

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

HEALTHY, 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

JURY TRIAL DEMANDED

**HEALTHY, INC.'S RESPONSE IN OPPOSITION TO DEFENDANTS'
PARTIAL MOTION TO DISMISS FOR FAILURE TO STATE A CLAIM**

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Healthe, Inc. (“Healthe”) opposes High Energy Ozone LLC d/b/a Far-UV Sterilray (“HEO3”) and S. Edward Neister’s (“Neister”) (collectively, “Defendants”) partial Motion to Dismiss (Dkt. 88, “Mot.” or the “Motion”).

I. INTRODUCTION

Defendants’ Motion relies on inflammatory accusations, mischaracterizations of facts and law, and intentional omissions of relevant information in a meritless attempt to dismiss several of Healthe’s claims and avoid consequences for their misdeeds. **First**, numerous courts have found patent misuse claims cognizable where, as here, they are based on the patentee’s bad-faith allegations of patent infringement liability made with an improper purpose to illegally restrain trade. **Second**, Healthe’s declaratory judgment of noninfringement claims regarding the ’575 and ’985 patents should not be dismissed based upon Defendants’ purported covenant not to sue because Defendants have not actually provided Healthe with a binding, unconditional covenant that could divest the Court of jurisdiction, even though they are free to do so at any time. Rather, Defendants have only offered a self-serving covenant that is conditioned upon Healthe agreeing not to use it as evidence that Defendants’ infringement threats to Healthe’s customers were baseless, made in bad faith, and constitute unfair competition. **Third**, Healthe’s inequitable conduct claims regarding the ’575 and ’642 patents should not be dismissed. As to the ’575 patent, the case law is clear that the Court retains jurisdiction over this claim even if Defendants were to provide an effective covenant not to sue. Thus, Defendants resort to selectively quoting and intentionally omitting relevant case law in a disingenuous attempt to support their

Motion. And as-pleaded Healthe's inequitable conduct claim regarding the '642 patent is based on Neister's intentional redaction of information showing the purported "inventions" were publicly disclosed more than a year before the filing date, rendering the '642 patent's claims invalid. Thus, this claim is adequately pleaded and cognizable. As such, Defendants' Motion should be denied in its entirety.

II. LEGAL STANDARDS

To defeat a motion to dismiss brought under Rule 12(b)(6), a claim must only "contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face." *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (internal quotations omitted); *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570 (2007).

III. ARGUMENT

A. Healthe's Patent Misuse Claims Plead Cognizable Claims For Patent Misuse And Should Not Be Dismissed

Defendants' Motion mischaracterizes Healthe's patent misuse claims and misrepresents legal precedent in a misguided attempt to avoid consequences for its bad-faith conduct. Although it is true that:

Congress limited the scope of patent misuse in 35 U.S.C. § 271(d)(3), which states a patent owner otherwise entitled to relief shall not be denied relief or found guilty of misuse of the patent for seeking to enforce his patent rights against infringement. Courts have held bringing a suit for patent infringement may constitute patent misuse when the suit is brought in bad faith with an improper purpose, "in implementation of an illegal restraint of trade."

ICON Health & Fitness, Inc. v. True Fitness Tech., Inc., No. 18-439, 2019 WL 3531990, at *2 (E.D. Mo. Aug. 2, 2019) (quoting *Glaverbel Societe Anonyme v. Northlake Mktg. & Supply, Inc.*, 45 F.3d 1550, 1558 (Fed. Cir. 1995)). Defendants' Motion ignores this

fundamental element of Healthe’s patent misuse claims—that their meritless threats of patent infringement were made in bad faith for the improper purpose of harming Healthe’s business. Indeed, Healthe’s patent misuse claims explicitly allege that Defendants’ threats of patent infringement liability to Healthe’s customers were made in bad faith. *See* Dkt. 81 ¶¶ 162, 169-170, 177, 194, 197-198, 200. Moreover, “[a] lawsuit is brought in bad faith if it is objectively baseless in the sense that no reasonable litigant could reasonably expect success on the merits.” *ICON Health*, 2019 WL 3531990, at *2 (quotations omitted). And Healthe’s claims allege that “Defendants’ infringement threats are objectively baseless” (Dkt. 81 ¶¶ 168, 196) and explain in detail why. *Id.* ¶¶ 87-136. Healthe has also pleaded detailed allegations regarding Defendants’ inequitable conduct that renders the ’642 and ’605 patents unenforceable (*id.* ¶¶ 144-159, 179-191) and has pleaded allegations explaining how Defendants asserted infringement of claims they know to be invalid. *Id.* ¶¶ 170-177.

Healthe has also explicitly alleged that Defendants’ threats were made “for the improper purpose of attempting to restrain trade by preventing Healthe’s customers from purchasing and/or using Healthe’s products.” Dkt. 81 ¶¶ 170, 198. The Federal Circuit has explained that “[a] purpose is improper if its goal is not to win a favorable judgment, but to harass a competitor and deter others from competition, by engaging the litigation process itself, regardless of the outcome.” *Glaverbel*, 45 F.3d at 1558. And Healthe’s patent misuse claims allege that Defendants’ threats “were both intentional attempts to extend the scope of the ’642 Patent’s coverage and to assert infringement of claims they knew to be unenforceable and/or invalid, [which] had anticompetitive

effects and damaged Healthe.” Dkt. 81 ¶ 178; *see also* ¶ 201 (regarding the ’605 Patent). Thus, Healthe has sufficiently alleged an improper purpose.¹

Defendants assert the Federal Circuit “was resolute” that Healthe’s patent misuse theory is foreclosed by 35 U.S.C. § 271(d)(3), but this is incorrect. Mot. at 10. “[T]he Federal Circuit has not given clear guidance as to whether a patent misuse defense can be premised on patent enforcement.” *Nalco Co. v. Turner Designs, Inc.*, 2014 WL 645365, at *10 (N.D. Cal. Feb. 19, 2014). Indeed, neither *C.R. Bard* nor *Princo*, which Defendants rely on, address *Glaverbel* or whether patent misuse claims can be based on bad faith threats of infringement liability. Although *C.R. Bard* noted that patent misuse “does not include a general notion of ‘wrongful’ use,” the Federal Circuit specifically found that the evidence presented at trial “does not constitute substantial evidence that this litigation was objectively meritless and brought in bad faith.” *C.R. Bard, Inc. v. M3 Systems, Inc.*, 157 F.3d 1340, 1369, 1373 (Fed. Cir. 1998). Likewise, *Princo* did not address whether the infringement claims were brought in bad faith, and merely cited to *C.R. Bard* for the general proposition 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.” *Princo Corp. v. ITC*, 616 F.3d 1318, 1329 (Fed. Cir. 2010).

Because *C.R. Bard* and *Princo* do not hold otherwise, courts continue to

¹ Healthe has also asserted unfair competition claims against Defendants based on this same conduct, which show an improper purpose. Dkt. 81, Counts XI & XII. And Defendants have acknowledged that their threats to Healthe’s customers were actually made to strong arm Healthe to “come back to the negotiating table.” Dkt. 59 at 2.

recognize that infringement claims made in bad faith with an improper purpose can constitute patent misuse. In fact, “the trend among district courts [is to] allow[] such a defense to survive a motion to dismiss so long as the defendant can allege facts to plead bad faith and improper purpose in bringing the suit.” *Nalco*, 2014 WL 645365, at *10 (quotations omitted) (granting leave to amend answer to assert patent misuse counterclaims premised on bad faith patent assertions); *see also Chamberlain Grp., Inc. v. Techtronic Indus. Co., Ltd.*, No. 16-6097, 2017 WL 1101092, at *15 (N.D. Ill. Mar. 22, 2017) (noting the same “recent trend”); *ICON Health*, 2019 WL 3531990, at *3 (denying motion to dismiss patent misuse counterclaims premised on patentee’s bad faith infringement claims); *Bayer CropScience AG v. Dow AgroSciences LLC*, No. 10-1045, 2011 WL 6934557, at *4 (D. Del. Dec. 30, 2011) (denying motion to strike patent misuse defense where defendant alleged patentee “was enforcing a patent it knew was invalid, unenforceable, and/or not infringed”). Moreover, Defendants cite no cases since *Nalco*, *Chamberlain*, *ICON Health*, or *Bayer CropScience* dismissing patent misuse claims based on bad faith claims of patent infringement. Thus, Healthe’s patent misuse claims sufficiently plead cognizable theories and should not be dismissed.

B. Defendants Have Not Provided A Valid Covenant Not To Sue For The '575 and '985 Patents That Moots The Case Or Controversy

Defendants assert that Healthe’s claims for declaratory judgments of noninfringement regarding the '575 and '985 patents should be dismissed because they have given Healthe a covenant not to sue on these patents that eliminates any case or

controversy. This is simply wrong. Defendants have not given Healthe an unconditional covenant not to sue that divests the Court of jurisdiction. Rather, as shown in their Exhibit 4, Defendants have merely **offered** to forego infringement claims **if** Healthe agrees not to use this as evidence that their prior threats of infringement liability to Healthe's customers were made in bad faith. This conditional offer does not deprive this Court of subject matter jurisdiction.

In November 2020, Defendants' attorney sent a letter to a Healthe customer identifying, *inter alia*, the '985 and '575 patents and threatening that Healthe products the customer had purchased "appear[] to read on technologies that are potentially covered by Mr. Neister's patents." Dkt. 81 ¶ 18; Dkt. 85-2. The letter further threatened that "[p]atents can be asserted against users of infringing products" and "[w]e are very interested in protecting our rights and would like to prevent any potential market interference or other issues before it is too late" and asked the customer "get back to me in regards to your intentions within twenty (20) days." *Id.*

When counsel for Healthe advised Defendants' counsel that these patent-infringement allegations were baseless and harmful to its business and demanded that Defendants cease-and-desist from making such threats to Healthe's customers, Defendants responded by sending a nearly identical letter to another customer **the very next day**. Dkt. 81 ¶¶ 19-20. Thus, with Defendants unwilling to voluntarily stop their bad faith, baseless, and tortious threats of liability to Healthe's customers, Healthe brought this lawsuit asserting, *inter alia*, declaratory judgment of noninfringement claims for the '575 and '985 patents as well as unfair competition claims (based in part

on the '575 and '985 patent threats) to remedy the harm Healthe suffered.

After unsuccessfully moving to dismiss Healthe's claims by making arguments the Court found were "only half right" and "miss the mark" (Dkt. 39 at 5, 7), Defendants effectively admitted that their threats regarding the '575 and '985 patents were baseless by not asserting infringement of these patents in their Counterclaims. See Dkt. 41. Faced with this damning evidence supporting Healthe's unfair competition claims, Defendants offered a self-serving covenant not to sue on these patents, but only if Healthe agreed that the covenant could not be used as evidence to support Healthe's claims. See Dkt. 85-4. Because Healthe does not agree, Defendants disingenuously assert that "Healthe is more concerned about playing games than cooperatively resolving issues." Mot. at 6. But Defendants do not need Healthe's agreement to unilaterally convey an effective, unconditional covenant not to sue regarding the '575 and '985 patents.² Until Defendants do, a justiciable controversy remains.

1. Defendants Have Not Provided An Effective Covenant

For a unilateral covenant not to sue to divest a court of jurisdiction over declaratory judgment of noninfringement claims, it must be an unconditional, binding promise not to sue. But that is not what Defendants have provided. Rather, the

² It is well-established that a covenant not to sue can be provided unilaterally. Indeed, in *Benitec Australia, Ltd. v. Nucleonics, Inc.*, which Defendants rely on, the covenant not to sue was unilaterally provided in the patentee's appellate brief. 495 F.3d 1340, 1343 (Fed. Cir. 2007); see also *PPG Indus., Inc. v. Valspar Sourcing, Inc.*, 679 Fed. App'x 1002, 1004 (Fed. Cir. 2017) (holding "a unilateral Covenant Not to Sue" eliminated the parties' controversy regarding the patents-in-suit); *Harris Corp. v. Fed. Express Corp.*, 670 F. Supp. 2d 1306, 1312 (M.D. Fla. 2009). Thus, Defendants can provide an unconditional, binding covenant not to sue at any time.

purported “covenant” is a proposed bilateral contract that requires Health to “agree not to use this Covenant Not to Sue as evidence or admission in th[is] Action or any other legal proceeding for any purpose.” See Dkt. 85-4 at 2. This is not sufficient.

The Federal Circuit’s decision in *ArcelorMittal v. AK Steel Corporation*, 856 F.3d 1365 (Fed. Cir. 2017) is instructive. In *ArcelorMittal*, the patentee “argue[d] that it never asserted RE’153 claims 24 and 25 in ... litigation against Defendants.” *Id.* at 1369. Nonetheless, in an attempt to moot the defendants’ declaratory judgment claims regarding the patent, the patentee provided “an executed covenant not to sue Defendants and their customers under the RE’153 patent” that “was facially unconditional,” but the attached cover letter explained that it was “conditioned on resolution of [patentee’s] motion to amend.” *Id.* at 1368. The Federal Circuit explained that although the patentee “argues that its dispute with Defendants became moot when [patentee] conditionally tendered its covenant to Defendants. **We hold that it did not.**”³ *Id.* 1369. It further explained “the reason that the court retained jurisdiction is quite simple: At no time before the court entered summary judgment did [patentee] *unconditionally* assure Defendants and their customers that it would never assert RE’153 claims 24 and 25 against them.” *Id.* at 1370 (emphasis in original).

This is precisely the issue here. Defendants have only offered a covenant not to sue that is conditioned on Health’s agreement that the covenant cannot be used “as evidence or admission in th[is] Action or any other legal proceeding for any purpose.”

³ All emphases added unless otherwise noted.

See Dkt. 85-4 at 2. Indeed, Defendants' Motion reiterates that they have not provided a binding covenant, but have only "**offered** a covenant not to sue." Mot. at 17. Healthe does not agree to Defendants' conditions and has not signed the purported "covenant." Thus, Defendants' conditions are not met and the purported "covenant" is not binding. *Doll v. Grand Union Co.*, 925 F.2d 1363, 1370 (11th Cir. 1991) ("A court surely would not infer consent to an unsigned agreement when the parties clearly predicated a binding agreement only on the actual execution of the contract."). As such, this "covenant" does not resolve the parties' dispute regarding the '575 and '985 patents.

2. Defendants' Case Law Is Inapposite

Defendants argue that the scope of the covenant they have offered Healthe is sufficient to divest the Court of jurisdiction, but they do not address the critical issue that the effectiveness of the covenant itself is conditioned on Healthe's agreement. Thus, even Defendants' cited case law does not support their Motion.

Indeed, neither *Benitec* nor *Super Sack*—each of which pre-dates *ArcelorMittal*—found that conditional covenants could divest the court of jurisdiction. Rather, as the Federal Circuit in *Benitec* explained "[i]n *Super Sack*, we found that Super Sack's **unconditional agreement** not to sue Chase for infringement as to any claim of the patents-in-suit based upon the products currently manufactured and sold by Chase was sufficient to divest the court of jurisdiction over Chase's counterclaims" *Benitec Australia, Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340, 1345-46 (Fed. Cir. 2007) (quotations omitted). Likewise, in *Benitec* the patentee did not merely offer a

conditional covenant, but affirmatively stated that it “covenants and promises not to sue [defendant] for patent infringement....” *Id.* at 1343. Here, there is no agreement, much less an unconditional covenant, that could divest the Court of jurisdiction.

Defendants’ attempts to distinguish *SanDisk* and *FieldTurf* are also unavailing. In *SanDisk*, the Federal Circuit found that a patentee’s nonbinding statement that it “would not sue” for patent infringement did not eliminate the justiciable controversy created by the patentee’s conduct. *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1382-83 (Fed. Cir. 2007). Defendants argue that “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.’” Mot. at 17 (citation omitted). But this misses the point. Defendants have not provided a covenant not to sue, they have only made a nonbinding offer akin to the nonbinding statement in *SanDisk*. Moreover, Defendants’ attempt to distinguish *FieldTurf* does not alter that court’s clear explanation that “a *conditional* promise not to sue is insufficient to eliminate an otherwise live controversy between the parties.” *FieldTurf USA, Inc. v. Sports Const. Grp., LLC*, 507 F. Supp. 2d 801, 805 (N.D. Ohio 2007) (emphasis in original).

3. There Is Still A Justiciable Controversy Between Healthe And Defendants Regarding the '575 and '985 Patents

Healthe brought its declaratory judgment of noninfringement claims against Defendants due to their threats of patent infringement liability to Healthe’s customers. Aside from not providing an effective, binding covenant not to sue, Defendants have

not admitted that Healthe's products do not infringe the '575 and '985 patents. *See, e.g.*, Dkt. 41 ¶¶ 49, 66. And even after Healthe asserted its declaratory judgment claims, Defendants continued sending letters to Healthe's customers threatening the '575 and '985 patents. *See* Kaufmann Decl., Ex. 1. Thus, Defendants are "engaging in the kinds of extra-judicial patent enforcement with scare-the-customer-and-run-tactics that the Declaratory Judgment Act was intended to obviate," and a justiciable controversy still exists. *SanDisk*, 480 F.3d at 1383 (quotations omitted). As such, Healthe's noninfringement claims for the '575 and '985 patents should not be dismissed.

Healthe has also pleaded unfair competition claims against Defendants based in part on their bad faith threats to Healthe's customers of infringement liability for the '575 and '985 patents. Dkt. 81 ¶¶ 202-216. Defendants do not seek to dismiss these claims and a covenant not to sue will not resolve these claims. Thus, a justiciable controversy regarding infringement of the '575 and '985 patents will remain regardless of whether Defendants provide an effective, binding covenant not to sue.

C. Healthe's Inequitable Conduct Claims As To The '575 And '642 Patents Are Adequately Pleaded, Cognizable, And Should Not Be Dismissed

As set forth in detail in the Amended Complaint, "[t]he '642 Patent and the '575 Patent are unenforceable due to inequitable conduct of the patent applicant, Neister, who committed affirmative acts of egregious misconduct during prosecution of the application that resulted in the '642 Patent and the '575 Patent." Dkt. 81 ¶ 147. Specifically, while prosecuting the '667 Application, which issued as the '575 patent

and to which the '642 patent claims priority, Neister submitted a declaration in an attempt to pre-date a prior art reference, Ressler. Dkt. 81 ¶ 150. But:

Although Neister attempted to use his Declaration and the exhibits attached thereto as evidence of conception and reduction to practice of the claimed invention(s) in order to antedate the Ressler reference's provisional application filing date of February 11, 2004, Neister's Declaration does not state the date(s) of the testing referenced therein and does not state the date(s) that the internal reports attached as Exhibits A and B to his Declaration were created and submitted. Rather, the dates of the internal reports and the testing appear to have been redacted.

Dkt. 81 ¶ 151; *see also* ¶¶ 152-153 (showing examples of redactions). Accordingly,

During discovery, Healthe requested the unredacted versions of the two memoranda attached as Exhibits A and B. The unredacted versions of these memoranda lay bare Neister's blatant fraud on the Patent Office: by statute, Neister's purported invention claimed in the '667 Application and all subsequently issuing patents is not patent eligible if the purported invention was publicly disclosed prior to January 31, 2004, one year before the filing date of the provisional application to which the '667 Application claims priority. *See* Dkt. 1-2 at cover; *see also* 35 U.S.C. §102(b) (one-year limitation). Neister's submitted memoranda—which Neister declared under oath “provide[] evidence of conception and actual reduction to practice”—reference testing of and discussions about the purported inventions with numerous third parties, several years in advance of the 2005 priority date claimed by Neister. Thus, Neister's blatant attempt to hide these invalidating disclosures by redacting dates from the very documents he submitted in order to antedate prior art constituted inequitable conduct.

Dkt. 81 ¶ 156. Defendants' seek to dismiss Healthe's inequitable conduct claims regarding the '575 and '642 patents asserting that (1) the '575 patent “is not properly before the Court” and therefore cannot be the subject of an inequitable conduct claim, and (2) that Healthe has not adequately pleaded its claim regarding the '642 patent. Mot. at 14-15. Both arguments are meritless. Inequitable conduct regarding the '575 patent is justiciable because it is relevant to other claims in the case. And Healthe has adequately pleaded its claim regarding the '642 patent establishing that Neister's

deception during prosecution of the '667 application, to which the '642 patent claims priority, is directly relevant to the validity and unenforceability of the '642 patent.

1. Inequitable Conduct As To The '575 Patent Is Properly At Issue Even If Defendants Give Healthe An Effective Covenant Not To Sue

As an initial matter, Defendants' assertion that there is no longer a justiciable controversy regarding the '575 patent due to the conditional covenant not to sue that Defendants have offered, but not granted, is wrong for the reasons above. But even if Defendants provide a valid, binding covenant not to sue regarding the '575 patent, the Court should not dismiss Healthe's inequitable conduct claim regarding this patent.

Contrary to Defendants' argument, *Monsanto Co. v. Bayer Bioscience N.V.*, 514 F.3d 1229 (Fed. Cir. 2008) does not support dismissal of Healthe's inequitable conduct claim regarding the '575 patent, even if infringement is no longer at issue. Defendants ignore that in *Monsanto* the Federal Circuit explained that in a prior decision "this court **explicitly held** that a district court has the power to declare patents that are no longer in suit unenforceable for inequitable conduct." *Id.* at 1243 (citing *Nilssen v. Osram Sylvania, Inc.*, 504 F.3d 1223 (Fed. Cir. 2007)). And here, Defendants' inequitable conduct regarding the '575 patent remains at issue whether or not Defendants' provide a covenant not to sue on this patent. Healthe's unfair competition claims incorporate the allegations of its inequitable conduct claim, and are based, *inter alia*, on "HEO3's baseless threats of liability for patent infringement to Healthe's customers." Dkt. 81 ¶¶ 202, 205-06, 210, 213-14. Defendants' inequitable conduct regarding the '575 patent is thus one of the reasons why their threats of liability

to Healthe's customers are baseless and made in bad faith. As such, the Court should not dismiss this claim because Defendants' inequitable conduct is relevant to and implicated by Healthe's unfair competition claims.

Healthe's claim for attorney fees is another reason why Defendants' inequitable conduct remains at issue. Indeed, in *Monsanto* the Federal Circuit explained that:

The question facing this court is, thus, whether a district court's jurisdiction under § 285 to determine whether there was inequitable conduct in the prosecution of patents that are otherwise no longer in suit confers on that court the jurisdiction to hold such patents unenforceable for inequitable conduct. ***We hold that it does.***

514 F.3d at 1242-43. Here too, Healthe has pleaded a claim for attorneys' fees under 35 U.S.C. § 285, which provides the Court jurisdiction over Healthe's inequitable conduct claim regarding the '575 patent.

Defendants' assertion that *Monsanto* does not support jurisdiction over Healthe's inequitable conduct claim because Healthe did not plead the claim in the original Complaint has no legal basis and Defendants' provide none. Mot. at 19-20. The Amended Complaint is now Healthe's operative pleading and is the only relevant pleading for evaluating the adequacy of Healthe's claims. *See Malowney v. Federal Collection Deposit Grp.*, 193 F.3d 1342, 1345 n.1 (11th Cir. 1999) ("An amended complaint supersedes an original complaint."); *see also Winston v. State Farm Mut. Auto. Ins. Co.*, No. 16-679, 2017 WL 7689638, at *1 (M.D. Fla. Feb. 3, 2017).

Defendants also try to distinguish *Harris Corp. v. Federal Express Corp.*, 670 F. Supp. 2d 1306, at 1312-13 (M.D. Fla. 2009)—another case finding a § 285 request for attorney fees provided jurisdiction over inequitable conduct claims regarding a

patent for which the patentee provided a covenant not to sue—by arguing in that case the fact that the attorney fees claims was asserted from the “initial Answer onward” was “dispositive.” Mot. at 21. This is wrong in two respects. First, the court in *Harris* did not state that this fact was dispositive. 670 F. Supp. 2d at 1313. Rather, it was merely noting that the claim for attorney fees, like here, was still in the case. *Id.* Second, Healthe pleaded a claim for attorney fees in its original Complaint, so this is not a point of distinction.⁴ Dkt. 1 at Prayer for Relief.

2. Healthe’s Inequitable Conduct Claim Regarding The ’642 Patent Is Proper And Should Not Be Dismissed Whether Or Not Claims Regarding the ’575 Patent Remain In The Case

Defendants’ assertion that Healthe’s inequitable conduct claim regarding the ’642 patent cannot be maintained if claims regarding the ’575 patent are no longer in the case is wrong and disingenuous. Mot. at 14. Defendants cite to no Federal Circuit case in support of their assertion and deliberately omit a Federal Circuit case to the contrary. Specifically, Defendants cite to *C.R. Bard, Inc. v. Med. Components, Inc.*, No. 17-754, 2019 WL 1746309, at *5-6 (D. Utah 2019) as a district court case where the court asserted it could not find an instance of “a court finding in-suit patents unenforceable based on the court’s finding that out-of-suit patents are invalid,” but Defendants’ citation notes “footnote omitted.” Mot. at 14 n.6. Incredibly, the footnote

⁴ Defendants’ reliance on *Gordon-Darby Sys., Inc. v. Applus Tech., Inc.*, 2010 WL 5419068 (N.D. Ill. Dec. 23, 2010) is also misplaced. Mot. at 18-19. *Gordon-Darby* is distinguishable because, unlike here, the accused infringer agreed to a covenant not to sue. 2010 WL 5419068, at *2. And there the court still held that it could decide inequitable conduct as part of a claim for attorney fees under § 285. *Id.* at *4.

Defendants intentionally omit states the “notable exception to this is the Federal Circuit’s holding in *Nilssen v. Osram Sylvania, Inc. ...*” 2019 WL 1746309, at *6 n.62. Indeed, in *Nilssen*, the Federal Circuit found no error in a district court holding four patents no longer asserted against the defendant to be “unenforceable prior to determining whether the inequitable conduct related to each of those four patents should render additional related patents unenforceable as well.” 504 F.3d at 1229-30.

Other cases also support the exercise of jurisdiction here. In *J&M Industries, Inc. v. Raven Industries, Inc.*, the patentee moved to exclude evidence regarding the unenforceability of a parent patent as irrelevant to inequitable conduct of an asserted child patent. 457 F. Supp. 3d 1022, 1042-43 (D. Kan. 2020). But the court denied the motion because it was undisputed that the asserted patent was a continuation of the other patent, “Defendant’s counterclaim alleges that inequitable conduct in the prosecution of the [parent] patent renders the [child] patent unenforceable,” and “[c]ase law provides that ‘inequitable conduct with respect to one or more patents in a family can infect related applications’” *Id.* at 1043 (quoting *Digital Ally, Inc. v. TASER Int’l., Inc.*, 2018 WL 1152285, at *2 (D. Kan. Mar. 5, 2018) (quoting *Nilssen*, 504 F.3d at 1230)). This is directly analogous to Healthe’s claim, as Healthe has pleaded that “[b]ecause the ’642 Patent is a continuation-in-part of the ’667 Application,” which issued as the ’575 patent, “Neister’s inequitable conduct relating to the ’667 Application renders the ’642 Patent unenforceable.” Dkt. 81 ¶¶ 148, 159.

Digital Ally is also instructive as there the court ruled that dismissing a counterclaim of inequitable conduct regarding a parent patent for which the patentee

provided a covenant not to sue posed “no danger of impacting any ruling on the [child] patent,” including an “‘infectious unenforceability’ argument” based on inequitable conduct during prosecution of the parent patent. 2018 WL 1152285, at *2. Likewise, Healthe’s inequitable conduct claim regarding the ’642 patent can and should remain in the case whether or not Healthe’s claim for inequitable conduct regarding the ’575 patent remains in the case as an independent claim.

3. Healthe Adequately Pleaded Inequitable Conduct As To The ’642 Patent

Finally, Defendants inaccurately argue that “[t]he totality of Healthe’s alleged basis” for its inequitable conduct claim regarding the ’642 patent “lie in a single sentence,” and thus is not adequately pleaded under Rule 9(b). Mot. at 14-15. As set forth above, Healthe’s claim, which spans approximately nine pages, does not rely on a single sentence. See Dkt. 81 ¶¶ 144-159. Rather, Healthe’s claim alleges in detail that Neister’s inequitable conduct was based on a “blatant attempt to hide” that

Neister’s purported invention claimed in the ’667 Application and all subsequently issuing patents is not patent eligible [because] the purported invention was publicly disclosed prior to January 31, 2004, one year before the filing date of the provisional application to which the ’667 Application claims priority ... by redacting dates from the very documents he submitted in order to antedate prior art.”

Dkt. 81 ¶ 156. As-pleaded, the declaration that Neister submitted to the Patent Office attaching the redacted documents declares, *inter alia*, that “the inventive subject matter shown in Figures 1-15” and “described in the application ... was completed and reduced to practice in the United States as evidence[d] by the following,” and it then discusses the two redacted documents. Dkt. 81 ¶ 150. For example, the declaration

asserts that “Exhibit A (3 pages) and Exhibit B (2 pages)”—i.e., the redacted documents—“describe the results of testing of the subject of the present application.” Dkt. 81 ¶ 150. Because the ’642 patent is a continuation-in-part of the ’667 application for which Neister submitted this declaration (*see* Dkt. 81 ¶ 148), “the inventive subject matter shown in Figure 1-15” (i.e., the same Figures 1-15 in the ’642 patent), “described in the application,” and evidenced by the redacted documents is the “inventive subject matter” of the ’642 patent. And because the redacted documents evidence the public disclosure of this “inventive subject matter” more than 1 year before the effective filing date, they render the claims of the ’642 patent invalid.

Moreover, contrary to Defendants’ assertion, *Global Tech* does not support dismissal of Healthe’s claim. Mot. at 15. In *Global Tech*, the court found an inequitable conduct claim based on the failure to disclose prior art during prosecution of a parent patent to be inadequate because the defendants based their theory “on nothing more than the parent-child relationship between” the patents, “have not pled facts from which the court may reasonably infer that non-disclosure of the prior art references was ‘but-for material’ to the PTO” and “failed to allege facts adequately supporting the scienter requirement.” *Global Tech LED, LLC v. Hilumz Int’l. Corp.*, 2017 WL 588669, at *10-11 (M.D. Fla. Feb. 14, 2017). Thus, *Global Tech* is inapposite.

First, as explained above, Healthe has not based its claim merely on the parent-child relationship between the ’575 and ’642 patents, rather it has pleaded facts showing why this relationship is relevant here.

Second, Healthe's inequitable conduct claim is not based solely upon an alleged failure to disclose a prior art reference. Instead, Healthe has pleaded that the failure to disclose the dates of the redacted documents was "an affirmative act of egregious misconduct" that is *per se* material. *See, e.g., Therasense, Inc. v. Becton, Dickinson and Co.*, 649 F.3d 1276, 1287 (Fed. Cir. 2011) (en banc) ("When the patentee has engaged in affirmative acts of egregious misconduct, such as the filing of an unmistakably false affidavit, the misconduct is material."). Moreover, this failure is but-for material because it hid that the claimed inventions were "publicly disclosed more than one year before the '667 Application's effective filing date of January 31, 2005" and thus are "not patent eligible under 35 U.S.C. § 102(b)." Dkt. 81 ¶ 158. Indeed, as-pleaded, Neister's declaration admits that its Exhibit A (the first redacted document), "includes discussions and descriptions of a disinfecting apparatus and potential uses for the device targeting at least wavelengths at one of 222 nm and 282 nm, and noting that the apparatus efficiently destroys microorganisms." Dkt. 81 ¶ 150. And as-pleaded, the Exhibit A discloses a "test indicated that airborne pathogens would be more effectively deactivated with 222 nm light than with mercury 254 nm light." Dkt. 81 ¶ 152.

Defendants themselves have also asserted that Neister's "patented [] method for deactivating or destroying harmful microorganisms ... included the development and use of Krypton-Chloride excimer lamps that emit a peak wavelength at 222 nm in conjunction with other wavelengths." Dkt. 41 at 1. And Defendants have asserted that the use of krypton-chloride excimer lamps for disinfection infringes claims of the '642

patent, including claim 12. *See, e.g.*, Dkt. 41-1 (Infringement Contentions) at Pages 22-25 of 103. Thus, based on Defendants' own infringement allegations, the public disclosure of use of a krypton-chloride excimer lamp for disinfection more than a year before the effective filing date of the '642 patent, as evidenced by the redacted documents, renders at least claim 12 invalid because "[i]t has been an inviolate rule that patent claims are construed the same way for validity and infringement." *See Abbott Labs. v. Sandoz, Inc.*, 566 F.3d 1282, 1317 (Fed. Cir. 2009). Defendants' withholding of this information by redacting the dates from the submitted documents is thus but-for material.

Third, Healthe has pleaded facts establishing that Neister intentionally misled the PTO, including by alleging that he committed a "blatant attempt to hide the[] invalidating disclosures by redacting dates from the very documents he submitted in order to antedate prior art," and that "Neister purposefully violated th[e] duty of candor." Dkt. 81 ¶¶ 156-157. Thus, Healthe has adequately pleaded that Neister "misrepresented or omitted material information with the specific intent to deceive the PTO" as is required for an inequitable conduct claim. *Therasense*, 649 F.3d at 1287.

Moreover, even if the Court concludes that Healthe's allegations are not sufficient—it should not—*Global Tech* does not support dismissal with prejudice. Indeed, *Global Tech* "afford[ed] Defendants leave to replead to state a proper cause of action." 2017 WL 588669, at *11. And "district courts are admonished to 'freely give leave [to amend the pleadings] when justice so requires' under Rule 15(a)(2), and "[o]rdinarily complaints dismissed under Rule 9(b) are dismissed with leave to

amend.” *In re BP Lubricants USA Inc.*, 637 F.3d 1307, 1313 (Fed. Cir. 2011). Thus, the Court should not dismiss Healthe’s inequitable conduct claim regarding the ’642 patent, but if it does, the Court should allow Healthe to replead the claim.

IV. CONCLUSION

As set forth above, the Court should deny Defendants’ Motion in its entirety.

Dated: August 18, 2021

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on August 18, 2021, a true and correct copy of the foregoing was filed with the Court using the CM/ECF system, which will send an electronic notice to all counsel of record.

/s/ David S. Wood
David S. Wood