstone derives substantial revenue from the distribution of its products and the providing of services in Ohio and in this judicial district.

JURISDICTION AND VENUE

8. This Court has subject matter jurisdiction over this controversy concerning declaratory judgment that the claims of the '098 patent are invalid and not infringed by virtue of 28 U.S.C. §§ 1331, 1338(a), 2201 and 2202.

9. Because there exists a diversity of citizenship among the parties and the amount in controversy, exclusive of interest and costs, exceeds \$75,000, this Court also has jurisdiction over the subject of this action pursuant to 28 U.S.C. § 1332.

10. This Court has personal jurisdiction over Touchstone pursuant to the provisions of the Ohio Long Arm Statute, 28 O.R.C. § 2307.382, and the laws of the United States.

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

FACTUAL ALLEGATIONS

The Market for Carbonaceous Foam Tools

12. UCAR is an industry leader in the research and development of carbon products. Since the 1960s, UCAR (or its predecessor company) has been engaged in the manufacture and sale of carbonaceous foam.

13. Carbonaceous foam may be used in a variety of applications. Historically, it has been used in creating thermal protection systems, such as insulating walls in industrial applications and nosecones in aerospace and defense applications.

14. Beginning in or around 2003, members of the aerospace industry began to demand that large mechanical parts, such as airplane fuselages and wings, be manufactured of carbon composite materials, rather than of metallic materials, as was the historical practice. To form such large carbon composite pieces, a tool, or substrate, is needed as a mold upon which to apply the carbon composite that becomes the airplane part. Given the large dimensions of the parts to be manufactured, it is important that the tool is strong, but not too heavy. It is also important that the tool has a uniform coefficient of thermal expansion so that the resulting carbon composite part is not warped or distorted. Carbonaceous foam is known to have such desirable characteristics.

15. Upon information and belief, defendant Touchstone is a maker of carbonaceous foam and carbonaceous foam tools.

16. Upon information and belief, in or around 2003, The Boeing Company or an affiliate thereof (hereinafter "Boeing") contacted Touchstone to determine whether Touchstone could manufacture carbonaceous foam that would be suitable for creating large carbonaceous foam tools.

17. Upon information and belief, Touchstone failed to deliver carbonaceous foam of quality or quantity suitable for Boeing's purposes.

18. On or around early 2004, Boeing contacted UCAR to determine whether UCAR could manufacture carbonaceous foam that would be suitable for creating large carbonaceous foam tools. After a series of successful pilot tests, UCAR determined that it was capable of manufacturing carbonaceous foam to suit Boeing's purposes, and in October, 2004, Boeing placed an order with UCAR for carbonaceous foam to be used in large tooling applications.

19. Upon information and belief, Boeing was satisfied with the carbonaceous foam it purchased from UCAR.

20. Subsequently, the demand for carbonaceous foam for use in tooling applications has increased.

21. Upon information and belief, a significant unmet market demand for carbonaceous foam for use in tooling applications presently exists.

22. In addition, recent technological breakthroughs by scientists at UCAR have allowed carbonaceous foam to be manufactured in larger pieces than ever before possible. This is particularly advantageous for large tooling applications, because fewer pieces need to be joined together to make the tool, thus reducing the number of seams in the tool and the resulting carbon composite part.

The License Agreement

23. Upon information and belief, the '098 patent issued on February 1, 2005.

24. Upon information and belief and according to the records of the U.S. Patent and Trademark Office, Touchstone is the assignee and sole owner of the '098 patent. A true and correct copy of the assignment recordation is attached as Exhibit B.

25. The '098 patent is directed to carbonaceous foam tools, wherein the carbonaceous foam has certain specified physical properties that the patent describes as advantageous.

26. After learning of the issuance of the '098 patent, UCAR began exploring the possibility of entering into a business relationship with Touchstone.

27. Initially, UCAR considered acquiring all or part of Touchstone, but a suitable agreement could not be reached.

28. By early 2006, UCAR and Touchstone had agreed to enter into a license agreement, the basic terms of which were set forth in a term sheet. Pursuant to the term sheet, Touchstone agreed to grant UCAR an exclusive (except as to Touchstone) worldwide license to certain Patent Rights, which are listed in Exhibit C hereto and include the '098 patent. In exchange for a license to the Patent Rights, UCAR agreed to pay royalties to Touchstone based on UCAR's sales of carbonaceous foam for use in tooling applications.

29. Over the course of the next several months, UCAR and Touchstone negotiated through the exchange of multiple drafts of the license agreement, meetings in Ohio, telephone conferences, email and written correspondence.

30. The principal point to be negotiated was the royalty rate to be paid by UCAR for the license. UCAR was initially unwilling to pay the royalty rate demanded by Touchstone for various reasons, including the fact that UCAR had questions regarding the non-infringement and invalidity of the '098 patent. Touchstone led UCAR to believe that it would grant UCAR the license to the Patent Rights, if UCAR agreed to pay a royalty rate of a certain percentage. By mid-June 2006, UCAR had agreed to pay the royalty rate demanded by Touchstone.

31. After exchanging further drafts of the license agreement, on September 26, 2006, counsel for Touchstone sent counsel for UCAR a memorandum summarizing Touchstone's remaining comments.

32. On September 28, 2006, UCAR's counsel wrote back to Touchstone's counsel, responding to each of his comments and conceding to nearly every one of Touchstone's remaining demands. A revised draft of the license agreement containing UCAR's concessions was enclosed (hereinafter the "September 28, 2006 License Agreement").

33. UCAR expected to receive Touchstone's signature on the September 28, 2006 License Agreement. Instead, UCAR received no response.

34. UCAR tried unsuccessfully on several occasions to contact Touchstone to receive an update on Touchstone's review of the September 28, 2006 License Agreement. After more than two months of unexplained silence from Touchstone, UCAR's counsel sent a letter to Touchstone's counsel dated December 8, 2006 in an effort to reestablish communications.

35. Touchstone's counsel responded with a letter dated December 13, 2006, which conveyed Touchstone's decision to declare formally that it was putting further negotiations with UCAR on hold (hereinafter the "December 13 Letter"). The December 13 Letter further stated that Touchstone was in the process of reevaluating its strategic business strategy, and planned to complete its strategic reevaluation by the end of February 2007.

Touchstone's Knowledge and Encouragement of UCAR's Marketing Efforts

36. Throughout the 2005-2006 timeframe, and including the timeframe during which UCAR and Touchstone were negotiating regarding the license agreement, UCAR was actively marketing its carbonaceous foam for use in tooling applications. For example, UCAR devoted significant efforts toward contacting potential customers in the market, UCAR attended several

tradeshows where it displayed its carbonaceous foam in tooling applications, and UCAR scientists presented their product research at industry conferences. Upon information and belief, Touchstone was aware of the foregoing efforts by UCAR, and did not object.

37. To the contrary, Touchstone in fact encouraged UCAR to increase its efforts. For example, in the course of the negotiation of the license agreement, Touchstone expressed concern that UCAR was not doing enough to build the market for carbonaceous foam for use in tooling applications, thus limiting the amount of royalties Touchstone would receive under the agreement. Thereafter, UCAR devoted additional resources toward developing the market for carbonaceous foam for use in tooling applications.

38. In July, 2006, Touchstone's counsel noted in an email to UCAR's counsel that the media was reporting that UCAR was making and selling carbonaceous foam for tooling applications. Touchstone's counsel requested a representation from UCAR regarding the amount of carbonaceous foam it had sold to date for these applications.

39. In response, UCAR provided information to Touchstone regarding its current and planned activities in the carbonaceous foam tooling market. Thereafter, Touchstone continued to lead UCAR to believe that it would be granted a license to the Patent Rights.

40. Due largely to the research and marketing efforts of UCAR, which were made in reasonable reliance on its belief that it would be granted a license to the Patent Rights, the demand for carbonaceous foam for use in tooling applications has increased, building a market for carbonaceous foam that did not exist prior to UCAR's efforts.

41. In October, 2006, representatives from both Touchstone and UCAR attended the "R&D 100 Awards" convention and ceremony. UCAR had a booth at the convention, which prominently and publicly displayed UCAR's carbonaceous foam for use in tooling applications.

42. Upon information and belief, Brian Joseph, a principal of Touchstone and one of the named-inventors on the '098 patent, photographed UCAR's booth at the 2006 R&D 100 Awards, including the carbonaceous foam tool display.

43. Before receiving the December 13 Letter, UCAR made a significant commitment to supply carbonaceous foam for use in tooling applications to a distributor.

44. Upon information and belief, Touchstone is capable of using publicly available specifications for UCAR's carbonaceous foam, or analyzing a sample of UCAR's carbonaceous foam, to determine whether it has the physical properties identified in the '098 patent.

45. Upon information and belief, Touchstone's strategic business strategy is to capitalize on the market UCAR created for carbonaceous foam for use in tooling applications, while using the '098 patent to exclude UCAR from that market.

46. Upon information and belief, Touchstone plans to implement the foregoing strategic business strategy before the end of February 2007, the deadline provided in the December 13 Letter.

47. In view of the totality of the circumstances, including the facts set forth above, Plaintiff reasonably apprehends that a suit will imminently be filed against it in this district or elsewhere under 35 U.S.C. Section 271 alleging inducement of infringement of the '098 patent by Plaintiff's continued making, offering to sell, selling, or distributing carbonaceous foam for use in tooling applications.

48. In view of the totality of the circumstances, including the facts set forth above, there is a substantial and continuing justiciable controversy between Plaintiff and Touchstone as to the validity and non-infringement of the claims of the '098 patent.

49. In view of the totality of the circumstances, including the facts set forth above, there is a substantial and continuing justiciable controversy between Plaintiff and Touchstone as to whether UCAR has been granted a license to the Patent Rights.

50. In the absence of an adjudication of the claims set forth herein, Plaintiff will suffer substantial hardship. By misleading UCAR into believing that it would be granted a license to the Patent Rights, Touchstone has unfairly put UCAR at greater risk for patent infringement damages, the magnitude of which is presently accruing. Touchstone has jeopardized UCAR's marketing and development efforts, which were continued in reliance upon its reasonable belief that it had a license agreement with Touchstone.

51. If the claims set forth herein are adjudicated, Plaintiff may continue its efforts to satisfy the present unmet market demand for carbonaceous foam in tooling applications.

**COUNT I:
DECLARATORY JUDGMENT OF PATENT INVALIDITY
AND NON-INFRINGEMENT**

52. Plaintiff incorporates herein by reference all of the averments set forth in paragraphs 1 through 51 as if fully rewritten herein.

53. Upon information and belief, the claims of the '098 patent are invalid for failure to comply with the requirements of Title 35 of the United States Code, including but not limited to 35 U.S.C. §§ 102, 103, or 112.

54. Upon information and belief, Plaintiff has not directly infringed or induced the infringement of any valid claims of the '098 patent.

55. Upon information and belief, no valid claims of the '098 patent are being directly infringed by any third party purchaser of Plaintiff's carbonaceous foam.

COUNT II:
DECLARATORY JUDGMENT OF EQUITABLE ESTOPPEL

56. Plaintiff incorporates herein by reference all of the averments set forth in paragraphs 1 through 55 as if fully rewritten herein.

57. Through misleading conduct, Touchstone led UCAR to reasonably believe that it would be granted a license to the Patent Rights.

58. In reasonable reliance on its belief that it would be granted a license to the Patent Rights, UCAR has invested significant marketing efforts and research and development resources toward the manufacture and sale of carbonaceous foam for use in tooling applications, thereby building a market for carbonaceous foam that did not exist prior to UCAR's efforts.

59. Due to its reliance on Touchstone's misleading conduct, UCAR will be materially prejudiced if it is not granted a license to the Patent Rights. Moreover, Touchstone will be unjustly enriched if it is permitted to capitalize on the market for carbonaceous foam for use in tooling applications to the exclusion of UCAR.

60. As a result of the foregoing, Touchstone is estopped from refusing to grant UCAR a license to the Patent Rights.

61. As a result of the foregoing conduct, UCAR has been granted a license to the Patent Rights.

COUNT III:
DECLARATORY JUDGMENT OF LEGAL ESTOPPEL

62. Plaintiff incorporates herein by reference all of the averments set forth in paragraphs 1 through 61 as if fully rewritten herein.

63. Based on the conduct of Touchstone, UCAR reasonably believed that Touchstone consented to UCAR's license of the Patent Rights.

64. In exchange for its consent to UCAR's use of the Patent Rights, Touchstone received valuable consideration, including but not limited to, UCAR's promise to pay royalties based on sales of carbonaceous foam, and UCAR's building of the market for carbonaceous foam for use in tooling applications.

65. In view of the foregoing, UCAR has been granted a license to the Patent Rights.

66. By virtue of the December 13, 2006 letter and Touchstone's break-off of discussions with UCAR, Touchstone has deviated from the license to the Patent Rights granted to UCAR.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays:

- (a) for a judgment that the claims of the '098 Patent are invalid;
- (b) for a judgment that the claims of the '098 are not infringed;
- (c) for a judgment enjoining Defendant from asserting the '098 patent against Plaintiff, its representatives, agents, customers, and contractors, present and prospective;
- (d) for a judgment that this case is exceptional under 35 U.S.C. § 285 and an award of UCAR's costs, expenses and reasonable attorney's fees; and
- (e) for such other and further relief as may be just and appropriate;

OR, in the alternative, Plaintiff prays:

- (f) for a judgment specifically enforcing the terms of the September 28, 2006 License Agreement;
- (g) for a judgment granting Plaintiff an exclusive (except as to Touchstone) license to the Patent Rights;
- (h) for a judgment enjoining Defendant from asserting the Patent Rights

against Plaintiff, its representatives, agents, customers, and contractors, present and prospective, other than on the terms set forth in the September 28, 2006 Agreement; and

- (i) for such other and further relief as may be just and appropriate.

PLAINTIFFS' DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiff requests a jury trial on all issues so triable.

Respectfully submitted,

Dated: January 31, 2007

By: /s/ John T. Wiedemann

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