

**IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

HEALTHIE, INC.,

Plaintiff,

v.

HIGH ENERGY OZONE LLC d/b/a
FAR-UV STERILRAY; and S.
EDWARD NEISTER,

Defendants.

Case No.: 6:20-cv-02233-RBD-EJK

**DEFENDANTS' MOTION TO DISMISS
FOR FAILURE TO STATE A CLAIM**

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Defendants High Energy Ozone (“HEO3”) and S. Ed Neister (collectively, “Defendants”) respectfully move this Court to dismiss Plaintiff Healthe, Inc.’s (“Healthe”) causes of action for patent misuse (Eighth and Tenth Causes of Action), and Healthe’s causes of action for noninfringement and unenforceability related to U.S. Patent Nos. 8,481,985 (the “’985 Patent”) and 8,753,575 (the “’575 patent”) (First, Second, and Seventh Causes of Action). The allegations in Healthe’s First Amended Complaint (D.E. 81, “FAC”) are (i) legally insufficient to plead causes of action for patent misuse, (ii) fail to adequately allege “infectious unenforceability” of U.S. Patent No. 9,700,642 (the “’642 patent”), and (iii) this Court lacks declaratory judgment jurisdiction over Healthe’s causes of action related to the ’985 and ’575 patents because no case or controversy exists as to those patents in view of HEO3’s executed covenant not to sue. Accordingly, these causes of action should be dismissed.

MEMORANDUM OF LAW

I. INTRODUCTION

This case stems from Healthe’s willful misconduct related to HEO3’s patents. Through the summer of 2020, HEO3 in good faith engaged in discussions with Healthe regarding a potential license to HEO3 patents. *See* D.E. 41, Defendants’ Counterclaims (“Def. CC”) ¶¶ 32-37.” Negotiations ended after Healthe demanded an exclusive license with a low-ball royalty and walked away.

In the wake of Healthe's walk-away and continued willful infringement, HEO3 sent letters to Healthe customers notifying them of HEO3's patents and that Healthe's products may be covered by the same. The letters did not contain any threats or demands to cease and desist, or anything that could be considered bad faith. The letters provided notice of potential infringement, as was HEO3's right. And HEO3's good faith in alleging infringement of its patents is demonstrated by its filing of counterclaims in this lawsuit alleging infringement against Healthe products. Examples of HEO3's letters are attached as Exhibits 1-3 hereto.¹ Healthe's lawsuit wrongfully mischaracterizes HEO3's notice letters as violations of Florida law, while it continues to willfully misappropriate HEO3's technology.

Healthe first raised patent misuse allegations based on HEO3's notice activities in an answer and counter-counterclaims filed on March 31, 2021. D.E. 52, Plaintiff's Answer to Counterclaims ("Pl. Ans.") ¶ 5; D.E. 52, Plaintiff's Counterclaims ("Pl. CC") ¶¶ 58-62, 90-91. Defendants moved to dismiss Healthe's counter-counterclaims as procedurally improper, and its patent misuse allegations as substantively insufficient, on April 26, 2021. D.E. 59, Defendants' Motion to Strike and to Dismiss ("April Motion"). Healthe's counter-counterclaims involved allegations it withheld from its original complaint, and on June 17, 2021, the Court

¹ "Ex. 1" *et seq.* refers to exhibits attached to the concurrently filed supporting declaration of Julia Kolibachuk ("Kolibachuk Declaration").

dismissed these as procedurally improper. *See* D.E. 73, Order (“MTD Order”). The Court’s MTD Order did not, however, address the issue of whether Healthe’s patent misuse allegations were substantively sufficient.²

Healthe’s FAC, filed on July 12, 2021 in response to the Court’s MTD Order, remains deficient. Healthe’s claims of patent misuse continue to be based on HEO3’s statutorily protected notice letters and still fail to demonstrate a legally cognizable claim.

Healthe’s inequitable conduct allegations toward the ‘642 patent also fail. Healthe’s entire argument is premised upon events that occurred during the prosecution of a different patent--: the ‘575 patent. FAC ¶¶ 144-159. Only a single sentence of the claim attempts to link these allegations to the ‘642 patent: “Because the ‘642 Patent is a continuation-in-part of the ‘667 Application, Neister’s inequitable conduct relating to the ‘667 Application renders the ‘642 Patent unenforceable.” *Id.* ¶ 159. As a matter of law, this is insufficient to allege inequitable conduct, which must be plead with particularity under Federal Rule of Civil Procedure. R. Civ. P. 9(b).

² The Court indicated in its MTD Order that “Because the Court resolves the Motion on these procedural grounds, it does not reach Defendants’ Rule 12(b)(6) arguments.” MTD Order at 4, n. 1.

Healthe's FAC further brings declaratory judgment claims regarding noninfringement and unenforceability of the '985 and '575 patents where no justiciable case or controversy remains. As Healthe knows from HEO3's infringement contentions served months ago, HEO3 is not asserting—and has never asserted—infringement of these patents against Healthe or its customers. To quell any doubts about this issue, the parties agreed to the substantive terms of a covenant not to sue on these patents.³ As there is no case or controversy regarding the '985 and '575 patents, Healthe's claims should be dismissed.

The Court should therefore dismiss Healthe's patent misuse claims, and noninfringement and unenforceability claims related to the '985 and '575 patents, pursuant to Federal Rule of Civil Procedure 12(b)(6).

II. FACTUAL BACKGROUND

Since as early as 2005, HEO3 and its predecessors developed disinfection equipment using 222 nm ultraviolet (UV) technology. As described in Defendants' originally filed answer and counterclaims, years of research by Mr. S. Ed. Neister, HEO3's Chief Technology Officer and founder, led to the processes of using 222 nm UV for deactivating or destroying microorganisms claimed in HEO3's patents. D.E. 41, Defendants' Answer ("Ans.") at Introduction. HEO3's technology is a

³ An executed copy of this covenant not to sue is attached as Exhibit 4 to the Kolibachuk Declaration.

significant advance over earlier, decades-old methods using 254 nm UV light, which is not safe for human exposure. *Id.*

In June 2020, HEO3 sent Healthe a letter informing it of HEO3's patent rights in this area. *See* Ex. 1, June 11, 2020 Ltr.; *see also* Def. CC ¶ 31; FAC ¶ 17. The letter identified a Healthe product as potentially infringing and stated HEO3 was interested in protecting its rights. *Id.* The letter also invited Healthe to "discuss licensing and/or further cooperation to develop this existing technology." Ex. 1. The parties thereafter discussed licensing, but these discussions ended when Healthe demanded an exclusive worldwide license at an unfairly low price. Ans. at Introduction; Def. CC ¶¶ 32-37.

Healthe's current patent misuse causes of action, like its earlier counter-counterclaim and affirmative defense, are based on letters that HEO3 sent to purchasers of Healthe products after Healthe refused to license HEO3's patent and instead began willfully infringing them. *See* Pl. Ans. ¶ 5; Pl. CC ¶¶ 58-62, 90-91. Like the letter HEO3 sent to Healthe, HEO3's letters to these customers *accurately* notified them of HEO3's patents and pending application and identified potentially infringing products they had purchased from Healthe. *See* Ex. 2, J. Neister Ltr.; Ex. 3, November 23, 2020 Ltr.; *see also* FAC ¶¶ 18, 20. The letters also *accurately* informed the purchasers that "[p]atents can be asserted against users of infringing products," *see* 35 U.S.C. § 271(a) (providing liability for "use" of a

patented invention), and that HEO3 was “interested in protecting [its] rights.” *See* Ex. 2, Ex. 3; *see also* FAC ¶¶ 18, 20. The letters did *not* tell purchasers to “cease and desist” or threaten any immediate litigation. *Id.* Rather, they invited the recipients to “discuss licensing and/or further cooperation to develop this exciting technology,” just as HEO3 had previously invited Healthe. *See* Ex. 2; Ex. 3.

Healthe filed this declaratory judgment lawsuit on December 8, 2020. On February 24, 2021, HEO3 served its infringement contentions. These did not assert infringement of the '985 and '575 patents. On March 10, 2021, HEO3 served an answer and counterclaims in response to Healthe's original complaint. HEO3's counterclaims also did not assert infringement of the '985 and '575 patents. Later that month, the parties began discussing a covenant not to sue with respect to the '985 and '575 patents.

On July 1, 2021, the parties reached an agreement on the substantive terms of a covenant not to sue with respect to the '985 and '575 patents. But Healthe refused to sign. Why? Healthe demanded that it be able to use the covenant as some kind of admission in the litigation. In other words, Healthe is more concerned about playing games than cooperatively resolving issues.

On July 7, 2021, Healthe filed its FAC, realleging patent misuse on the same bases as its original patent misuse counter-counterclaim and affirmative defense.

Healthe also alleged noninfringement of the '985 and '575 patents, and unenforceability of the '575 and '642 patents due to alleged inequitable conduct.

III. LEGAL STANDARD

A. Motion to Dismiss

Under Federal Rule of Civil Procedure 12(b)(6), a claim or counterclaim may be dismissed for "failure to state a claim upon which relief can be granted." FED. R. CIV. P. 12(b)(6). "A counterclaim must be dismissed pursuant to Federal Rule of Civil Procedure 12(b)(6) ... if the counterclaim does not plead 'sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face.'" *Alps S., LLC v. Ohio Willow Wood Co.*, 2012 WL 275920, at *2 (M.D. Fla. 2012) (quoting *Ashcroft v. Iqbal*, 556 U.S. 662 (2009)).⁴

On a Rule 12(b)(6) motion to dismiss, well-pleaded factual allegations must be taken as true, but the court need not accept "allegations that are merely legal conclusions, nor any bald assertions or unwarranted inferences drawn from the alleged facts." *Avena v. Imperial Salon & Spa, Inc.*, 740 F. App'x 679, 680 (11th Cir. 2018); *Ashcroft*, 556 U.S. at 679.

The court "generally may not look beyond the pleadings ... [but] may consider an extrinsic document ... if it is (1) central to the plaintiff's claim and (2) its authenticity is not challenged." *Kalpakchian v. Bank of Am. Corp.*, 832 F. App'x

⁴Unless otherwise indicated, all emphasis added and all quotations are omitted.

579, 582 (11th Cir. 2020); *see also Maxcess, Inc. v. Lucent Techs., Inc.*, 433 F.3d 1337, 1340 n. 3 (11th Cir. 2005). Defendants submit that the Court may properly consider Exhibits 1-3, notice letters cited in Health's FAC (*see* FAC ¶¶ 163, 165), because they are "central to [Health's] claim[s]" and their authenticity cannot be challenged.

B. Declaratory Judgment Jurisdiction

The Declaratory Judgment Act provides that "[i]n a case of actual controversy within its jurisdiction ... any court of the United States ... may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought." 28 U.S.C. § 2201(a). A party seeking to base jurisdiction on the Declaratory Judgment Act bears the burden of showing an actual controversy. "[T]he question in each case is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between the parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment." *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007) (internal citation omitted).

IV. ARGUMENT

A. Plaintiff's Patent Misuse Claims Fail As A Matter Of Law.

Healthe's claims still fail to allege conduct constituting patent misuse.

1. **Patent Misuse Is A Narrow Defense Limited By Statute That Does Not Encompass Patent Enforcement Activities.**

As first explained in Defendants' April Motion, sending notification letters to potential infringers is not patent misuse. The doctrine of patent misuse is a narrow defense that requires an alleged infringer to show that "the patentee has impermissibly broadened the physical or temporal scope of the patent grant with anticompetitive effect." *Windsurfing Int'l Inc. v. AMF, Inc.*, 782 F.2d 995, 1001 (Fed. Cir. 1986). It "has largely been confined to a handful of specific practices by which the patentee seemed to be trying to 'extend' his patent grant beyond its statutory limits." *Princo Corp. v. Int'l Trade Comm'n*, 616 F.3d 1318, 1329 (Fed. Cir. 2010). Such anticompetitive practices include:

- tying or enforced package licensing (*e.g.*, requiring purchase of an unpatented product as a condition of obtaining a patent license),
- price restraints, or
- extended royalty terms.

See C.R. Bard, Inc. v. M3 Sys., Inc., 157 F.3d 1340, 1373 (Fed. Cir. 1998).

Importantly, patent misuse does *not* extend to all alleged wrongdoing involving patent-related commerce, even if there may be anticompetitive effects.

Princo Corp., 616 F.3d at 1329. The Federal Circuit was resolute on this point: “Recognizing the narrow scope of the doctrine, we have emphasized that the defense of patent misuse is not available to a presumptive infringer simply because a patentee engages in some kind of wrongful commercial conduct, even conduct that may have anticompetitive effects.” *Id.*

All of HEO3’s letters were sent in good faith. But even where a patent holder wrongfully enforces its patents “against goods known not to be infringing,” the Federal Circuit holds such allegations to be legally insufficient to support patent misuse. *See C.R. Bard*, 157 F.3d at 1373 (overturning jury verdict).

Congress also limited the doctrine of patent misuse through 35 U.S.C. § 271(d), which specifically exempts patent enforcement activities. Section 271(d) states in relevant part that “no patent owner ... shall be denied relief [for infringement] or deemed guilty of misuse or illegal extension of the patent right” based on having “sought to enforce his patent rights against infringement or contributory infringement.”

As a result of this well-established law, courts find notice letters or other enforcement activities insufficient to sustain patent misuse claims. *See, e.g., IMX, Inc. v. E-Loan, Inc.*, 748 F. Supp. 2d 1354, 1358 (S.D. Fla. 2010) (dismissing patent misuse counterclaims based on patentee threatening litigation “with regard to an invention that is not embodied in their patent”); *Pace Int’l, LLC v. Indus. Ventilation*,

Inc., 2009 WL 2460999, at *1 (W.D. Wash. 2009) (striking patent misuse defense based on allegations of “wrongful enforcement” against noninfringing process).

2. Healthe Failed To Allege Any Conduct That Could Constitute Patent Misuse.

In support of its patent misuse claims, Healthe alleges (1) HEO3 sent letters to Healthe and four Healthe customers, including after Healthe “advise[d] HEO3 that its patent-infringement allegations were baseless,” (2) HEO3 sent this correspondence with knowledge that “no action or product of Healthe infringes any claim of” the Asserted Patents, and (3) HEO3 sent this correspondence “despite knowing of [the patents’] invalidity and unenforceability.” FAC ¶¶ 163-177. The Federal Circuit has rejected these exact types of allegations as failing to recite conduct that constitutes patent misuse. *See C.R. Bard*, 157 F.3d at 1373 (holding improper a jury instruction that a patent may be unenforceable for misuse “if the patent owner [knowingly] attempts to exclude products from the marketplace which do not infringe the claims of the patent” or “when a patent owner attempts to use the patent to exclude competitors from their marketplace knowing that the patent was invalid or unenforceable”).

Healthe’s patent misuse claims are also barred by 35 U.S.C. § 271(d). Even accepting Healthe’s allegations as true (they are not), HEO3 did nothing more than notify potential infringers of legally issued patents. *See* Pl. CC ¶¶ 59-62; *see also* Exs. 1-3. Such conduct cannot give rise to patent misuse in view of the safe harbor

provided by 35 U.S.C. § 271(d). *See IMX*, 748 F. Supp. 2d at 1358 (“[T]o the extent Defendant asserts unclean hands or patent misuse because it argues that Plaintiff has threatened litigation with regard to an invention that is not embodied in their patent, the Court finds its claim and defenses are barred under section 271(d)(3)”; *Pace*, 2009 WL 2460999, at *1 (allegations of bad faith patent assertion insufficient to overcome § 271(d) safe harbor); *see also Virginia Panel Corp. v. MAC Panel Co.*, 133 F.3d 860, 869 (Fed. Cir. 1997) (finding no patent misuse based on patentee’s notice letters).

Healthe’s response, like the one it filed in response to Defendants’ April Motion (*see* D.E. 65, Plaintiff’s Response in Opposition (“Opposition”)), may once again mischaracterize the law in this area. But *Princo* is firm that patent misuse is a “narrow” doctrine that is “not available” merely because a patentee engages in even “wrongful” conduct with anticompetitive effects. *See Princo*, 616 F.3d at 1329. Similarly, *C.R. Bard* instructs district courts that patent misuse cannot be based solely on a patentee’s “wrongful” enforcement of its patents. *C.R. Bard*, 157 F.3d at 1373. Healthe’s only Federal Circuit authority on this point, *Glaverbel Societe Anonyme v. Northlake Mktg. & Supply, Inc.*, predates *Princo* and *C.R. Bard*, and, further, upheld a district court’s finding of no bad faith over arguments that the patentee “knew that its patents were invalid and not infringed when it brought suit.” *See* 45 F.3d 1558 (Fed. Cir. 1995); Opposition at 11-12. Tellingly, Healthe cited

no authority finding patent misuse based on notice letters, and none of Healthe's cases directly address 35 U.S.C. § 271(d).

HEO3's claims are not "meritless," as Healthe alleges (*see* Opposition at 10), and the good-faith bases for HEO3's infringement allegations are described in detail in Defendants' counterclaims and the claim charts attached thereto. *See* Def. CC ¶¶ 40-67, Exs. A-F. That Healthe did not move to dismiss these allegations is proof alone that HEO3's letters were sent in good faith. But even accepting all of Healthe's factual allegations as true (again, they are not), Healthe's claims still fail to recite conduct that could be patent misuse. *See C.R. Bard*, 157 F.3d at 1373 ("Although the law should not condone wrongful commercial activity, the body of misuse law and precedent need not be enlarged into an open-ended pitfall for patent-supported commerce.").

Healthe's patent misuse claims should be dismissed.

B. Plaintiff's Inequitable Conduct Allegations Toward The '642 Patent Fail As A Matter Of Law.

The entirety of Healthe's inequitable conduct case against the '642 patent is premised upon a patent (the '575 patent) where no case or controversy exists. *See* Section IV.C., *infra*.⁵ Healthe's claim therefore fails for two reasons.

⁵ Count seven of the FAC improperly combines allegations that the '575 and '642 patents are unenforceable for inequitable conduct. To the extent the Court finds that Healthe has not adequately plead infectious inequitable conduct of

First, if the '575 patent is not properly before the Court (which it is not), Healthe cannot leverage an out-of-suit patent as the basis for the unenforceability of an in-suit patent. *See Global Tech Led, LLC v. Hilumz Int'l Corp.*, 2017 WL 588669, at *11 (M.D. Fla. 2017) (“The Court’s research has revealed no case in which an in-suit patent was declared unenforceable based on inequitable conduct related to the procurement of a different patent that is out-of-suit.”).⁶ For this reason alone, Healthe’s claim fails.

But even if the Court were to entertain Healthe’s allegation that any alleged inequitable conduct occurring during the '575 patent prosecution somehow “infected” the '642 patent, Healthe’s FAC remains deficient. The totality of Healthe’s alleged basis that prior actions impact the '642 patent lie in a single sentence: “Because the '642 Patent is a continuation-in-part of the '667 Application, Neister’s inequitable conduct relating to the '667 Application renders the '642

the '642 patent, the entire count fails. Similarly, to the extent the Court finds that it lacks declaratory judgment jurisdiction over the '575 patent, *see* Section IV.C., *infra*, the entire count fails as well.

⁶Other courts are in accord. *See, e.g., C.R. Bard, Inc. v. Med. Components, Inc.*, 2019 WL 1746309, at *5-*6 (D. Utah 2019) (The Court’s independent research also has not identified any instances of a court finding in-suit patents unenforceable based on the court’s finding that out-of-suit patents are invalid.”) (footnote omitted); *Hoffman-La Roche, Inc. v. Promega Corp.*, 319 F. Supp. 2d 1001, 1016 (N.D. Cal. 2004) (“the court concludes that the court’s equitable powers do not extend to [holding unenforceable] patents that are not at issue in this litigation”).

Patent unenforceable.” FAC ¶ 159. But a mere allegation of a parent-child relationship is not sufficient to plead inequitable conduct with particularity as required by Rule 9(b). See *Global Tech*, 2017 WL 588669 at *11 (citing *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312 (Fed. Cir. 2009)). Instead, to effectively plead inequitable conduct, Healthe must plead “but-for” materiality of a withheld reference along with the required scienter. *Id.* Healthe’s implicit reliance upon “infectious” unenforceability does not lessen this burden. See *Int’l Bus. Machines Corp. v. Priceline Grp., Inc.*, 2017 WL 1349175, at *20 (D. Del. 2017) (sharing a parent application, sharing similarities in subject matter, and containing a citation to an unenforceable patent are not sufficient to automatically suggest infectious unenforceability). Yet Healthe did not even attempt to make such allegations in its FAC.

For these reasons, Healthe’s inequitable conduct allegations toward the ‘642 patent fail as a matter of law.

C. The Court Should Dismiss Healthe’s Declaratory Judgment Counts For The ‘575 And ‘985 Patents Because There Is No Case Or Controversy Regarding These Patents.

In December 2020, Healthe unilaterally sued Defendants, seeking declaratory judgment counts of noninfringement for four of HEO3’s patents relating to methods of using 222 nm to kill bacteria and viruses. But as demonstrated by Defendants’ infringement contentions served in February 2021

and confirmed by Defendants' answer and counterclaims filed in March 2021, Healthe's declaratory judgment counts were overbroad. That is because Defendants did not allege (now or ever) that Healthe infringed the '575 or '985 patents.

Apparently this was not enough to convince Healthe that no pending case or controversy between the parties existed on those two patents. So Defendants offered a written covenant not to sue Healthe for past or future infringement by Healthe or its customers. *See* Ex 4. In filing its FAC, however, instead of dropping those counts, Healthe *added* declaratory judgment counts directed to unenforceability to go along with the same noninfringement counts.

This Court should dismiss each of them for lack of subject matter jurisdiction.

1. HEO3's Covenant Not To Sue Divests The Court Of Declaratory Judgment Jurisdiction.

It is black letter law that a covenant not to sue from a patent owner demonstrates that no case or controversy exists between the parties to warrant exercise of declaratory judgment jurisdiction. *Benitec Australia, Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340, 1347-48 (Fed. Cir. 2007) (affirming dismissal of declaratory judgment counts of invalidity and unenforceability based upon plaintiff's promise not to sue defendant for any activities of or products commercialized by defendant). "[W]hether a covenant not to sue will divest the trial court of

jurisdiction depends on what is covered by the covenant.” *Revolution Eyewear, Inc. v. Aspex Eyewear, Inc.*, 556 F.3d 1294, 1297 (Fed. Cir. 2009). HEO3’s covenant parrots those repeatedly found to divest the court of subject matter jurisdiction—those covering “the current products whether they were produced and sold before or after the covenant.” *See id.* (collecting cases); *see also Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1059 (Fed. Cir. 1995) (a covenant not to sue in the future for products made, used, or sold in the past removes actual controversy in the present), *abrogated on other grounds by MedImmune*, 549 U.S. at 127.

During negotiations, Healthe pointed to two cases that supposedly show why the covenant not to sue provided by HEO3 is insufficient to divest the court of declaratory judgment jurisdiction. Both cases are inapposite. First, in *SanDisk Corp. v. STMicroelectronics, Inc.*, the court rejected the patentee’s attempt to avoid a justiciable declaratory judgment claim based solely upon its statement at a business meeting that it “has absolutely no plan whatsoever to sue SanDisk.” 480 F.3d 1372, 1382 (Fed. Cir. 2007). But courts have distinguished *SanDisk* on the grounds “that a statement of intent not to sue during negotiations is not the same as a covenant not to sue in the future for infringement.” *Crossbow Tech., Inc. v. YH Tech.*, 531 F.Supp.2d 1117, 1123 (N.D. Cal. 2007) (citing *Benitec Australia*, 495 F.3d at 1347-48). Here too, Defendants have offered a covenant not to sue—in writing—

to Healthe promising not to sue Healthe or its customers for past and future infringement.

Second, citing *FieldTurf USA, Inc. v. Sports Construction Group, LLC*, Healthe argued that because Defendants included a provision of the covenant not to sue that Healthe may not rely on it as evidence in this or other litigation as an admission, Defendants' covenant was "conditional" and therefore not sufficient to divest the Court of jurisdiction. 507 F. Supp. 2d 801, 808 (N.D. Ohio 2007). In *FieldTurf*, however, the patentee offered a "narrow" covenant not to sue that did not cover "completed past uses, sales, offers of sale, and installation of the [infringing products]" other than at one location. *Id.* Here, there is no question that HEO3 promised not to sue Healthe for *all* completed and future sales of *any* of Healthe's products at issue in this case from *any* location by Healthe or its customers.

2. Healthe's New Declaratory Judgment Count Of Unenforceability Of The '575 Patent Should Likewise Be Dismissed.

Healthe's new declaratory judgment count of unenforceability of the '575 patent should be dismissed for the same reasons stated above. *See, e.g., Gordon-Darby Sys., Inc. v. Applus Techs., Inc.*, 2010 WL 5419068, at *2 (N.D. Ill. 2010) (granting Plaintiffs' motion to dismiss patent claims along with declaratory

judgment counterclaims of non-infringement, invalidity, and unenforceability).⁷ In *Gordon-Darby*, the Court considered and applied the Federal Circuit's rationale in *Monsanto Co. v. Bayer Bioscience N.V.*, 514 F.3d 1229, 1243 (Fed. Cir. 2008), dismissing all the pending claims even though it retained jurisdiction to decide a claim for attorneys' fees under 35 U.S.C. 285. See *Gordon-Darby*, 2010 WL 5419068, at *2. "The court understood unenforceability declarations as *failing for jurisdiction right along with those other claims*. I therefore see *no basis for retaining jurisdiction* over a declaratory judgment claim for unenforceability after a covenant not to sue has been filed and agreed upon by the parties." *Id.* The same is true here.

Even if *Monsanto* is read more broadly to suggest declaratory judgment counts of unenforceability are *not* mooted and jurisdiction remains where the patent holder previously asserted – then dropped – certain patents in the face of such counterclaims, it's holding would not apply here. 514 F.3d at 1243. Unlike *Monsanto*, it was Healthe (the accused patent infringer) that unilaterally decided which patents to include, and critically, Healthe only sought declarations of noninfringement not unenforceability for the '575 and '985 patents. If Healthe believed a case or controversy existed because of the unenforceability of the '575

⁷ See n. 5, *supra*.

patent, it would have sought resolution of such a claim in its original complaint. The fact that it didn't, and that it brings this count now, is an attempt to manipulate this Court's jurisdiction and not evidence of an actual case or controversy.

At least one Court considered and rejected a similar fact pattern. "This Court is aware of no case that supports the proposition that the Court should consider patents *never asserted in the action* when applying the *MedImmune* standard ... [and] a close reading of *MedImmune* suggests that such an inquiry is actually inappropriate." *Revolution Eyewear, Inc. v. Aspex Eyewear, Inc.*, 2009 WL 10700315, at *7 (C.D. Cal. 2009) (granting motion to dismiss based on covenant not to sue despite counterclaims of unenforceability) ("*Revolution Eyewear II*").⁸ Here, just like in *Revolution Eyewear II*, no case or controversy exists about whether the '575 patent was procured by inequitable conduct because *HEO3 never asserted that patent* in this case.

Finally, Healthe may point to *Harris Corporation v. Federal Express Corporation*, to argue its claim for attorneys' fees sustains a case or controversy. See 670 F. Supp. 2d 1306, 1312-13 (M.D. Fla. 2009). Once again, Healthe's argument would miss the mark. In *Harris*, the Court held that a nonmovant's claim for attorneys' fees was a justiciable controversy precluding dismissal of

⁸ This case was on remand following the Federal Circuit's decision in *Revolution Eyewear*, 556 F.3d at 1297, cited above in this brief.

unenforceability declaratory judgment counts based upon *Monsanto. Id.* But Healthe chose not to file its declaratory judgment count of unenforceability from the outset, instead filing it for the first time in its FAC. This fact proves fatal for Healthe because in *Harris*, this fact was dispositive: “In the instant case, FedEx has maintained its request for attorney fees pursuant to 35 U.S.C. § 285 *from its initial Answer onward.*” *Id.* at 1313 (footnote omitted).

The Court should dismiss the new unenforceability counts as well.

V. CONCLUSION

Healthe’s patent misuse allegations remain insufficient as a matter of law and Healthe’s declaratory judgment counts fail because no case or controversy exists with respect to the ’575 and ’985 patents. For the foregoing reasons, the Court should dismiss these counts.

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Respectfully submitted,

By: /s/ Brent P. Ray

Alex L. Braunstein
Fox Rothschild LLP
Florida Bar No. 98289
777 South Flagler Drive
Suite 1700, West Tower
West Palm Beach, FL 33401
Tel.: (561) 804-4497
Fax: (561) 835-9602
Email: abraunstein@foxrothschild.com

Brent P. Ray (*pro hac vice*)
(IL Bar No. 6291911)
KING & SPALDING LLP
110 N. Wacker Drive
Suite 3800
Chicago, IL 60606
Phone: (312) 995-6333
Email: bray@kslaw.com

Dara Kurlancheek
(D.C. Bar No. 1020381)
KING & SPALDING LLP
1700 Pennsylvania Avenue NW
Washington, D.C. 20006
Phone: (202) 626-5590
Email: dkurlancheek@kslaw.com

Abby L. Parsons
(IL Bar No. 6297018,
TX Bar No. 24094303)
KING & SPALDING LLP
1100 Louisiana Street, Ste. 4100
Houston, TX 77002
Phone: (713) 751-3294
Email: aparsons@kslaw.com

Julia Kolibachuk
(NY Bar No. 5426534)
Lida Ramsey
(NY Bar No. 5591862)
KING & SPALDING LLP
1185 Avenue of the Americas
New York, NY 10036
Phone: (212) 556-2100
Email: jkolibachuk@kslaw.com
Email: lramsey@kslaw.com

*Attorneys for Defendants High Energy
Ozone LLC d/b/a Far-UV Sterilray and S.
Edward Neister*

LOCAL RULE 3.01(G) CERTIFICATE OF CONFERENCE

Pursuant to Local Rule 3.01(g), the undersigned certifies that counsel for HEO3 has conferred in good faith in attempting to resolve this issue without motion practice. Heathe opposes the motion in all respects. The parties conferred by telephone on June 24, 2021 and further conferred by exchanging several emails between June 25, 2021 and July 2, 2021.

/s/ Brent P. Ray _____
Brent P. Ray

CERTIFICATE OF SERVICE

I hereby certify that on July 28, 2021, I electronically filed the foregoing document with the Clerk of the Court by using the CM/ECF system, which will send a notice of electronic filing to all counsel of record.

/s/ Brent P. Ray _____
Brent P. Ray