

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

U.S. DISTRICT COURT
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SANTA'S BEST, an Illinois partnership,)

Plaintiff,)

vs.)

ADAMS MANUFACTURING
COMPANY, a Pennsylvania
corporation,)

Defendant.)

No.

02C 1131

JUDGE JOAN H. LEFKOW

MAGISTRATE JUDGE BOBRICK

**COMPLAINT FOR DECLARATORY JUDGMENT
OF NON-INFRINGEMENT AND PATENT INVALIDITY**

Plaintiff, Santa's Best, by its attorneys, Leon I. Edelson, Jordan M. Cramer, James Nahikian, and William C. Clarke, all of Levenfeld Pearlstein, complains against Defendant, Adams Manufacturing Company ("Adams") as follows:

Nature of the Lawsuit

1. Santa's Best brings this lawsuit seeking a declaration of invalidity, non-infringement and unenforceability of U.S. Patent 5,402,974 entitled Self-Closing Holder (the "'974 Patent").

2. Santa's Best, among other things, manufactures and sells holiday decorations including lights utilizing suction cups to attach to various surfaces. Adams also manufactures suction cups used for hanging holiday and decorative lights.

3. Although the parties previously litigated an issue of infringement of the '974 Patent, which resulted in a settlement and the granting of a license to Santa's Best

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to manufacture a type of suction cup, Adams now claims that another of Santa's Best's products infringes upon the '974 Patent.

4. Adams has accused Santa's Best of infringing upon the '974 Patent, and in addition to demanding that Santa's Best cease and desist from manufacturing its own product, Adams has further demanded Santa's Best pay for prior use of the supposedly infringing product under the prior Settlement Agreement and to pay for a license to use on Santa's own product in the future, which Santa's Best refuses to do.

Parties

5. Santa's Best is an Illinois Partnership under the laws of the State of Illinois, having its principal place of business in the State of Illinois, located at 770 West Frontage Road, Suite 160, Winnetka, IL 60093.

6. On information and belief, Adams is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, maintaining an office and place of business at 109 West Part Road, Portersville, Pennsylvania 16051. Adams sells its products throughout the United States, including the State of Illinois.

Jurisdiction and Venue

7. This Court has jurisdiction under 28 U.S.C. §1331 (federal question), 28 U.S.C. §1338 (an action under the patent and trademark laws of the United States), and under 28 U.S.C. §§ 2201 and 2202 (Declaratory Judgment).

8. Venue is proper under 28 U.S.C. §1391 (b) and (c), and because Plaintiff resides in this district and a substantial part of the claims relate to intellectual property, which gives rise to the claims.

Common Allegations

9. On information and belief the '974 Patent, entitled "Self-Closing Holder" was issued to the Defendant, and, upon further information and belief, the Defendant, at all relevant times herein, has been and still continues to be the owner of the '974 Patent, a copy of which is attached hereto as Exhibit 1.

10. By a letter dated November 15, 2001, Adams alleged that the product manufactured and sold by Santa's Best infringes one or more of the claims of the '974 Patent, and stated its intention to seek legal protection from infringement, a copy of which is attached hereto as Exhibit 2. The instant matter thus presents an actual controversy within 28 U.S.C. Section 2201.

11. Adams previously sued Santa's Best for alleged patent infringement regarding the '974 Patent in a case titled Adams Mfg. Corp. v. Santa's Best, No. 96-0069, in the United States District Court, Western District of Pennsylvania (the "Prior Lawsuit"). The Prior Lawsuit was settled and voluntarily dismissed. A copy of the complaint filed in the Prior Lawsuit is attached as Exhibit 3.

12. As part of the settlement the Prior Lawsuit, a Supply Agreement was entered into between Santa's Best and Adams, a copy of which is attached as Exhibit 4.

13. Subsequent to settlement of the Prior Lawsuit, Santa's Best has made and/or offered for sale within the past six years and since the issuance of said Letters Patent, certain suction cup holders illustrated in its brochure entitled "Suction Cup with Slotted Back." A copy of the brochure illustration of the holder which was the subject of the Prior Litigation is attached hereto as Exhibit 5, and a copy of the brochure

illustration of the subsequent holder, which is the subject of the present controversy, is attached hereto Exhibit 6.

14. Adams has charged Santa's Best with infringement of the '974 Patent and all claims thereof by reason of the manufacture and offering for sale and selling of its self closing holder, in a series of communications issued in the latter part of 2001. A copy of one such communication by a letter dated December 4, 2001, is attached hereto as Exhibit 7.

15. Subsequent to issuing and receiving these letters, representatives of Adams and Santa's Best have had numerous verbal discussions concerning Adams' demands during the period from November, 2001 through the present time. During several of these conversations, Adams has threatened to file suit against Santa's Best for patent infringement if Santa's Best did not take a license, pay an additional fee for the products sold under the 1996 Settlement Agreement and pay a royalty to Adams under the '974 Patent.

16. Santa's Best has informed Adams that it will not take a license under the '974 Patent and/or pay any additional sums to Adams, because Santa's Best has not infringed the '974 Patent, which is invalid and otherwise unenforceable. As a result of Adams' continuing demands and threats, Santa's Best has a current, real apprehension and belief that Adam's will imminently file suit consistent with the allegations made in its many letters and verbal communications to Santa's Best.

17. As a result, there is a substantial and continuing justiciable controversy between Santa's Best and Defendant as to Adam's right to threaten or maintain suit for

infringement of said patent, and as to the validity, scope, enforceability, and infringement of Santa's Best's product.

18. Santa's Best has not infringed, is not now infringing, nor could its product ever infringe upon the '974 Patent.

Count I

1-18. Santa's Best realleges and incorporates paragraphs 1 through 18, as and for paragraphs 1 through 18 of this Count I.

19. On information and belief, the '974 Patent is invalid, unenforceable, and void, for failure to comply with 35 U.S.C. Sections 101, 102, 103, and 112, including but not limited to one or more of the following reasons:

- a. Plaintiff has not infringed either literally or under the Doctrine of Equivalents any claim of said patent;
- b. By reason of the proceedings in the Patent Office during the prosecution of the application which resulted in said patent as shown by the file wrapper thereof, defendant is estopped to claim for said patent a construction that would cause said patent to cover or include any apparatus or device or product or method manufactured, used, or sold by plaintiff;
- c. The patentee, Adams, did not invent the subject matter patented, nor did he make any invention or discovery, either novel, original, or otherwise, within the meaning of United States Code, Title 35;

- d. The alleged invention was made by another in this country before the patentee's alleged invention, and such other person had not abandoned, suppressed, or concealed it;
- e. The patent does not particularly point out and distinctly claim the part, improvement, method, steps, or combination, which the patentee claims as his invention, as required by Title 35, United States Code;
- f. The specification does not contain a written description of the invention and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art or science to which it pertains, or with which it is most nearly connected, to make, construct, compound, and/or use the same, and the description does not adequately explain the principle or the best mode in which the patentee contemplated applying that principle so as to distinguish it from other inventions, as required by Title 35, United States Code;
- g. The claims and each of them, of the patent are excessively vague and indefinite and do not distinctly point out and define the invention;
- h. The claims, and each of them, are not directed to a patentable invention or combination, but are directed to mere aggregations of parts or steps, means, or elements which were matters of common

knowledge in the art to which said patent relates before the alleged invention;

- i. The claims were made more than one year prior to the date of the application for the patent;
- j. The structure and structures and/or combinations and/or methods disclosed in the patent are inoperative and incapable of accomplishing the intended result, and are not useful within the meaning and requirements of Title 35, United States Code;
- k. In light of the prior art at the time the alleged invention was made, the subject matter as claimed in the patent would have been obvious to a man skilled in the art to which the alleged invention relates and does not constitute patentable invention;
- l. The alleged invention or discovery was disclosed in a United States patent to another, the application for which was filed before the alleged invention by the patentee of the patent in suit;
- m. More than one year prior to the filing of the original application which matured into the patent in suit, the alleged invention was patented or described in printed publications in this or in foreign countries, or was in public use or on sale in this country;
- n. Before the alleged invention or discovery the patentee, the alleged invention was known or used by others than the alleged invention and was on sale in this country and was patented or described in printed publications in this or in foreign countries;

- o. If there be any invention in the subject matter of the patent in suit, which is denied, the patent nevertheless was not obtained in a manner consistent with the provisions of Title 35 of the United States Code; and,
- p. The claims of the patent in suit are functional, indefinite, and are broader than the alleged invention, as set forth in the specification of the patent in suit.

20. Each of the claims of the '974 Patent must be restricted to a combination which includes all of the particular, specific structural details called for in the claims, certain details and structures are not embodied in the slotted back suction cup of Santa's Best or any other product used or sold by Santa's Best, whereby the claims of the '974 patent, if valid, must be narrowly construed and held not be infringed by Santa's Best.

21. As a result of one or more of the following, the '974 Patent is invalid, unenforceable.

WHEREFORE, Plaintiff, Santa's Best, respectfully requests that the Court grant the following relief:

A. Judge and declare that Defendant is without right or authority to threaten or to maintain suit against Plaintiff or its customers for alleged infringement of Letters Patent No. 5,402,974; that said patent is invalid, unenforceable, and void in law; and that said patent is not infringed by Plaintiff because of the making, selling, or using of any device, product, or apparatus made or sold or used by Plaintiff.

B. Enter a preliminary and permanent injunction enjoining Adams, its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with it who receive actual notice thereof from initiating infringement litigation and from threatening plaintiff or any of its customers, dealers, agents, servants, or employees, or any prospective or present sellers, dealers, or users of plaintiff's devices, products or apparatus, with infringement litigation or charging any of them either verbally or in writing with infringement of Letters Patent No. 5,402,974, because of the manufacture, use or selling or offering for sale of the slotted back suction cup made by Adams, to be made permanent following trial;

C. Award Plaintiff its costs of pursuing this lawsuit;

D. This is an exceptional case pursuant to 35 U.S.C. 285, and therefore, attorney's fees should be awarded to Santa's Best, and

E. Grant such other and further relief, as the Court deems proper, just and equitable.

Count II

1-21. Santa's Best realleges and incorporates paragraphs 1 through 21, as and for paragraphs 1 through 21 of this Count II.

22. Upon information and belief, Adam's failed to satisfy its duty of disclosure to the United States Patent and Trademark Office ("Office") and/or engaged in inequitable conduct during the prosecution/re-examination of the '974 Patent by failing to cite to the Office that Adams had made a representative sample of one of the Japanese suction cups illustrated in Japanese Patent No. 34-10136, and that the legs closed when affixed to a surface. Further upon information and belief, Adam's failed to

disclose to the Office its detailed examination and comparison of its product to another product manufactured by Noma International, Inc.

23. Adams with full knowledge of the activities of Santa's Best has failed to assert its patent for a period of almost 4 years, while Plaintiff invested time and money in building its business and goodwill.

24. Some or all of Adams' claims are barred by laches as set out in 35 U.S.C. 282, and Adams cannot maintain a cause of action against Santa's Best under said patent.

25. Adams is equitably estopped from maintaining any claim or cause of action against Plaintiff under the '974 Patent. Adams and Santa's Best entered into a Supply Agreement attached as Exhibit 4 as consideration for any claims Adams could assert, as a result of that Agreement and the settlement of that dispute. In a November 28, 2001 letter from Plaintiff's prior counsel, attached as Exhibit 8, Santa's reiterated that as part of the settlement "Beginning one year after the date of this agreement, SANTA'S BEST may manufacture, use, sell and offer for sale a suction cup as shown in the drawing attached hereto as Exhibit I and ADAMS will not sue SANTAS BEST or its customers for infringement of any claim of the '974 [sic] patent or other patent ADAMS may have or hereafter obtain as a result of such manufacture, use and sale."

26. Defendant has so misused the patent in suit and has so used it in violation of the antitrust laws as to render it unenforceable.

WHEREFORE, Plaintiff, Santa's Best, respectfully requests that the Court grant the following relief:

A. Judge and declare that Defendant is without right or authority to threaten or to maintain suit against Plaintiff or its customers for alleged infringement of Letters Patent No. 5,402,974; that said patent is invalid, unenforceable, and void in law; and that said patent is not infringed by Plaintiff because of the making, selling, or using of any device or apparatus made of sold or used by Plaintiff.

B. Enter a preliminary and permanent injunction enjoining Adams, its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with it who receive actual notice thereof from initiating infringement litigation and from threatening plaintiff or any of its customers, dealers, agents, servants, or employees, or any prospective or present sellers, dealers, or users of plaintiff's devices or apparatus, with infringement litigation or charging any of them either verbally or in writing with infringement of Letters Patent No. 5,402,974, because of the manufacture, use or selling or offering for sale of the self closing holder made by plaintiff, to be made permanent following trial;

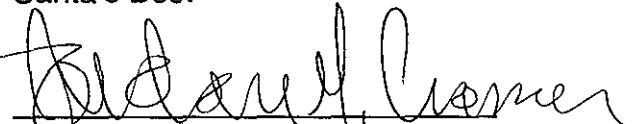
C. Award Plaintiff its costs of pursuing this lawsuit.

D. In addition, because this is an exceptional case pursuant to 35 U.S. C. 285, Plaintiff should be awarded its reasonable attorney's fees; and,

E. Grant such other and further relief, as the Court deems proper, just and equitable.

Santa's Best

By:


One of its Attorneys

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EXHIBITS

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS**

Civil Cover Sheet

This automated JS-44 conforms generally to the manual JS-44 approved by the Judicial Conference of the United States in September 1974. The data is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. The information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is authorized for use only in the Northern District of Illinois.

Plaintiff(s):

County of Residence: Cook County, Illinois

Plaintiff's Atty:

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County of Residence:

Defendant's Atty:

Lynn J. Alstadt, Esq.
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Pittsburgh, Pennsylvania
15219-1410
412.562.8800

DOCKETED

FEB 19 2002

II. Basis of Jurisdiction:**3. Federal Question (U.S. not a party)**

**III. Citizenship of Principal
Parties (Diversity Cases Only)**

Plaintiff:- N/A

Defendant:- N/A

02C 1131
JUDGE JOAN H. LEFKOW

IV. Origin :**1. Original Proceeding****MAGISTRATE JUDGE BOBRICK****V. Nature of Suit:****830 Patent****VI. Cause of Action:**

**35 U.S.C. 271 (Plaintiff is seeking declaratory judgment that it has
not infringed U.S. Patent No. 5,402,974).**

VII. Requested in Complaint

Class Action: No

Dollar Demand: N/A

Jury Demand: Yes

VIII. This case IS NOT a refiling of a previously dismissed case.**Signature:**

Leon I. Edelson

Date: February 15, 2002

If any of this information is incorrect, please go back to the Civil Cover Sheet Input form using the *Back* button in your browser and change

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS**

Eastern Division **POCKETED**

In the Matter of

SANTA'S BEST PARTNERSHIP

v.

ADAMS MANUFACTURING COMPANY

FEB 19 2002

Case Number:

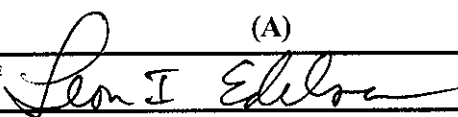
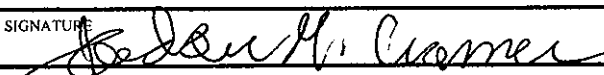
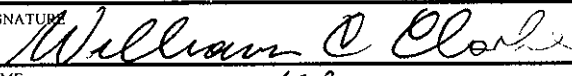
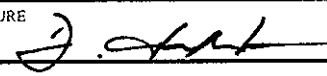

MAJESTATE JUDGE ROBERT

APPEARANCES ARE HEREBY FILED BY THE UNDERSIGNED AS ATTORNEY(S) FOR:

SANTA'S BEST PARTNERSHIP

02C 1131

JUDGE JOAN H. LEFKOW

(A)	(B)
SIGNATURE 	SIGNATURE 
NAME Leon I. Edelson	NAME Jordan M. Cramer
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TELEPHONE NUMBER (312) 456-0559	TELEPHONE NUMBER (312) 456-0526
IDENTIFICATION NUMBER 6198669	IDENTIFICATION NUMBER 6215919
MEMBER OF TRIAL BAR? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	MEMBER OF TRIAL BAR? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
TRIAL ATTORNEY? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	TRIAL ATTORNEY? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
	DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
(C)	(D)
SIGNATURE 	SIGNATURE 
NAME William C. Clarke 	NAME D. James Nahikian
FIRM Levenfeld Pearlstein	FIRM Levenfeld Pearlstein
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TELEPHONE NUMBER (312) 456-0510	TELEPHONE NUMBER (312) 456-0524
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