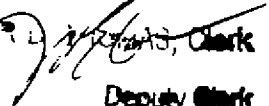


**ORIGINAL**

FILED IN CLERK'S OFFICE  
U.S. DISTRICT COURT  
ATLANTA

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

NOV 03 2004

LUTHER L. JENNINGS, Clerk  
By:  Deputy Clerk

RMS OF GEORGIA, LLC :  
Plaintiff, :

vs

Civil Action No

04-CV-3238

JURY TRIAL DEMANDED

AIR REFRIGERANTS, LLC, :  
KENNETH B RUELLO, JR., and :  
HI TECH REFRIGERANTS, LLC :  
Defendants. :

**JEC**

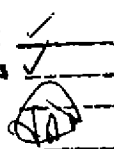
**COMPLAINT**

Plaintiff RMS Of Georgia, LLC (hereinafter "Plaintiff" or "RMS") states its Complaint against Defendants Air Refrigerants, LLC, Kenneth B Ruello, Jr , and Hi Tech Refrigerants, LLC (hereinafter referred to collectively as "Defendants") as follows

**NATURE OF THE ACTION**

1.

Plaintiff seeks a declaration that U.S. Patent No 6,758,987 (hereinafter "the '987 Patent") is invalid, unenforceable, and/or not infringed by Plaintiff. Plaintiff further seeks damages and injunctive relief arising from certain acts of Defendants, including false description or representation in commercial advertising, unfair and

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deceptive trade practices, false advertising, injury to business reputation, unfair competition, defamation, and tortious interference with business relations

### **THE PARTIES**

2

Plaintiff RMS is a Georgia limited liability company having a principal place of business in Alpharetta, Georgia.

3.

Defendant, Air Refrigerants, LLC (hereinafter "AR"), is a Louisiana limited liability company with a principal place of business in Metairie, Louisiana

4.

Defendant, Kenneth B Ruello, Jr. (hereinafter "Ruello") is an individual of the full age and majority domiciled in New Orleans, Louisiana.

5.

Defendant, Hi Tech Refrigerants, LLC (hereinafter "Hi Tech"), is a Louisiana limited liability company with a principal place of business in Harahan, Louisiana.

## **JURISDICTION AND VENUE**

6

This Court has jurisdiction over this matter upon the following grounds

- a) 28 U.S.C. §§ 1331, 1338(a), 2201(a), and 2202, as this matter arises out of an actual controversy that exists between RMS and defendants as to the validity, enforceability, and infringement of the '987 Patent;
- b) 28 U.S.C. § 1332, as this is an action between citizens of different states, and the amount in controversy exceeds the sum of \$75,000, exclusive of interest and costs;
- c) 28 U.S.C. § 1338(b) for the claims of unfair competition because they are joined to substantial and related claims under the patent laws of the United States, Title 35 of the United States Code, and
- d) 28 U.S.C. § 1367 for the supplemental state law claims because they are so related to the claims for which there is original jurisdiction that they form part of the same case or controversy under Article III of the United States Constitution

7.

Venue in this judicial district is proper under 28 U.S.C. §§ 1391(b) and (c) and 1400(b)

## **BACKGROUND AND GENERAL ALLEGATIONS**

8.

RMS and its predecessor have since 1992 been engaged in the business of reclaiming used refrigerant gases and selling alternative refrigerant gases primarily to the commercial refrigeration (HVAC) market.

9

Before July 1998, RMS' predecessor purchased from, resold, and blended for AR's then licensee Free Zone RB-276 refrigerant consisting of the following.

- a) 79% by weight tetrafluoroethane;
- b) 19% by weight chlorodifluoroethane, and
- c) 2% by weight Royco 783 lubricant consisting of:
  - i) 60-80% hydrotreated light naphthenic distillate;
  - ii) 10-20% acrylic polymer in severely hydrotreated mineral oil;
  - iii) 5-15% solvent refined light naphthenic distillate petroleum;
  - iv) 2-7% barium dinonylnaphthalenesulfonate; and
  - v) <0.5% butylated triphenyl phosphate

10

The Free Zone RB-276 refrigerant with the Royco 783 lubricant was problematic because it was difficult to blend and red in color due to the presence of the barium dinonynaphthalenesulfonate compound.

11

To overcome these problems, on or before July 1998, Kenneth Ponder (hereinafter "Ponder") of RMS formulated and reduced to practice an improvement to the Free Zone RB-276 refrigerant which eliminated the Royco 783 lubricant with the troublesome leak stop component believed to be barium dinonynaphthalenesulfonate and replaced it with a clear in color lubricant, thus making the refrigerant easier to blend and clear in color

12

The improved refrigerant formulated by Ponder had the following composition

- a) 79% by weight tetrafluoroethane;
- b) 19% by weight chlorodifluoroethane;
- c) 2% by weight clear lubricant,

(hereinafter referred to as the "79/19/2 Clear Lubricant Refrigerant")

13.

On or before July 1998, RMS began selling the 79/19/2 Clear Lubricant Refrigerant to its customers with the knowledge and permission of AR's then licensee

14

RMS is the owner by assignment and/or holds equitable title to Ponder's formulation of the 79/19/2 Clear Lubricant Refrigerant.

15

In the fall of 1998, Ponder learned that Ruello was the owner of certain patents for the Free Zone RB-276 refrigerant with the Royco 783 lubricant. To investigate whether Ruello had any interest in doing business with RMS, Ponder called and spoke with Ruello on or before December 1998

16.

During the phone call between Ponder and Ruello, Ponder disclosed his formulation of the 79/19/2 Clear Lubricant Refrigerant to Ruello. Ruello informed Ponder that the 79/19/2 Clear Lubricant Refrigerant was covered by Ruello's patents and that RMS must contact the then current HVAC licensee if RMS wanted to sell the 79/19/2 Clear Lubricant Refrigerant.

17

On or about January 1999, RMS began negotiating with AR for a license agreement. During these negotiations, AR represented to RMS that it held exclusive patent and/or property rights to patents covering the 79/19/2 Clear Lubricant Refrigerant.

18

At the time of the negotiations, Ruello owned and AR held exclusive rights to U.S. Patent No. 5,492,643, issued February 20, 1996 (hereinafter "the '643 Patent") and U.S. Patent No. 5,942,149, issued August 24, 1999 (hereinafter "the '149 Patent").

19.

The claims of both the '643 Patent and the '149 Patent are directed to the Free Zone RB-276 refrigerant with the Royco 783 lubricant and do not cover the 79/19/2 Clear Lubricant Refrigerant formulated by Ponder.

20

Without RMS' knowledge or permission, on or about August 10, 1999, Ruello caused to be filed patent application Serial No. 09/371,584 with the United States Patent and Trademark Office, which application was directed to the 79/19/2

Clear Lubricant Refrigerant formulated by Ponder and disclosed by Ponder to Ruello on or before December 1998.

21.

On May 20, 2003, patent application Serial No 09/371,584 issued as U S. Patent No 6,656,766 (hereinafter 'the '766 Patent") The '766 Patent is directed to the 79/19/2 Clear Lubricant Refrigerant formulated by Ponder.

22.

On or about September 27, 1999, AR and RMS entered into the HVAC Licensing Agreement under which RMS paid a royalty to AR for sales for the 79/19/2 Refrigerant (through the blender Aeropres Corp that blended the 79/19/2 Clear Lubricant Refrigerant for RMS)

23

RMS attempted to have the 79/19/2 refrigerant blends designated under the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc (ASHRAE) as an A1 rated refrigerant Due to the properties of the mixture of the refrigerants in the 79/19/2 refrigerant blends, the A1 rating was denied This led RMS to develop another refrigerant blend that could meet ASHRAE A1 standards.



24.

On or before 2002, Ponder of RMS formulated and reduced to practice a new and improved refrigerant gas blend having the following composition

- a) a mixture of 88% by weight tetrafluoroethane and 12% by weight chlorodifluoroethane; and
- b) 2% by weight clear lubricating oil (hereinafter the "88/12/2 Refrigerant").

25

RMS applied for and obtained an ASHRAE A1 rating for the 88/12 refrigerant blend packaged with the clear lubricant oil

26.

On or about January 2003, RMS began marketing the 88/12/2 Refrigerant

27.

Citing RMS' alleged inability to sell an agreed upon minimum amount of product, on September 17, 2003, AR terminated RMS' license under the HVAC Licensing Agreement effective September 27, 2003.

28

On information and belief, after termination of RMS' license, Hi Tech became AR's distributor of refrigerant gases in the HVAC market

29.

After termination of its license with AR, RMS discovered that the 79/19/2 Clear Lubricant Refrigerant was not covered under either the '643 or the '149 Patents, and that the 88/12/2 Refrigerant invented by Ponder was not covered under any of the '149 Patent, the '643 Patent, or the '766 Patents and that RMS had the right to market and sell the 88/12/2 Refrigerant without hindrance from these patents

30

RMS is the owner by assignment and/or holds equitable title to Ponder's invention of the 88/12/2 Refrigerant. RMS has filed a patent application for the 88/12/2 Refrigerant with the United States Patent and Trademark Office.

31.

In December 2003, RMS purchased one truckload (32,440 lbs ) of the 88/12/2 Refrigerant, which RMS sold from January 2004 through April 2004 to its customers

32.

On or about January 8, 2004, AR filed suit in the U.S. District Court for the Eastern District of Louisiana against RMS for infringement of the '149 Patent, the

'643 Patent, and the '766 Patent and for other claims related to the termination of the license

33

Because the '149 Patent, the '643 Patent, and the '766 Patent do not cover RMS' 88/12/2 Refrigerant, Ruello, on information and belief, filed patent application Serial No. 10/441,998 on May 20, 2003, in an attempt to obtain broader coverage to capture RMS' 88/12/2 Refrigerant without RMS' knowledge or permission.

34.

In about April 2004, RMS reformulated its 88/12/2 Refrigerant by substituting a synthetic lubricant for the clear lubricant (hereinafter the "88/12/2 Refrigerant with Synthetic lubricant") and stopped selling its 88/12/2 Refrigerant that did not have the Synthetic lubricant

35

On July 6, 2004, patent application Serial No 10/441,998 issued as the '987 Patent On information and belief, Ruello owns the '987 Patent and has granted AR an exclusive license thereunder On information and belief, H1 Tech is AR's distributor of refrigerant gases for the HVAC market. A true and correct copy of the '987 Patent is attached hereto as Exhibit A

36.

The '987 was issued by the United States Patent and Trademark Office (USPTO) with claims that are in error. During prosecution of the application for the '987 patent, Ruello amended the claims to limit the refrigerant claimed in the application to one including a naphthenic lubricating oil. This amendment was accepted and entered by the USPTO, and such amendment excludes from the claims' coverage a refrigerant that includes a non-naphthenic lubricating oil, and more particularly excludes from the claims' coverage RMS' 88/12/2 Refrigerant with Synthetic lubricant. The '987 patent as issued by the USPTO and printed erroneously fails to include the amendment submitted by Ruello limiting the claims to a refrigerant having only a naphthenic lubricating oil.

37.

The error in the issued claims failing to show the limitation to only a naphthenic lubricating oil is known to Ruello. Upon information and belief, Ruello has taken no action before the USPTO to correct the error in the claims of the '987 patent, as issued and printed.

38.

The correct claims of the '987 patent with the limitation to a refrigerant having only a naphthenic lubricating oil submitted by Ruello to the USPTO by

amendment to his application for the '987 patent and accepted and entered by the USPTO do not cover RMS' 88/12/2 Refrigerant with Synthetic lubricant. On information and belief, Ruello knows that the correct claims of the '987 patent do not cover RMS' 88/12/2 Refrigerant with Synthetic lubricant

39

Because RMS' 88/12/2 Refrigerant with Synthetic lubricant is not covered under the '987 Patent (nor under any of Ruello's other patents), Ruello, on information and belief, filed a fifth patent application Serial No. 10/839,382 on May 5, 2004, in yet another attempt to obtain even broader coverage to capture RMS' 88/12/2 Refrigerant with Synthetic lubricant.

40.

On October 14, 2004, patent application Serial No 10/839,382 was published as Publication No. US 2004/0200992. On information and belief, the application has not been examined by the United States Patent and Trademark Office

41.

Defendants have published false and misleading statements about their patent rights, RMS' alleged infringement of their patents including the '987 patent, RMS' ability to sell refrigerant gases, and the quality of RMS' products, which

statements, on information and belief, were made in bad faith with the intent to injure RMS and interfere with RMS' business relationships with its customers and suppliers.

42

Attached as Exhibit B is a true and correct copy of a notice that, on information and belief, Defendants sent beginning in April 2004 to RMS' customers which disparages RMS by stating, "RMS has packaged this product themselves and the quality of the packaged product is unknown " The notice also falsely implies that RMS' R420A refrigerant products (i.e., RMS' 88/12/2 refrigerant blend and its 88/12/2 Refrigerant with Synthetic lubricant) are covered under Defendants' patents, when Defendants knew or should have known that their patents as of April 2004 do not cover either of RMS' R420A refrigerant products

43.

Defendants recently attended a trade show that RMS also attended. On information and belief, at the trade show Defendants made false, misleading, defamatory and/or disparaging remarks to RMS' customers and suppliers about RMS and RMS' alleged infringement of Ruello's patents.

44.

Attached as Exhibit C is a true and correct copy of a letter, dated October 14, 2004, from AR and Ruello's patent counsel to counsel for RMS, with a copy to RMS' supplier, Aeropres Corp., which states that it appears that RMS' products known as Choice R420A, Choice 421A, and Quick Change 134a infringe Ruello's published patent application No. U.S. 2004/0200992 A1. This statement was made despite the fact that AR and Ruello knew or should have known that the claims of the published patent application cannot be infringed until a patent on the application actually issues with patent claims substantially identical to those published, that such a patent has not issued, and that the claims as published are invalid as written and/or that RMS' product or products do not infringe. For example, RMS' Quick Change 134a product cannot infringe the published claims because it has only one refrigerant gas and the claims of the published patent application require at least two refrigerant gases.

45.

Defendants AR and Ruello have accused RMS' customers of infringing the '987 Patent and have threatened to send letters to these customers indicating that they will be sued because RMS would not settle with AR and Ruello and have

threatened to sue such customers, all of which gives rise to a case of actual controversy within the jurisdiction of the Court

46.

RMS denies that its customers infringe the '987 Patent and further asserts that the '987 Patent is invalid and unenforceable against RMS and its customers.

47.

On information and belief, the aforementioned false, misleading and disparaging statements made by Defendants have been in bad faith

48

*The aforementioned false, misleading and disparaging statements made by Defendants have caused injury to RMS within this State and district.*

49

Defendants' publication of false, misleading, and disparaging statements as aforesaid has caused and will continue to cause irreparable injury and damage to RMS unless enjoined by this Court



**COUNT I**

**DECLARATORY JUDGMENT OF INVALIDITY**

50.

RMS adopts, re-alleges, and incorporates by reference herein the allegations contained in paragraphs 1 through 49 of this Complaint.

51.

On information and belief, the '987 Patent, and each claim thereof, is invalid by reason of its failure to comply with the provisions of Title 35 of the United States Code, including without limitation, 35 U S C §§ 101, 102, 103, and/or 112, and RMS is entitled to a declaratory judgment of invalidity as set forth in the Prayer for Relief below

**COUNT II**

**DECLARATORY JUDGMENT OF UNENFORCEABILITY**

52.

RMS adopts, re-alleges, and incorporates by reference herein the allegations contained in paragraphs 1 through 51 of this Complaint

53.

The '987 Patent that issued July 6, 2004 states the following under "Related U S. Application Data".

Continuation of application No 09/371,584, filed Aug. 10, 1999, now Pat. No 6,565,766, which is a continuation of application No 08/949,772, filed on Oct 14, 1997, now Pat. No 5,942,149, which is a continuation of application No 08/603,751, filed on Feb 20, 1996, now abandoned, which is a continuation-in-part of application No PCT/US95/05380, filed on Apr 26, 1995, which is a continuation of application No 08/233,444. filed on Apr 26, 1994, now Pat. No. 5,492,643, said application No 08/603,751, is a continuation-in-part of application No 08/233,444

54

As stated in the '987 Patent, the '987 Patent is allegedly related in continuity to application No 08/233,444, filed on April 26, 1994.

55.

On information and belief, the '987 Patent issued after an unreasonable delay in prosecution, and as a result thereof has caused prejudice to RMS who began marketing its 88/12/2 Refrigerant not only before issuance of the '987 Patent but also before the filing of its application.

56.

On information and belief, the '987 Patent, and each claim thereof, is unenforceable by reason of prosecution laches, and RMS is entitled to a declaratory judgment of unenforceability as set forth in the Prayer for Relief below

**COUNT III**

**DECLARATORY JUDGMENT OF NON-INFRINGEMENT**

57

RMS adopts, re-alleges, and incorporates by reference herein the allegations contained in paragraphs 1 through 56 of this Complaint

58

On information and belief, RMS and its customers have not and are not now infringing the '987 Patent, and RMS is entitled to a declaratory judgment of non-infringement as set forth in the Prayer for Relief below

**COUNT IV**

**FEDERAL UNFAIR COMPETITION**

59

RMS adopts, re-alleges, and incorporates by reference herein the allegations contained in paragraphs 1 through 58 of this Complaint.

60.

The actions of defendants as described above constitute false description, false representation, and/or false, untrue, and/or misleading commercial advertising or promotion all in violation of 15 U.S.C. § 1125(a), entitling RMS to the remedies set forth in the Prayer for Relief below.

**COUNT VI**

**GEORGIA UNFAIR AND DECEPTIVE TRADE PRACTICES**

61

RMS adopts, re-alleges, and incorporates by reference herein the allegations contained in paragraphs 1 through 60 of this Complaint

62.

The actions of Defendants as described above constitute willful and intentional unfair and deceptive trade practices in violation of O C G.A. §§ 10-1-371 et seq., entitling RMS to the remedies set forth in the Prayer for Relief below

**COUNT VII**

**GEORGIA FALSE ADVERTISING**

63

RMS adopts, re-alleges, and incorporates by reference herein the allegations contained in paragraphs 1 through 62 of this Complaint.

64.

The actions of Defendants as described above constitute willful and intentional false, untrue, and/or misleading advertising in violation of O C G A § 10-1-421, entitling RMS to the remedies set forth in the Prayer for Relief below

**COUNT VIII**

**GEORGIA INJURY TO BUSINESS REPUTATION**

65

RMS adopts, re-alleges, and incorporates by reference herein the allegations contained in paragraphs 1 through 64 of this Complaint

66

The action of Defendants as described above constitute willful and intentional injury to the business reputation of RMS in violation of O C G.A § 10-1-451, entitling RMS to the remedies set forth in the Prayer for Relief below

**COUNT IX**

**GEORGIA UNFAIR COMPETITION**

67

RMS adopts, re-alleges, and incorporates by reference herein the allegations contained in paragraphs 1 through 66 of this Complaint

68

The actions of Defendants as described above constitute willful and intentional unfair competition in violation of the common law, entitling RMS to the remedies set forth in its Prayer for Relief below

**COUNT X**

**COMMON LAW DEFAMATION**

69

RMS adopts, re-alleges, and incorporates by reference herein the allegations contained in paragraphs 1 through 68 of this Complaint

70.

The actions of Defendants as described above constitute willful and intentional defamation in violation of the common law, entitling RMS to the remedies set forth in the Prayer for Relief below

**COUNT XI**

**TORTIOUS INTERFERENCE WITH BUSINESS RELATIONS**

71

RMS adopts, re-alleges, and incorporates by reference herein the allegations contained in paragraphs 1 through 70 of this Complaint

72

The actions of Defendants as described above constitute improper and non-privileged acts that tortiously interfered with RMS' business relationships with its customers and/or suppliers for which RMS suffered financial injury, entitling RMS to the remedies set forth in the Prayer for Relief below

### **PRAYER FOR RELIEF**

WHEREFORE, plaintiff RMS prays for judgment in its favor and against defendants AR, Ruello, and Hi Tech, jointly and severally, as follows:

1. For judgment decreeing that the '987 Patent is invalid and/or unenforceable;
- 2 For judgment decreeing that the '987 Patent is not infringed by RMS or its customers;
- 3 For judgment preliminarily and permanently enjoining Defendants and their respective owners, shareholders, managers, officers, agents, employees, legal representatives, attorneys, heirs, successors, and assigns, and all persons acting in concert or participation with them from the following:
  - a) threatening to enforce and/or enforcing the '987 Patent against RMS or its customers in relation to RMS' 88/12/2 Refrigerant and 88/12/2 Refrigerant with Synthetic lubricant blend products;
  - b) making any statement or producing or distributing any commercial advertisement or promotional material which misrepresents the nature of Defendants' patent rights or which misrepresents or falsely advertises Defendants' refrigerant

products in relation to RMS' refrigerant products or the quality of RMS' refrigerant products;

- c) engaging in unfair and deceptive trade practices and unfair competition against RMS or otherwise injuring or defaming RMS and its business reputation in any manner;
- d) tortiously interfering with RMS' business relationships.

4. For judgment ordering Defendants to account for all profits realized by them from their acts of false descriptions and representations, deceptive and unfair trade practices, false advertising, unfair competition, defamation, and tortious interference

5 For judgment awarding RMS the actual damages it has sustained on account of Defendants' acts of false descriptions and representations, deceptive and unfair trade practices, false advertising, unfair competition, defamation, and tortious interference, together with appropriate interest on such damages, and that all applicable damages be trebled pursuant to 15 U.S.C. § 1117

6 For an award of reasonable attorney fees and all costs incurred by RMS in this action; and

7 For all general and equitable relief to which RMS may be entitled



**DEMAND FOR TRIAL BY JURY**

RMS demands trial by jury of all issues so triable, pursuant to Rule 38 of the  
Federal Rules of Civil Procedure

This 3<sup>rd</sup> day of November, 2004.

Respectfully submitted,



Dan R. Gresham  
Georgia State Bar No. 310280  
Cynthia J. Lee  
Georgia State Bar No. 442999  
**THOMAS, KAYDEN, HORSTEMEYER  
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