

**IN THE UNITED STATES DISTRICT COURT  
FOR THE  
NORTHERN DISTRICT OF ILLINOIS**

Loggerhead Tools, LLC,,

Plaintiff(s),

v.

Sears Holdings Corporation, and Apex Tool  
Group, LLC.,

Defendant(s).

Case No. 12 C 9033  
Judge Rebecca R. Pallmeyer

**JUDGMENT IN A CIVIL CASE**

Judgment is hereby entered (check appropriate box):

in favor of plaintiff(s)  
and against defendant(s)  
in the amount of \$ \_\_\_\_\_,

which  includes pre-judgment interest.  
 does not include pre-judgment interest.

Post-judgment interest accrues on that amount at the rate provided by law from the date of this judgment.

Plaintiff(s) shall recover costs from defendant(s).

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in favor of defendant(s)  
and against plaintiff(s)

Defendant(s) shall recover costs from plaintiff(s).

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other: Judgment is entered in favor of Defendants Sears Holdings Corporation and Apex Tool Group, LLC.

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This action was (*check one*):

- tried by a jury with Judge \_\_\_\_\_ presiding, and the jury has rendered a verdict.  
 tried by Judge \_\_\_\_\_ without a jury and the above decision was reached.  
 decided by Judge Rebecca R. Pallmeyer on a motion for summary judgment.

Date: 7/20/2018

Thomas G. Bruton, Clerk of Court

Ena T. Ventura , Deputy Clerk

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

LOGGERHEAD TOOLS, LLC,	)	
	)	
Plaintiff,	)	
	)	
v.	)	
	)	Case No. 12-CV-09033
SEARS HOLDING CORPORATION and	)	
APEX TOOL GROUP, LLC,	)	Judge John W. Darrah
	)	
Defendants.	)	

**MEMORANDUM OPINION AND ORDER**

Plaintiff LoggerHead Tools, LLC (“LoggerHead”) filed suit against Sears Holding Corporation (“Sears”) on November 9, 2012, alleging eight separate counts against Sears. Sears filed a Motion to Dismiss Counts II, III, and VIII of the Complaint, which stated claims of common law fraud, tortious interference with business relations and prospective advantage, and unjust enrichment, respectively. These three counts were dismissed without prejudice on May 1, 2013, and LoggerHead was given leave to amend its Complaint to replead those three counts, if it could do so consistent with Fed. R. Civ. Pro 11. (May 1, 2013 Mem. Op. and Order at 13.) LoggerHead filed its Amended Complaint on May 31, 2013, alleging twelve separate counts against Sears, four separate counts against newly added Defendant Apex Tool Group, LLC (“Apex”), and one count of civil conspiracy against Sears and Apex jointly.

Sears moves to dismiss Counts XI, XII, XIII, and XVII of the Amended Complaint, and Apex moves separately, pursuant to Federal Rules of Civil Procedure 9(b) and 12(b)(6), to dismiss Counts XV, XVI, and XVII of the Amended Complaint. Apex further moves to strike Paragraphs 75 and 83-89 of LoggerHead’s Amended Complaint pursuant to Federal Rule of

Civil Procedure 12(f) for constituting immaterial, impertinent, and scandalous matter. These motions have been fully briefed.

### **BACKGROUND**

The following facts are based on LoggerHead's Amended Complaint and exhibits and are accepted as true for purposes of ruling on a motion to dismiss. *See Reger Dev., LLC v. Nat'l City Bank*, 592 F.3d 759, 763 (7th Cir. 2010).

LoggerHead is a corporation based in Palos Park, Illinois. (Am. Compl. ¶ 1.) Sears is a Delaware corporation based in Hoffman Estates, Illinois. (*Id.* ¶ 2.) Apex is a Maryland corporation located in Sparks, Maryland. (*Id.* ¶ 3.) Apex is a supplier of hand tools and power tools and supplies Sears with its Craftsman-branded tools. (*Id.* ¶ 73.)

Daniel Brown ("Brown") invented a tool called the Bionic Wrench. (*Id.* ¶ 9.) Brown was issued two patents by the U.S. Patent and Trademark Office: U.S. Patent No. 6,889,579 and U.S. Patent No. 7,992,470, issued on May 10, 2005, and August 9, 2011, respectively. (*Id.* ¶¶ 9, 11.) These patents were assigned to LoggerHead, the company founded by Brown. (*Id.* ¶¶ 9, 11, 13.) The Bionic Wrench is a hand tool that allows "a user to complete work without the wrench slipping off and damaging the bolt." (*Id.* ¶ 18.) The Bionic Wrench permits a user to use one tool for many different sizes of nuts and bolts. (*Id.*) The Bionic Wrench is manufactured in the United States with American-made components. (*Id.* ¶ 19.) LoggerHead sells the Bionic Wrench on its website and to retailers, including Sears, Canadian Tire, QVC, Costco, Amazon, Ace Hardware, True Value, and Menards. (*Id.* ¶ 26.) Sears purchased and sold 15,000 Bionic Wrenches from LoggerHead in 2009, 75,000 in 2010, and over 300,000 in 2011. (*Id.* ¶¶ 30-31, 35.)

Following three years of growing sales, Sears's hand-tool buyer, Amanda Campana ("Campana"), informed Brown that Sears wanted to enter into a 2012 supply agreement with LoggerHead for the Bionic Wrench. (*Id.* ¶ 37.) Campana also indicated that Sears wanted to run a Direct Response TV campaign to promote the Bionic Wrench during Father's Day and Christmas of 2012. (*Id.* ¶ 38.) Between December 2011 and May 2012, Sears provided LoggerHead oral and written representations that Sears would purchase at least 300,000 Bionic Wrenches in 2012. (*Id.* ¶ 39.)<sup>1</sup> Additionally, Sears's employees, including Campana, repeatedly told LoggerHead that Sears would enter into a written supply agreement for 2012. (Am. Compl. at 11-12.) For example, on December 21, 2011, Campana sent Brown an email, reconfirming Sears's forecast of 73,000 Bionic Wrench units for Father's Day 2012. (*Id.* at 12.) Campana moved to another division in Sears and was replaced by Stephanie Kaleta. (*Id.*) Kaleta also told Brown that Sears was forecasting 73,000 Bionic Wrenches for Father's Day 2012, and that Sears would commit to purchasing 300,000 total Bionic Wrench units in 2012. (*Id.*) On February 10, 2012, Sears began issuing purchase orders for the 73,000 Bionic Wrenches it agreed to buy for Father's Day, and LoggerHead worked to fulfill that order. (*Id.* at 13.) Though a 2012 supply agreement had not been signed, Sears and LoggerHead produced and ran Father's Day Direct Response TV advertising for the Bionic Wrench. (*Id.* at 17.) Sales for the Bionic Wrench during the Father's Day season met or exceeded Sears's forecasts. (*Id.* at 16.)

On March 6, 2012, LoggerHead sent Kaleta a draft 2012 Supply Agreement, which indicated that Sears would purchase 300,000 units in 2012. (*Id.* at 13.) The following day,

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<sup>1</sup> In the Amended Complaint, LoggerHead devotes approximately six pages of text to paragraph number 39; for the sake of clarity, citations to this portion of the Amended Complaint are indicated by page number.

LoggerHead sent a First Agreement Revision to Sears, based on changes requested by Sears. (*Id.*) A week later, on March 13, 2012, Brown's son, Dan Brown, Jr., inquired as to the status of the First Agreement Revision to the 2012 Supply Agreement; Kaleta advised Brown she was waiting for the signoff. (*Id.*) A Second Agreement Revision incorporating additional changes requested by Sears was prepared the following week, on March 19, 2012. (*Id.* at 14.) In April of 2012, Third and Fourth Agreement Revisions were exchanged between Sears and LoggerHead. (*Id.*) Throughout these exchanges, Sears asked LoggerHead multiple times if it was selling the Bionic Wrench to its competitors, specifically Home Depot and Lowes; LoggerHead confirmed it was not. (*Id.* at 16.)

On May 15, 2012, Sears sent LoggerHead a Christmas forecast for 213,519 Bionic Wrench units. (*Id.* at 15.) Despite the lack of a signed supply agreement, LoggerHead began to take the measures needed to ramp up production to meet Sears's forecast. (*Id.*) However, on June 20, 2012, Sears sent LoggerHead a revised Christmas forecast of 2,971 Bionic Wrench units. (*Id.* ¶ 46.) LoggerHead was surprised by this drastic reduction in the forecast. (*Id.* ¶ 48.) Sears, in an email from Kaleta, falsely stated that Sears reduced the forecast because of a purported inability to reach agreement regarding the holiday TV ad campaign. (*Id.* ¶ 49.) Sears's last communication with LoggerHead regarding the 2012 Bionic Wrench purchases was on July 19, 2012. (*Id.* ¶ 53.)

In September 2012, Sears introduced its Craftsman "Max Axess Locking Wrench," which LoggerHead asserts is a virtual copy of the Bionic Wrench. (*Id.* ¶ 54.) Sears had partnered with Apex to create the Max Axess wrench. (*Id.* ¶ 55.) LoggerHead asserts that while Sears appeared to be negotiating with LoggerHead regarding its holiday 2012 order of Bionic Wrenches, it secretly partnered with Apex to have a "knockoff" wrench made in China. (*Id.* ¶

57.) Due to this fraudulent omission of information and concealment of Sears's arrangement with Apex, LoggerHead lost substantial sales and profits. (*Id.* ¶ 59.) Additionally, LoggerHead asserts Sears continues to use LoggerHead's registered trademark for the Bionic Wrench in commerce, confusing customers and infringing on the trademark. (*Id.* ¶¶ 62, 67.) LoggerHead contends Sears and Apex conspired to willfully infringe LoggerHead's Bionic Wrench patents. (*Id.* ¶¶ 78-83.)

Apex filed a declaratory judgment action, seeking declarations of non-infringement and invalidity of LoggerHead's Bionic Wrench patents; this complaint was dismissed. (*Id.* ¶ 76.)

LoggerHead filed suit against Sears on November 9, 2012. In an opinion issued on May 1, 2013, this Court granted Sears's Motion to Dismiss Counts II, III and VIII of the original Complaint, which asserted claims of common law fraud, tortious interference with business relations and prospective advantage, and unjust enrichment, respectively, and these claims were dismissed without prejudice. In the May 1, 2013 Memorandum Opinion and Order, the Court provided, "LoggerHead may amend its Complaint to replead these three counts, if it can do so consistent with Fed. R. Civ. P. 11, on or before May 31, 2013." (May 1, 2013 Mem. Op. and Order at 13.)

LoggerHead filed its Amended Complaint on May 31, 2013, adding Apex as an additional defendant and asserting seventeen claims. Sears moves to dismiss Counts XI, XII, XIII, and XVII, which are claims of common law fraud, fraud in the inducement,<sup>2</sup> promissory

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<sup>2</sup> LoggerHead's Amended Complaint contains thirteen counts against Sears, including Count XI (common law fraud) and Count XII (fraud in the inducement). However, LoggerHead conceded "there is authority for treating the claims the same," and agreed to merge those two counts into one count for common law fraud. (Pl.'s Resp. to Sears's Mot. to Dismiss at 5, n.3.)

fraud, and civil conspiracy, respectively, pursuant to Federal Rules of Civil Procedure 9(b), 12(b)(6), and 15(a)(2), for failure to state a claim.<sup>3</sup>

Apex filed its own Motion to Dismiss, pursuant to Federal Rules of Civil Procedure 9(b) and 12(b)(6), seeking to have dismissed Counts XV, XVI, and XVII, claims of tortious interference, aiding and abetting wrongful acts, and civil conspiracy, respectively. Apex further moves to strike Paragraphs 75 and 83-89 of LoggerHead's Amended Complaint pursuant to Federal Rule of Civil Procedure 12(f) for constituting immaterial, impertinent, and scandalous matter.

### LEGAL STANDARD

“When evaluating the sufficiency of the complaint, we construe it in the light most favorable to the nonmoving party, accept well-pleaded facts as true, and draw all inferences in her favor.” *Reger Dev.*, 592 F.3d at 763 (citing *Tamayo v. Blagojevich*, 526 F.3d 1074, 1081 (7th Cir. 2008)). In order to defeat a motion to dismiss under Rule 12(b)(6), a plaintiff must plead sufficient factual matter to state a claim for relief that is “plausible on its face.” *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1949 (2009) (citing *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). A claim has the requisite facial plausibility “when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Iqbal*, 129 S. Ct. at 1949.

Under Fed. R. Civ. P. 9(b), alleging fraud requires a plaintiff to assert supporting facts with particularity. The Seventh Circuit has characterized the particularity requirement as “the

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<sup>3</sup> In addition, Sears argues that Counts XII, XIII, and XVII should be dismissed because LoggerHead did not have permission to add these claims when it was given leave to replead its complaint. (Sears's Mot. to Dismiss ¶¶ 2-4). Dismissal on this basis is denied.

who, what, when, where, and how: the first paragraph of any newspaper story.” *DiLeo v. Ernst & Young*, 901 F.2d 624, 627 (7th Cir. 1990).

“Rule 9(b) applies to ‘averments of fraud,’ not claims of fraud, so whether the rule applies will depend on the plaintiffs’ factual allegations.” *Borsellino v. Goldman Sachs Grp., Inc.*, 477 F.3d 502, 507 (7th Cir 2007). “A claim that ‘sounds in fraud’ – in other words, one that is premised upon a course of fraudulent conduct – can implicate Rule 9(b)’s heightened pleading requirements.” *Id.* (citations omitted).

## ANALYSIS

### *Common Law Fraud*

Counts XI and XII of the Amended Complaint allege a claim of common law fraud.<sup>4</sup> “To state a fraud claim under Illinois law, a plaintiff must allege that the defendant: (i) made a false statement of material fact; (ii) knew or believed the statement to be false; (iii) intended to and, in fact, did induce the plaintiff to reasonably reply and act on the statement; and (iv) caused injury to the plaintiff.” *Reger Dev.*, 592 F.3d at 766 (citing *Redarowicz v. Ohlendorf*, 441 N.E.2d 324, 331 (Ill. 1982)).

LoggerHead’s initial fraud claim against Sears was dismissed for failure to state a claim of common law fraud because it had not sufficiently alleged LoggerHead’s reliance or damages. (May 1, 2013 Mem. Op. and Order at 7-9.) In particular, this Court held that LoggerHead could not reasonably rely on statements from Sears regarding purchase forecasts or future ad campaigns. “A statement which is merely an expression of opinion or which relates to future or

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<sup>4</sup> Because, as previously stated, LoggerHead and Sears indicated they would treat the claims of common law fraud and fraud in the inducement as one claim of common law fraud, this analysis is applicable to both Counts XI and XII.

contingent events, expectations or probabilities, rather than to pre-existent or present facts, ordinarily does not constitute an actionable misrepresentation under Illinois law.” *Continental Bank, N.A. v. Meyer*, 10 F.3d 1293, 1298 (7th Cir. 1993) (quotations and citations omitted).

In the Amended Complaint, LoggerHead asserted additional factual information regarding Sears’s purported fraudulent concealment regarding the development of its own Craftsman wrench. LoggerHead contends it relied on the omission of material facts Sears had a duty to disclose and did not disclose, including Sears’s plan to launch its own Craftsman wrench. LoggerHead asserts the ongoing Christmas 2012 negotiations were simply a sham to prevent LoggerHead from selling to Sears’s competitors. While Sears never placed a purchase order for the Christmas 2012 season and never signed a supply agreement, it did provide LoggerHead with forecasts, and adjusted that forecast, presumably, when it had determined that it would no longer need to sell as many LoggerHead Bionic Wrenches when Sears could sell its own Craftsman wrenches. The Amended Complaint provides more detailed information that sufficiently alleges adequate factual material that LoggerHead reasonably relied on its ongoing negotiations with Sears.

Moreover, “[t]o plead [fraudulent concealment] properly, in addition to meeting the elements of fraudulent misrepresentation, a plaintiff must allege that the defendant intentionally omitted or concealed a material fact that it was under a duty to disclose to the plaintiff.” *Wigod v. Wells Fargo Bank, N.A.*, 673 F.3d 547, 571 (7th Cir. 2012) (citing *Weidner v. Karlin*, 932 N.E.2d 602, 605 (Ill. App. 2010)). “A duty to disclose would arise if ‘plaintiff and defendant are in a fiduciary or confidential relationship’ or in a ‘situation where plaintiff places trust and confidence in defendant, thereby placing defendant in a position of influence and superiority over plaintiff.’” *Wigod*, 673 F.3d at 571 (quoting *Connick v. Suzuki Motor Co.*, 675 N.E.2d 584,

593 (Ill. 1996)). Here, LoggerHead has sufficiently alleged that such a duty existed. Based on the ongoing business negotiations, it is plausible LoggerHead could have reasonably relied on statements from Sears regarding the Bionic Wrench negotiations. As one of the primary vendors of its product, it is clear Sears was in a position of influence and superiority over LoggerHead, and Sears's interest in LoggerHead's other potential vendors demonstrated that LoggerHead might jeopardize its relationship with Sears if it were to enter into negotiations with Home Depot and Lowes. Accordingly, LoggerHead has sufficiently pled that a duty to disclose material information relating to the development of the Craftsman wrench arose on the part of Sears.

Furthermore, LoggerHead adequately pled in its Amended Complaint it suffered injury from its reliance on statements from Sears. LoggerHead asserts it had to forego soliciting to Sears's competitors. LoggerHead has sufficiently pled that by the time it became clear to LoggerHead that it no longer had an arrangement with Sears, LoggerHead would not have had enough time to solicit these competitors and prepare for the production of other orders.

Accordingly, LoggerHead has stated a claim of common law fraud in the Amended Complaint, and Sears's Motion to Dismiss Counts XI and XII is denied.

#### *Promissory Fraud*

Count XIII of the Amended Complaint asserts a claim of promissory fraud against Sears. "Promissory fraud is generally not actionable in Illinois unless the plaintiff also proves that the act was a part of a scheme to defraud." *Wigod*, 673 F.3d at 570 (internal quotations omitted). To assert that a fraudulent scheme existed, a plaintiff must allege that at the time a promise was made, the defendant did not intend to fulfill it. *Id.* (citing *Bower v. Jones*, 978 F.2d 1004, 1011 (7th Cir. 1992)). Evidence of a fraudulent scheme would include a "pattern of fraudulent

statements, or one particularly egregious fraudulent statement.” *Id.* (quoting *BPI Energy Holdings, Inc. v. IEC (Montgomery), LLC*, 664 F.3d 131, 136 (7th Cir. 2011)).

Here, Sears argues LoggerHead failed to assert facts demonstrating that a scheme to defraud existed. LoggerHead contends it adequately alleges promissory fraud by asserting that Sears’s false promises to and ongoing negotiations with LoggerHead were part of Sears’s scheme to defraud LoggerHead.

LoggerHead’s promissory fraud claim is facially plausible in ways similar to the stated claim of common law fraud. Representations regarding future conduct, including conduct regarding future sales, are not actionable under Illinois law. *Meyer*, 10 F.3d at 1298-1299. However, Sears’s actions went beyond projections of sales figures. It is plausible that Sears maintained its ongoing negotiations and discussions regarding the Bionic Wrench, all while secretly developing its own wrench, in order to prevent LoggerHead from being able to sell its Bionic Wrench to other competitors in time for the holiday sales. LoggerHead has adequately stated a claim of promissory fraud under Fed. R. Civ. P. 12(b)(6) by alleging that Sears’s actions were part of an ongoing scheme to defraud. Therefore, Sears’s Motion to Dismiss Count XIII of the Amended Complaint is denied.

#### *Civil Conspiracy*

Count XVII of the Amended Complaint alleges civil conspiracy on the part of both Sears and Apex, and both Defendants moved separately to dismiss this claim. “To succeed in a claim of civil conspiracy under Illinois law, the plaintiffs must establish: (1) an agreement between two or more persons for the purpose of accomplishing either an unlawful purpose or a lawful purpose by unlawful means; and (2) at least one tortious act by one of the co-conspirators in furtherance of the agreement that caused an injury to the plaintiff.” *Borsellino*, 477 F.3d at 509. To be liable

for civil conspiracy in Illinois, a defendant must understand “the general objectives of the conspiratorial scheme, accept[] them, and agree[], either explicitly or implicitly to do its part to further those objectives . . . .” *Adcock v. Brakegate, Ltd.*, 645 N.E.2d 888, 894 (Ill. 1994).

LoggerHead asserts Sears and Apex entered into a common scheme and agreement by willful infringement of LoggerHead’s Bionic Wrench patents and entered into a common scheme and agreement to “maximize sales of the Max Axess Locking Wrench by unlawfully committing fraud against LoggerHead.” (Am. Compl. ¶¶ 190-91.) In particular, Apex contends there is no factual allegation that Apex entered into an agreement with Sears for an unlawful purpose, or a lawful purpose by unlawful means. Beyond the basic assertions in the Amended Complaint that Apex and Sears conspired to infringe LoggerHead’s patents and commit fraud, LoggerHead does not plead any factual content to state a claim of conspiracy that is plausible on its face. *Iqbal*, 129 S. Ct. at 1949. Moreover, a civil conspiracy sounding in fraud must be pled with particularity. *Borsellino*, 477 F.3d at 507. The Amended Complaint lacks any specific factual content to support a claim of civil conspiracy and, instead, simply asserts as a legal conclusion that Defendants committed civil conspiracy. Additionally, to the extent the underlying tort of the alleged civil conspiracy, fraud, is already alleged by LoggerHead, the civil conspiracy claim is rendered duplicative. “[A] conspiracy claim alleging a tort as the underlying wrongful act is duplicative where the underlying tort has been pled.” *Thermodyne Food Serv. Prods., Inc. v. McDonald’s Corp.*, 940 F.Supp. 1300, 1310 (N.D. Ill. 1996).

For these reasons, the civil conspiracy claim, Count XVII of the Amended Complaint, is dismissed as to both Defendants.

*Tortious Interference with Business Relations*

Count XV of the Amended Complaint asserts a claim of tortious interference with business relations against Apex, alleging that Apex purposefully and knowingly interfered with LoggerHead's business relationship with Sears. (Am. Compl. ¶ 180.)

In Illinois, the elements of a claim of tortious interference with a business relationship or expectancy are: (1) the plaintiff reasonably expected to enter into a business relationship; (2) the defendant was aware of the plaintiff's expectation; (3) the defendant purposefully prevented the plaintiff's business relationship from developing; and (4) the plaintiff has suffered harm as a result of the defendant's interference. *Botvinick v. Rush Univ. Med. Ctr.*, 574 F.3d 414, 417 (7th Cir. 2009). Here, LoggerHead fails to plead any facts which demonstrate that Apex was aware of its seemingly private, ongoing negotiations with Sears in 2012, nor any suggestion that Sears informed Apex it was continuing to negotiate with LoggerHead. At most, LoggerHead contends that Apex would have had knowledge of the negotiations between Sears and LoggerHead from "publicly available" facts. (Am. Compl. ¶ 179.) LoggerHead also fails to allege that Apex's relationship with Sears (which, as LoggerHead asserts in the Amended Complaint, went back years) was targeted at LoggerHead's business. LoggerHead does not assert anything beyond conclusory allegations that Apex was aware of its ongoing negotiations with Sears. For this reason, LoggerHead fails to plead that Apex was aware of LoggerHead's expectations and that Apex purposefully prevented LoggerHead from developing a relationship with Sears. Accordingly, Count XV of the Amended Complaint is dismissed for failure to state a claim.

*Aiding and Abetting Wrongful Acts*

Count XVI of the Amended Complaint asserts a claim against Apex of aiding and abetting wrongful acts, including aiding and abetting fraud, promissory fraud, and unfair

competition on the part of Sears. (*Id.* ¶¶ 183-84.) “Under Illinois law, to state a claim for aiding and abetting, one must allege: (1) the party whom the defendant aids performed a wrongful act causing an injury, (2) the defendant was aware of his role when he provided the assistance, and (3) the defendant knowingly and substantially assisted the violation.” *Hefferman v. Bass*, 467 F.3d 596, 601 (7th Cir. 2006) (citing *Thornwood, Inc. v. Jenner & Block*, 799 N.E.2d 756, 767 (Ill. App. Ct. 2003)). Again, LoggerHead pleads only conclusory allegations to support its claim that Apex aided and abetted Sears in its purported fraud and unfair competition. Other than alleging Apex participated in Sears’s concealment of its intentions to stop purchasing the Bionic Wrench, LoggerHead asserts no facts to support a claim that Apex aided and abetted Sears.

Therefore, Count XVI of the Amended Complaint for aiding and abetting is dismissed pursuant to Rule 12(b)(6) for failure to state a claim.

#### *Rule 12(f)*

Fed. R. Civ. P. 12(f) provides that a court may strike from a pleading “any redundant, immaterial, impertinent, or scandalous matter.” Motions to strike are generally disfavored as they typically delay litigation. *Heller Fin., Inc. v. Midwhey Powder Co.*, 883 F.2d 1286, 1294 (7th Cir. 1989).

Apex contends that paragraphs 75 and 83-89 of the Amended Complaint are “immaterial, impertinent, and scandalous, and should therefore be stricken under Rule 12(f).” (Apex’s Mot. to Dismiss at 14.) Paragraph 75 notes that Bain Capital, LLC, which reportedly purchased Apex for \$1.6 billion, “intimately mesh[e]”s with Apex and Sears’s business models because of Bain’s expertise as a “pioneer[ ] in the practice of shipping work from the United States.” (Am. Compl. ¶ 75.) Paragraphs 83-98 of the Amended Complaint refer to previous lawsuits filed against Sears, some more than 30 years ago.

Here, the disputed material is impertinent and has no relevance to LoggerHead's remaining claims. As such, Apex's Motion to Strike paragraphs 75 and 83-89 is granted.

### CONCLUSION

For the reasons set forth above, Sears's Motion to Dismiss Count XVII of the Amended Complaint, civil conspiracy, is granted, and this claim is dismissed with prejudice. As to Count XVII, the civil conspiracy claim alleged against Apex, Apex's Motion to Dismiss Count XVII is granted, and that claim is dismissed against Apex with prejudice. Apex's Motion to Dismiss Counts XV and XVI, the tortious interference and aiding and abetting claims, respectively, is also granted, and those claims are dismissed without prejudice and with leave to replead if LoggerHead can do so within 30 days of the entry of this Memorandum Opinion and Order consistent with Fed. R. Civ. P. 11.

Date: November 6, 2013

  
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JOHN W. DARRAH  
United States District Court Judge

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

LOGGERHEAD TOOLS, LLC,	)	
	)	
Plaintiff,	)	
	)	Case No.: 12-cv-9033
v.	)	
	)	Judge John W. Darrah
SEARS HOLDINGS CORPORATION	)	
and APEX TOOL GROUP, LLC,	)	
	)	
Defendants.	)	

**MEMORANDUM OPINION AND ORDER**

Plaintiff LoggerHead Tools, LLC (“LoggerHead”), filed a Second Amended Complaint against Defendants Sears Holdings Corporation (“Sears”) and Apex Tool Group, LLC (“Apex”), alleging against Sears, *inter alia*, claims under the Lanham Act § 43(a), Count VII; the Illinois Consumer Fraud and Deceptive Practices Act, Count VIII; the Uniform Deceptive Trade Practices Act, Count IX; and Illinois Common Law Unfair Competition, Count XIV. Sears filed a Motion for Summary Judgment [255] on those counts. For the reasons set forth more fully below, Sears’ Motion for Summary Judgment [255] is granted.

**LOCAL RULE 56.1**

Local Rule 56.1(a)(3) requires the moving party to provide “a statement of material facts as to which the party contends there is no genuine issue for trial.” *Ammons v. Aramark Uniform Servs.*, 368 F.3d 809, 817 (7th Cir. 2004). Local Rule 56.1(b)(3) requires the nonmoving party to admit or deny every factual statement proffered by the moving party and to concisely designate any material facts that establish a genuine dispute for trial. *See Schrott v. Bristol-Myers Squibb Co.*, 403 F.3d 940, 944 (7th Cir. 2005). A nonmovant’s “mere disagreement with the movant’s asserted facts is inadequate if made without reference to specific

supporting material.” *Smith v. Lamz*, 321 F.3d 680, 683 (7th Cir. 2003). In the case of any disagreement, the nonmoving party must reference affidavits, parts of the record, and other materials that support his stance. Local Rule 56.1(b)(3)(B). To the extent that a response to a statement of material fact provides only extraneous or argumentative information, this response will not constitute a proper denial of the fact, and the fact is admitted. *See Graziano v. Vill. of Oak Park*, 401 F. Supp. 2d 918, 936 (N.D. Ill. 2005). Similarly, to the extent that a statement of fact contains a legal conclusion or otherwise unsupported statement, including a fact that relies upon inadmissible hearsay, such a fact is disregarded. *Eisenstadt v. Centel Corp.*, 113 F.3d 738, 742 (7th Cir. 1997). Pursuant to Local Rule 56.1(b)(3)(C), the nonmovant may submit additional statements of material facts that “require the denial of summary judgment.”

### **BACKGROUND**

The following facts are taken from the parties’ statements of undisputed material facts submitted in accordance with Local Rule 56.1.

Plaintiff is an Illinois limited-liability company based in Palos Park, Illinois. (DSOF ¶ 1.) Sears is a Delaware corporation based in Hoffman Estates, Illinois. (*Id.* ¶ 2.) Apex is a corporation based in Sparks, Maryland. (*Id.* ¶ 3.) LoggerHead sells a hand tool known as the Bionic Wrench. (*Id.* ¶ 1.) Sears retailed the Bionic Wrench in its stores starting in 2009. (*Id.* ¶ 5.) In February 2012, Sears began talks with Apex to create and retail a Bionic Wrench replacement to be sold under the Sears Craftsman brand. (PSOF, ¶ 17.) Apex sent LoggerHead’s ’579 Patent for the Bionic Wrench to a patent lawyer, John Owen. (*Id.* ¶ 18.) Owen identified another patented tool, Buchanan, U.S. Patent No. 2,787,925, that Apex could model a replacement wrench after. (*Id.* ¶ 19.) Owen reported to Apex that using the Buchanan design would not infringe on LoggerHead’s patents. (*Id.* ¶¶ 19, 23.) In September 2012, Sears

began retailing the Max Axess Locking Wrench (“MALW”), which was supplied by Apex. (DSOF, ¶ 6.)

In direct to consumer (“DRTV”) advertising for the MALW, Sears stated: “[i]f you want maximum versatility in a single wrench, then you’ll love the latest innovation from Craftsman, the Max Axess Locking Wrench.” (PSOF, ¶ 1.) The product packaging for the MALW shows a picture of the wrench, the term “Unique Design,” and, underneath that, the phrase “Adapts to a wide range of fastener sizes and grips fasteners on all sides to prevent rounding.” (*Id.* ¶ 2.) The packaging also contains a dotted line going from the writing to the picture of the wrench. (*Id.*) On November 14, 2012, Sears issued a press release regarding their sale of the MALW. (DSOF, ¶ 7.)

### LEGAL STANDARD

Summary judgment is appropriate when “the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56. Courts deciding summary judgment motions must view facts “in the light most favorable to the nonmoving party only if there is a ‘genuine’ dispute as to those facts.” *Scott v. Harris*, 550 U.S. 372, 380 (2007). A genuine dispute as to any material fact exists if “the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The moving party has the initial burden of establishing that there is no genuine dispute as to any material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). If the moving party meets this burden, “[t]he nonmoving party must point to specific facts showing that there is a genuine issue for trial.” *Stephens v. Erickson*, 569 F.3d 779, 786 (7th Cir. 2009). Factual disputes do “not preclude summary judgment when the dispute does not involve a material fact.” *Burton v. Downey*, 805 F.3d 776,

783 (7th Cir. 2015). The evidence must be such “that a reasonable jury could return a verdict for the nonmoving party.” *Pugh v. City of Attica, Ind.*, 259 F.3d 619, 625 (7th Cir. 2001) (quoting *Anderson*, 477 U.S. at 248).

## ANALYSIS

### *Count VII: Lanham Act*

In Count VII, LoggerHead alleges Sears engaged in false advertising under the Lanham Act, § 43(a). Specifically, LoggerHead alleges that, during Sears’ promotion of the MALW, Sears falsely advertised: (1) on portions of the MALW’s product packaging; (2) with statements made in a DRTV commercial; and (3) with statements contained in a press release Sears published on its website. The Lanham Act imposes civil liability for unfair competition by deceptive advertising or labeling. *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1395 (2014). Deceptive advertising means “representing that goods or services possessed characteristics that they did not actually have.” *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 2762 (1992).

For a false or deceptive advertising claim under the Lanham Act, a plaintiff must prove:

(1) a false statement of fact by the defendant in a commercial advertisement about its own or another’s product; (2) the statement actually deceived or has the tendency to deceive a substantial segment of its audience; (3) the deception is material, in that it is likely to influence the purchasing decision; (4) the defendant caused its false statement to enter interstate commerce; and (5) the plaintiff has been or is likely to be injured as a result of the false statement, either by direct diversion of sales from itself to defendant or by a loss of goodwill associated with its products.

*Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813, 819-20 (7th Cir. 1999).

False statements of fact include “statements of literal falsity as a factual matter, and claims that may be literally true or ambiguous, but which implicitly convey a false impression, are misleading in context, or likely to deceive consumers.” *Id.* at 820. Literal falsehood are

“bald-faced, egregious, undeniable, over the top” and do not require evidence of consumer confusion. *Schering-Plough Healthcare Products, Inc. v. Schwarz Pharma, Inc.*, 586 F.3d 500, 512, 513 (7th Cir. 2009). Literally true or ambiguous statements that are misleading or deceptive require evidence of consumer confusion. *Abbott Laboratories v. Mead Johnson & Co.*, 971 F.2d 6, 13 (7th Cir. 1992). In summation, “a plaintiff must show that the challenged advertisement is literally false, or, if literally true or ambiguous, that it is ‘misleading in context, as demonstrated by actual customer confusion.’” *Dyson, Inc. v. Bissell Homecare, Inc.*, 951 F. Supp. 2d 1009, 1028 (N.D. Ill., 2013) (quoting *BASF Corp. v. Old World Trading Co., Inc.*, 41 F.3d 1081, 1089 (7th Cir. 1994)).

However, not all literally false statements are deceptive or actionable under the Lanham Act. *Schering-Plough*, 586 F.3d at 512. “Statements that either refer to a product in such blustery, exaggerated terms that no consumer would rely on them as truthful, . . . , or that make a general claim of superiority so vague as to be incapable of being proved or disproved, are known as ‘puffery’ and are non-actionable under the Lanham Act.” *Martin v. Wendy’s Int’l, Inc.*, No. 15 C 6998, 2016 WL 1730648, at \*7 (N.D. Ill. May 2, 2016) (citing *Procter & Gamble Co. v. Kimberly-Clark Corp.*, 569 F. Supp. 2d 796, 799 (E.D. Wis. 2008)). Since not all literally false statements are deceptive, the statement must be viewed in context. *Schering-Plough*, 586 F.3d at 512 (“ . . . text must yield to context.”).

#### Product Packaging

LoggerHead alleges that the retail product packaging for the MALW contains statements that are both literally false and misleading when read in context. LoggerHead argues that four items, when taken in context, create a literal falsehood: (1) the “Unique Design” statement,

(2) “Adapts to a wide range of fastener sizes and grips fasteners on all sides to prevent rounding” statement, (3) the illustration of the MALW and (4) the white line connecting them.



LoggerHead argues that since the MALW copies its design from the Bionic Wrench, it is not unique. Therefore, the statement “Unique Design” is literally false. Underneath “Unique Design,” the packaging states: “Adapts to a wide range of fastener sizes and grips fasteners on all sides to prevent rounding.” Additionally, a white line connects “Unique Design” with a picture of the MALW’s tool head. LoggerHead claims that the phrases and the illustration, connected by a line, transform the statements from a general description into a literal falsehood. Sears states that “Unique Design” is a subjective statement, opinion, or mere puffery and cannot be proved false. Additionally, Sears argues the phrase “Adapts to a wide range of fastener sizes and grips fasteners on all sides to prevent rounding” is an indisputably true statement. (*Id.* at 9.)

A literal falsehood is “indisputably false” or “bald-faced, egregious, undeniable, [and] over the top.” *Schering-Plough*, 586 F.3d at 512, 513. “Unique” is defined as: “being the only one; being without a like or equal; unusual.” *Unique*, Merriam-Webster.com, <http://www.merriam-webster.com/dictionary/unique>. Some courts have stated that any ambiguity means that a statement cannot be literally false. *See Scotts Co. v. United Indus. Corp.*, 315 F.3d 264, 275 (4th Cir. 2002) (“[b]ecause the graphic can reasonably be understood as conveying different messages, [Plaintiff’s] literal falsity argument must fail.”); *Time Warner Cable, Inc. v. DIRECTV, Inc.*, 497 F.3d 144, 158 (2d Cir. 2007) (“if the language or graphic is susceptible to more than one reasonable interpretation, the advertisement cannot be literally false”). Regardless, it is not “indisputably false” that the MALW is a unique product given that there are admitted differences between the MALW and the Bionic Wrench.

Even if it were a literally false statement, the term “unique” has previously been deemed a general statement, and mere “puffery,” by several courts. *See Appliance Recycling Centers of Am., Inc. v. JACO Env'tl., Inc.*, 378 Fed. App'x 652, 654 (9th Cir. 2010) (holding competitor’s statement that its method for recycling appliances was “unique” with “unprecedented” results was non-actionable puffery); *Allied Erecting and Dismantling Co., Inc. v. Genesis Equip. & Mfg., Inc.*, 649 F. Supp. 2d 702, 725 (N.D. Ohio 2009) (“unique” constitutes “a general claim of superiority”); *Autodesk, Inc. v. Dassault Systemes SolidWorks Corp.*, C08-04397 WHA, 2008 WL 6742224, at \*3 (N.D. Cal. Dec. 18, 2008) (“unique capability” to help maintain “compatibility” is a general claim of superiority and puffery). The term “Unique Design” by itself, is not literally false.

However, even if “Unique Design” is not a literal falsehood, a statement may be misleading when it implies something false. *Mead Johnson & Co. v. Abbott Labs.*, 209 F.3d

1032, 1034 (7th Cir. 2000). When combined with the statement on adaptability and the white line connecting the writing to a picture of the MALW, the phrase “Unique Design” may give a false implication. However, whether a statement conveys a false impression or is misleading in context must be “demonstrated by actual consumer confusion.” *Abbott Labs.*, 971 F.2d at 13. Plaintiff has not presented any evidence of actual consumer confusion.<sup>1</sup> The product packaging is not “literally false” and LoggerHead has not shown evidence of consumer deception. LoggerHead cannot satisfy the first and second elements of its Lanham Act Claim with regard to the product packaging.

#### DRTV Commercial

LoggerHead claims the DRTV commercial that Sears published to promote the MALW contained a phrase “latest innovation from Craftsman” when describing the MALW, and that phrase is literally false. LoggerHead asserts the statement is literally false because Defendants copied the wrench and did not innovate. Sears asserts the phrase is also a subjective statement and a subjective opinion, or mere puffery, which cannot be proven false.

Sears argues that the “innovative” claim is precluded by *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003). In *Dastar*, the Supreme Court held that a false designation of physical goods’ origin was not a Lanham Act claim but a trademark and patent claim. *Dastar*, 539 U.S. 53-54. However, the Seventh Circuit has noted that the Supreme Court did not “hold that a false claim of origin is the only way to violate [the Lanham Act].” *Gensler v. Strabala*, 764 F.3d 735, 736 (7th Cir. 2014). “[W]hether one seller was trying to deceive consumers about . . . its product,” remains actionable under the Lanham Act. *Id.* at 736-

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<sup>1</sup> LoggerHead argues that misleading statements are presumed to be deceptive where a defendant sets out to deceive the public, citing *Merck Eprova AG v. Gnosis S.p.A.*, 760 F.3d 247, 256 (2d Cir. 2014). However, Plaintiff has not pointed to any evidence that Sears intentionally set out to deceive the public.

37. LoggerHead is not alleging that Sears sells actual Bionic Wrenches marked with Sears' branding. LoggerHead alleges that Sears is deceiving customers about the MALW and whether or not it is innovative.<sup>2</sup>

The statement "latest innovation from Craftsman" is not a literally false statement. The statement is, at least, ambiguous, as it does not state what the innovation is. Additionally, several courts have held the term "innovative" to be puffery. See *Robert Bosch LLC v. Pylon Mfg. Corp.*, 632 F. Supp. 2d 362, 367-68 (D. Del. 2009) ("innovative" was merely nonactionable puffery); *Rosenthal Collins Grp., LLC v. Trading Techs. Int'l, Inc.*, No. 05 C 4088, 2005 WL 3557947, at \*10 (N.D. Ill. Dec. 26, 2005) ("innovative" is "not specific, not concrete, not measurable, and therefore puffery"); *Oestreicher v. Alienware Corp.*, 544 F. Supp. 2d 964, 973 (N.D. Cal. 2008) ("more innovative than competing machines" is non-actionable puffery); *Soilworks, LLC v. Midwest Indus. Supply, Inc.*, 575 F. Supp. 2d 1118, 1133-34 (D. Ariz. 2008) (holding competitor's statements that it was "innovator" of product that was made from "proprietary ingredients" and "revolutionary state-of-the-art innovation" were not actionable as false advertising).

The DRTV commercial's statement "latest innovation from Craftsman" is not literally false, and LoggerHead has not presented evidence demonstrating any consumer deception. LoggerHead cannot satisfy the first and second elements of its Lanham Act claim with regard to the DRTV advertising.

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<sup>2</sup> Sears cites *Baden Sports, Inc. v. Motlen USA, Inc.*, 556 F.3d 1300 (Fed. Cir. 2009), to state that a false advertising claim cannot be brought regarding the origin of an idea, but that case explicitly applied the Ninth Circuit's interpretation of *Dastar*.

Press Release

LoggerHead claims a Sears press release falsely stated: “Despite some visual similarities to other tools on the market, Craftsman Max Axess Locking Wrench operates in a different way, using a mechanism design in the 1950s[.]” LoggerHead claims this statement is literally false because the MALW uses a mechanism designed by LoggerHead. The press release is also alleged to be deceptive because it implies that the MALW is made in America, when it is made in China. Sears asserts that the press release is not an actionable “commercial promotion,” as required by the Lanham Act, and is not literally false.

In order to constitute “commercial advertising or promotion” under the Lanham Act, statements must be:

(1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant’s goods or services. While the representations need not be made in a “classic advertising campaign,” but may consist instead of more informal types of “promotion,” the representations (4) must be disseminated sufficiently to the relevant purchasing public to constitute “advertising” or “promotion” within that industry.

*Johnson Controls, Inc. v. Exide Corp.*, 152 F. Supp. 2d 1075, 1081 (N.D. Ill. 2001). “When deciding if speech is commercial, appropriate considerations include whether: (1) the speech is an advertisement; (2) the speech refers to a specific product; and (3) the speaker has an economic motivation for the speech.” *United States v. Benson*, 561 F.3d 718, 725 (7th Cir. 2009) (citing *Bolger v. Youngs Drug Products Corp.*, 463 U.S. 60, 66-67 (1983)). Here, the speech is not an advertisement, but it does refer to a specific product, the MALW, and Sears had an economic motivation for the speech, *i.e.*, to bring back customers who were upset with Sears. However, there is no evidence that the press release was disseminated to the relevant purchasing public in such a way as to constitute advertising and promotion. It is undisputed that the press release was posted on Sears’ website. However, the evidence presented by LoggerHead for the media

campaign is based on hearsay, *i.e.*, screenshots of various social media websites, which cannot be used to defeat summary judgment. *See United States v. Jackson*, 208 F.3d 633, 637 (7th Cir. 2000) (holding that website postings were hearsay because postings were not statements made by declarants testifying at trial and were being offered to prove the truth of the matter asserted).

As to the MALW being made in China, Sears points out that the press release never states that MALW is made in America, and Plaintiff does not contest this. Nor does Plaintiff make any argument that the press release is misleading about where the MALW is made. Additionally, the phrase “operates in a different way” is subjective and not literally false. LoggerHead does not dispute that the MALW contains some features that the Bionic Wrench does not, such as a locking mechanism. (DSOF ¶ 15.) The press release is not literally false, and LoggerHead has not presented evidence demonstrating any consumer deception. LoggerHead cannot satisfy the first and second elements of its Lanham Act claim with regard to the press release.

For the reasons set forth above, Sears’ Motion for Summary Judgment [255] is granted as to Count VII.

#### *State Law Claims*

Counts VIII, IX and XIV allege false advertising under the Illinois Consumer Fraud and Deceptive Practices Act (“ICFA”), the Uniform Deceptive Trade Practices Act (“UDTPA”), and Illinois Common Law Unfair Competition. Claims under the ICFA and the UDTPA are generally resolved according to the same standard as Lanham Act claims. *See SB Designs v. Reebok Int’l, Ltd.*, 338 F. Supp. 2d 904, 914 (N.D. Ill. 2004) (“Claims for unfair competition and deceptive business practices brought under Illinois statutes are to be resolved according to the

principles set forth under the Lanham Act.”) As there is no violation of the Lanham Act, there is no violation of the Illinois statutes.<sup>3</sup>

Sears’ Motion for Summary Judgment [255] is granted as to Count VII.

**CONCLUSION**

Sears’ Motion for Summary Judgment [255] is granted as to Counts VII, VIII, IX and XIV. Judgment is entered for Sears on Counts VII, VIII, IX, and XIV.

Date: September 20, 2016

/s/   
\_\_\_\_\_  
JOHN W. DARRAH  
United States District Court Judge

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<sup>3</sup> “The common-law tort of unfair competition has largely been codified by the DTPA . . . .” *Dynamic Fluid Control (PTY) Ltd. v. Int’l Valve Mfg., LLC*, 790 F. Supp. 2d 732, 740 (N.D. Ill. 2011).

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

LOGGERHEAD TOOLS, LLC,	)	
	)	
Plaintiff,	)	
	)	Case No. 12-cv-9033
v.	)	
	)	Judge John W. Darrah
SEARS HOLDINGS CORPORATION	)	
and APEX TOOL GROUP, LLC,	)	
	)	
Defendants.	)	

**MEMORANDUM OPINION AND ORDER**

Plaintiff, Loggerhead Tools, LLC, filed a Second Amended Complaint against Defendants, Sears Holdings Corporation and Apex Tool Group, LLC. The Second Amended Complaint alleges, among other claims, common law fraud in Count XI, fraud in the inducement in Count XII, and promissory fraud in Count XIII, against Sears. Defendant Sears filed a Motion for Summary Judgment on Loggerhead’s Fraud Claims [261]. For the reasons set forth more fully below, Sears’ Motion for Summary Judgment [261] is granted.

**LOCAL RULE 56.1**

Local Rule 56.1(a)(3) requires the moving party to provide “a statement of material facts as to which the party contends there is no genuine issue for trial.” *Ammons v. Aramark Uniform Servs.*, 368 F.3d 809, 817 (7th Cir. 2004). Local Rule 56.1(b)(3) requires the nonmoving party to admit or deny every factual statement proffered by the moving party and to concisely designate any material facts that establish a genuine dispute for trial. *See Schrott v. Bristol-Myers Squibb Co.*, 403 F.3d 940, 944 (7th Cir. 2005). A nonmovant’s “mere disagreement with the movant’s asserted facts is inadequate if made without reference to specific supporting material.” *Smith v. Lamz*, 321 F.3d 680, 683 (7th Cir. 2003). In the case of any

disagreement, the nonmoving party must reference affidavits, parts of the record, and other materials that support his stance. Local Rule 56.1(b)(3)(B). To the extent that a response to a statement of material fact provides only extraneous or argumentative information, this response will not constitute a proper denial of the fact, and the fact is admitted. *See Graziano v. Vill. of Oak Park*, 401 F. Supp. 2d 918, 936 (N.D. Ill. 2005). Similarly, to the extent that a statement of fact contains a legal conclusion or otherwise unsupported statement, including a fact that relies upon inadmissible hearsay, such a fact is disregarded. *Eisenstadt v. Centel Corp.*, 113 F.3d 738, 742 (7th Cir. 1997). Pursuant to Local Rule 56.1(b)(3)(C), the nonmovant may submit additional statements of material facts that “require the denial of summary judgment.”

### **BACKGROUND**

The following facts are taken from the parties’ statements of undisputed material facts submitted in accordance with Local Rule 56.1.

Plaintiff is an Illinois limited-liability company with its principal place of business in Illinois. (DSOF ¶ 1.) Sears is a Delaware corporation with its principal place of business in Illinois. (*Id.* ¶ 2.) Beginning in 2009, Sears began retailing Plaintiff’s Bionic Wrench. (*Id.* ¶ 4.) In 2009, Plaintiff signed a Universal Terms and Conditions (“UTC”) Agreement as consideration for doing business with Sears. (*Id.* ¶ 5.) A second UTC Agreement was signed in 2011. (PSOF ¶ 2.) The UTC contained two provisions: (1) a statement that product forecasts are for planning purposes and do not give rise to a commitment to purchase; and (2) a statement that a commitment to purchase will only arise after a Purchase Order has been placed. (DSOF ¶ 6.) Throughout 2009 and 2010, Sears retailed the Bionic Wrench. (*Id.* ¶ 7.)

The parties entered into an agreement to sell the Bionic Wrench for the time period of February 1, 2011, to January 31, 2012. (*Id.* ¶ 8.) The agreement contained terms for the price of

the Bionic Wrench and for a promotional subsidy. (*Id.*) Sears promoted Plaintiff's wrench during the 2011 Christmas shopping season in a direct-to-consumer television ("DRTV") promotion. (*Id.* ¶ 9.)

Beginning in late 2011, Amanda Campana, Plaintiff's main point of contact with Sears, began contract discussions in order to forecast the 2012 fiscal year. (*Id.* ¶ 11.) Campana asked about Plaintiff's plans to partner with other retailers.<sup>1</sup> (*Id.*) In early 2012, Campana was replaced with a new individual, Stephanie Kaleta, who continued negotiations with Plaintiff. (*Id.* ¶ 12.) During the course of negotiations, Plaintiff and Sears disagreed over pricing and the quantity of wrenches to be supplied. (*Id.* ¶ 13.) On February 15, 2012, Sears sent Plaintiff a draft Supply Agreement, which detailed, among other things, proposed pricing and subsidy terms for the 2012 DRTV promotion. (*Id.* ¶ 16.) On February 16, 2012, Plaintiff responded to the proposed Supply Agreement, claiming that "[u]pon reviewing the contract extension that you have sent, LoggerHead cannot move forward." (*Id.* ¶ 18.)

Plaintiff also indicated that they would "be pursuing TV promotions with all other possible outlets for 2012." (*Id.*) On February 20, 2012, Plaintiff solicited Home Depot to purchase wrenches for the 2012 Christmas season; on May 8th, 2012, Home Depot responded: ". . . Have seen many times. No interest right now in this SKU." (*Id.* ¶¶ 20-21.) Between March and May 2012, Plaintiff solicited several other competitors including: Wal-Mart, Walgreens,

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<sup>1</sup> Plaintiff's dispute that Sears inquired into Plaintiff's plans to work with other retailers in order to provide forecasts, claiming that Campana told Plaintiff that forecasts would be shifted down if Plaintiff sought out other retailers. Plaintiff also contends that representatives stated "assume the forecast that has been discussed so you can start building production." (PSOF ¶ 11.) However, Plaintiff stated in negotiations that "Ballpark estimates are great, but they are not commitments . . . ." (DSOF ¶ 11.)

and Menards. (*Id.* ¶¶ 22-24.) Plaintiff did not disclose these activities with other retailers to Sears.<sup>2</sup> (*Id.* ¶ 25.)

On March 6, 2012, Plaintiff sent Sears a draft DRTV agreement. (*Id.* ¶ 28.) The following day, Plaintiff sent a revised DRTV draft to Sears, which included changing a clause that referenced a “commitment” for 300,000 units of the Bionic Wrench to “forecast.” (*Id.* ¶ 29.) During the next three months, Plaintiff and Sears exchanged three more drafts of a DRTV agreement, none of which were executed. (*Id.* ¶ 31.) A provision limiting Plaintiff from retailing the Bionic Wrench with retailers other than Ace Hardware and QVC was in the last DRTV draft on April 27, 2012. (*Id.* ¶¶ 33-34.) Plaintiff stated that they were unable to sign the fourth draft agreement because they had agreed to sell limited quantities of the Bionic Wrench to Menards. (*Id.* ¶ 36.)

Each DRTV agreement provided that “written forecasts [would be provided] 120 days prior to shipment” and purchase orders “90 days prior to shipment.” (*Id.* ¶ 37.) On May 15, 2012, Sears provided Plaintiff with the 120-day forecast and provided notice that the “forecast is subject to change pending [F]ather’s [D]ay performance and finalization of Q4 marketing assets.” (*Id.* ¶ 38.) Two days later, on May 17, 2012, Plaintiff responded to the proposed DRTV agreement and expressed hope that Sears would assemble purchase orders soon, so that Plaintiff could finalize production. (*Id.* ¶ 40.) After the exchange of draft agreements, Sears received an email on May 17, 2012, that called into question Plaintiff’s ability to meet production forecasts for the 2012 Father’s Day DRTV promotion. (*Id.* ¶ 41.) Despite not having

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<sup>2</sup> Plaintiff has disputed this fact, claiming that this conduct was for the purpose of “contact[ing] future customers and let[ting] them know what [LoggerHead is] doing.” (Pl’s Resp. to DSOF ¶ 25.)

a finalized agreement, Sears engaged in a DRTV promotion for the Bionic Wrench over Father's Day 2012. (*Id.* ¶ 42.)

Beginning in February 2012, Sears began negotiations with Apex Tool Group to develop a "backup plan" in response to negotiations with Plaintiff. (*Id.* ¶ 44.) Sears did not receive a prototype of Apex's product until April 17, 2012. (*Id.* ¶ 47.) By April 26, 2012, it was unclear what the business relationship between Sears and Apex would be.<sup>3</sup> (*Id.* ¶ 48.) On May 22, 2012, Kaleta sent an email to her point of contact at Apex, Jill Lowe, confirming forecasts for over 300,000 units from Apex. (PSOF ¶ 26.) However, in mid-May 2012, Sears had still not finalized a purchase order with Apex due to continued modifications to the design of the Apex wrench. (DSOF ¶ 49.) By May 23, 2012, Sears received notice that Apex Tool Group would be able to produce enough product for Sears to run a DRTV promotion. (*Id.* ¶ 53.) On the same day, Kaleta called Plaintiff to inform them that Sears would no longer be pursuing a DRTV agreement with them. (*Id.* ¶¶ 54-55.) Following the phone call between Kaleta and Plaintiff, no DRTV agreement was signed. (*Id.* ¶ 56.) On June 20, 2012, Sears sent an updated forecast which lowered the forecast. (*Id.* ¶ 57.)

### LEGAL STANDARD

Summary judgment is appropriate when "the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56. Courts deciding summary judgment motions must view facts "in the light most favorable to the nonmoving party only if there is a 'genuine' dispute as to those facts." *Scott v. Harris*, 550 U.S. 372, 380 (2007). A genuine dispute as to any material fact exists if "the

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<sup>3</sup> Apex employees noted "[Sears] was considering limited quantities of the Apex product in 2012 . . . [b]ased on what they are buying from LoggerHead." (DSOF ¶ 48) (internal quotes omitted).

evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The moving party has the initial burden of establishing that there is no genuine dispute as to any material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). If the moving party meets this burden, “[t]he nonmoving party must point to specific facts showing that there is a genuine issue for trial.” *Stephens v. Erickson*, 569 F.3d 779, 786 (7th Cir. 2009). Factual disputes do “not preclude summary judgment when the dispute does not involve a material fact.” *Burton v. Downey*, 805 F.3d 776, 783 (7th Cir. 2015). The evidence must be such “that a reasonable jury could return a verdict for the nonmoving party.” *Pugh v. City of Attica, Ind.*, 259 F.3d 619, 625 (7th Cir. 2001) (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986)).

## ANALYSIS

### *Common Law Fraud*

In Counts XI and XII, Plaintiff alleges that Sears defrauded Plaintiff through a scheme intended to prevent Plaintiff from soliciting other retailers. Specifically, Plaintiff alleges that Sears intentionally continued negotiations, provided false forecasting projections, and guaranteed purchases of over 300,000 units, while Sears had already decided to pursue a relationship with Apex Tool Group. Under Illinois Law, “a plaintiff alleging fraud must prove by clear and convincing evidence that (1) the defendant made a false statement of material fact; (2) the defendant knew that the statement was false; (3) the defendant intended that the statement induce plaintiff to act; (4) the plaintiff justifiably relied upon the statement’s truth; and (5) the plaintiff suffered damages as a result of relying on the statement.” *Trade Fin. Partners, LLC v. AAR Corp.*, 573 F.3d 401, 413 (7th Cir. 2009) (quoting *Davis v. G.N. Mortgage Corp.*, 396 F.3d 869, 881-82 (7th Cir. 2005)). Additionally, a failure to disclose a material fact may constitute

fraud in limited circumstances. *Cohen v. American Sec. Ins. Co.*, 735 F.3d 601, 613 (7th Cir. 2013).

#### Duty to Disclose

To prevail in a fraud claim where the defendant conceals a material fact rather than making a false representation, a plaintiff must prove that the defendant had a duty to disclose the material fact. *Cohen*, 735 F.3d at 613. Under Illinois Law, “a duty to disclose arises only when the parties have a special or fiduciary relationship, which would raise a duty to speak.” *Greenberger v. GEICO General Ins. Co.*, 631 F.3d 392, 401 (7th Cir. 2011) (quoting *Neptuno Treuhand-Und Verwaltungsgesellschaft Mbh. v. Arbor*, 692 N.E.2d 812, 817 (Ill. App. Ct. 1998) (internal quotes omitted). Generally, “parties to a contract are not each other’s fiduciaries.” *Original Great American Chocolate Chip Cookie Co., Inc. v. River Valley Cookies, Ltd.*, 970 F.2d 273, 280 (7th Cir. 1992). “The relevant factors in determining whether a fiduciary relationship exists include: the degree of kinship between the parties; the disparity in age, health, and mental condition, education, and business experience between the parties . . . .” *State Sec. Ins. Co. v. Frank B. Hall & Co.*, 630 N.E.2d 940, 947 (Ill. App. Ct. 1994).

Plaintiff’s business relationship with Sears began in 2009 and lasted for approximately three years. Plaintiff’s President, Dan Brown Sr., was a sophisticated business man, holding a master’s degree in business administration from Northwestern University, with years of business experience. (DSOF ¶ 60.) During their business relationship, Plaintiff did not manage their business based on Sears’ conduct, and Sears did not control Plaintiff’s business operations. (*Id.* ¶¶ 20, 22-24.) Plaintiff also did not disclose discussions it was having with other potential vendors. (DSOF ¶ 25.) “A duty to disclose arises only when the parties have a special fiduciary relationship . . . .” *Greenberger*, 631 F.3d at 401. Plaintiff has not provided sufficient evidence

that there was a special fiduciary relationship between Plaintiff and Sears. The relationship did not give rise to a duty to disclose.

#### Intent to Defraud

To succeed on a claim for actual fraud, a plaintiff must show “that defendants, with the intent to induce plaintiffs to act, made a false statement of material fact which defendants knew or believed to be false.” *Assoc. Ben. Services, Inc. v. Caremark RX, Inc.*, 493 F.3d 841, 852 (7th Cir. 2007) (quoting *Williams v. Chicago Osteopathic Health Sys.*, 654 N.E. 613, 619 (Ill. App. Ct. 1995)). “Illinois law does not allow [] plaintiffs to proceed on a fraud claim when the evidence of intent to defraud consists of nothing more than unfulfilled promises and allegations made in hindsight.” *Id.* at 853.

Plaintiff argues that several facts show Sears intended to defraud Plaintiff. Sears told Plaintiff that they wanted to enter into an agreement to promote the Bionic Wrench in 2012. (PSOF ¶ 15.) Sears began discussing development of a wrench with Apex as early as February 2012. (DSOF ¶ 44.) However, the Apex wrench was not finalized until May 25, 2012. (*Id.* ¶ 53.) Sears negotiated for months, exchanging four draft agreements, and Sears ran a DRTV for the Bionic Wrench during the 2012 Father’s Day period. The record shows that Sears planned for contingencies in case negotiations with Plaintiff fell through. Viewing the record in the light most favorable to the Plaintiff, Plaintiff has not presented facts showing that Sears intended to defraud Plaintiff.

#### Reliance

The final element that Plaintiff must prove in a claim for common law fraud is that “the plaintiff justifiably relied on the statement’s truth.” *Trade Fin. Partners*, 573 F.3d at 413. “Justifiable reliance must be shown by clear and convincing evidence.” *Teamsters Local 282*

*Pension Trust Fund v. Angelos*, 839 F.2d 366, 369 (7th Cir. 1988) (citing *National Republic Bank v. National Homes Constr. Corp.*, 381 N.E.2d 15, 18 (Ill. App. Ct. 1978)). “In determining whether reliance was reasonable, all of the facts which plaintiff had actual knowledge of, as well as all of those it might have learned if it had used ordinary prudence, must be taken into account . . .” *Id.* at 370.

Plaintiff argues that they relied on Sears’ false statements, causing them to forego soliciting competitor retailers. (PSOF ¶ 29.) However, Plaintiff solicited Home Depot, Wal-Mart, Walgreens, and Menards to purchase wrenches for the 2012 Christmas season. (DSOF ¶¶ 20-21, 22-24.) Plaintiff also contends that they requested forecasts from Sears and that those forecasts were a guarantee of an eventual purchase order from the Sears.<sup>4</sup> (PSOF ¶ 27.) In 2009, Plaintiff and Sears, signed a UTC Agreement. (DSOF ¶ 5.) The UTC specifically provided that “All estimates of forecasts . . . are for planning purposes only and shall not in any way represent a commitment . . .” (DSOF ¶ 6.) The UTC Agreement plainly stated that forecasts were not commitments. Additionally, in emails between Plaintiff and Sears regarding the 2011 forecasts, Plaintiff wrote: “Ballpark estimates are great, but they are not commitments . . .” (DSOF ¶ 11). Plaintiff knew that forecasts were not commitments and indicated that in emails. Plaintiff’s reliance on Sears’ forecast for 2012 was not justified.

Plaintiff has not shown a question regarding a material fact as to their common-law fraud claims. Sears’ Motion for Summary Judgment [261] is granted as to Counts XI and XII.

#### *Promissory Fraud*

In Count XIII, Plaintiff alleges, in the alternative, a claim for promissory fraud. Specifically, Plaintiff alleges that Sears engaged in a scheme to defraud by making promises to

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<sup>4</sup> In 2011, Sears provided Plaintiff with a forecast for a DRTV promotion that translated into a Purchase Order. (PSOF ¶ 11).

purchase Bionic Wrenches, while at the same time having already made arrangements to purchase the Max Access Locking Wrench. “Promissory fraud is generally not actionable in Illinois unless the plaintiff also proves that the act was part of a scheme to defraud.” *Wigod v. Wells Fargo Bank, N.A.*, 673 F.3d 547, 570 (7th Cir. 2012) (internal quotes omitted). For the scheme exception to apply, the plaintiff must show that the defendant did not intend to fulfill a promise at *the time the promise was made*. *Id.* (emphasis added). The defendant must also intend for the plaintiff to rely on the promise. *Bower v. Jones*, 978 F.2d 1004, 1011 (7th Cir. 1992). “Promissory fraud is a disfavored cause of action in Illinois because fraud is easy to allege and difficult to prove or disprove . . . [and] the burden on a plaintiff . . . is deliberately high.” *Bower*, 978 F.2d at 1012 (internal citations omitted).

#### Scheme to Defraud

“[P]romissory fraud is actionable only if it either is particularly egregious or . . . it is embedded in a larger pattern of deceptions . . . that reasonably induces reliance and [is] against which the law ought to provide a remedy.” *Desnick v. American Broadcasting Companies, Inc.*, 44 F.3d 1345, 1354 (7th Cir. 1995) (holding that the plaintiff, a successful entrepreneur, should expect journalism business practices to include breaking promises and therefore should have planned accordingly).

Despite the above-quoted language in the UTC Agreement, Plaintiff contends that Sears’ forecasts were commitments to purchase approximately 300,000 wrenches. Plaintiff further asserts that Sears’ forecasts were a part of a larger plan to prevent Plaintiff from soliciting other retailers to compete with the new Max Access Wrench. As discussed above, the evidence indicates that the forecasts were, in fact, estimates. In emails exchanged on

March 6 and 7, 2012, the language of the proposed draft agreement between the parties changed from “commitment” to “forecast” with the intention that the provided numbers were estimates. (DSOF ¶¶ 28-29.) Further, as set out above, Plaintiff referred to previous forecasts as “[b]allpark estimates” and recognized that “they are not commitments . . . .” (*Id.* ¶ 11). Additionally, when the 2012 Q4 forecasts were provided to Plaintiff, there is no evidence that Sears believed or knew that the forecasts were inaccurate *at the time they were made*. Plaintiff has not shown that there was a scheme to defraud.

#### Reasonable Reliance

The second element in promissory fraud is reasonable reliance. “[R]easonable reliance can be a question of law, appropriately decided on a motion for summary judgment, where no reasonable jury could find that it was reasonable for a plaintiff to rely upon the statements of the defendant.” *Glass v. Kemper Corp.*, 949 F. Supp. 1341, 1350 (N.D. Ill. 1997). Nevertheless, the burden remains on the plaintiff to present evidence that he relied on the defendant’s actions by producing evidence that defendant acted with an intent to defraud. *Bower*, 978 F.2d at 1012.

Plaintiff argues that reliance on Sears’ forecasts was reasonable based on past conduct. Sears suggested that the Plaintiff rely on the June 2011 forecasts in order to build production for the holiday season that year. (PSOF ¶ 11.) The purchase order signed on April 19, 2011, was retroactive to February 1, 2011. (PSOF ¶ 10.) Plaintiff argues that Sears communicated commitments through both purchase orders and forecasts, and relying on forecasts was reasonable. Finally, Plaintiff claims that the signed UTC agreement should not absolve Sears of liability. All vendors doing business with the Sears were required to sign a UTC Agreement. (PSOF ¶ 1.) As such, Plaintiff argues that the UTC should not bind the parties because it is a contract of adhesion.

Plaintiff argues that reliance on forecasts was reasonable based on prior conduct, specifically a retroactive purchase order and testimony that commitments were communicated through forecasts. However, the UTC Agreement between the parties expressly states that forecasts are for planning purposes and do not represent a commitment. Even if the UTC Agreement is not binding, it still provides notice that forecasts should not be considered commitments to purchase. Additionally, as cited above, Plaintiff wrote in an email regarding the inaccuracy of the 2011 forecasts: “Ballpark estimates are great, but they are not commitments . . . .” (DSOF ¶ 11). Other e-mails also acknowledged that Plaintiff understood the difference between forecasts and purchase orders. (*Id.* ¶ 40.) Further, the forecast was expressly contingent on sales over Father’s Day and finalization of the fourth quarter marketing agreement, including an agreement on DRTV. (*Id.* ¶ 38). Plaintiff knew that the forecasts were not commitments for purchase orders and could not reasonably rely on those forecasts.

Sears’ Motion for Summary Judgment [261] is granted as to Count XIII.

**CONCLUSION**

For the reasons discussed above, Sears’ Motion for Summary Judgment on Loggerhead’s Fraud Claims [261] is granted. Judgment is entered for Sears on Counts XI, XII, and XIII.

Date: September 20, 2016

/s/   
JOHN W. DARRAH  
United States District Court Judge

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

LOGGERHEAD TOOLS, LLC,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Case No. 12-cv-9033
	)	
SEARS HOLDING CORPORATION	)	Judge John W. Darrah
and APEX TOOL GROUP, LLC,	)	
	)	
Defendants.	)	

**MEMORANDUM OPINION AND ORDER**

Plaintiff LoggerHead Tools, LLC filed a Second Amended Complaint against Defendants Sears Holding Corporation and Apex Tool Group, LLC, alleging, *inter alia*, trade dress infringement claims against Defendants based on product design, Count XV, and product packaging, Count XVI. Defendants filed a Motion for Summary Judgment [270] on Counts XV and XVI. For the reasons set forth more fully below, Defendants’ Motion for Summary Judgment [270] is granted.

**LOCAL RULE 56.1**

Local Rule 56.1(a)(3) requires the moving party to provide “a statement of material facts as to which the party contends there is no genuine issue for trial.” *Ammons v. Aramark Uniform Servs.*, 368 F.3d 809, 817 (7th Cir. 2004). Local Rule 56.1(b)(3) requires the nonmoving party to admit or deny every factual statement proffered by the moving party and to concisely designate any material facts that establish a genuine dispute for trial. *See Schrott v. Bristol-Myers Squibb Co.*, 403 F.3d 940, 944 (7th Cir. 2005). A nonmovant’s “mere disagreement with the movant’s asserted facts is inadequate if made without reference to specific supporting material.” *Smith v. Lamz*, 321 F.3d 680, 683 (7th Cir. 2003). In the case of any

disagreement, the nonmoving party must reference affidavits, parts of the record, and other materials that support his stance. Local Rule 56.1(b)(3)(B). To the extent that a response to a statement of material fact provides only extraneous or argumentative information, this response will not constitute a proper denial of the fact, and the fact is admitted. *See Graziano v. Vill. of Oak Park*, 401 F. Supp. 2d 918, 936 (N.D. Ill. 2005). Similarly, to the extent that a statement of fact contains a legal conclusion or otherwise unsupported statement, including a fact that relies upon inadmissible hearsay, such a fact is disregarded. *Eisenstadt v. Centel Corp.*, 113 F.3d 738, 742 (7th Cir. 1997). Pursuant to Local Rule 56.1(b)(3)(C), the nonmovant may submit additional statements of material facts that “require the denial of summary judgment.”

### **BACKGROUND**

The following facts are taken from the parties’ statements of undisputed material facts submitted in accordance with Local Rule 56.1.

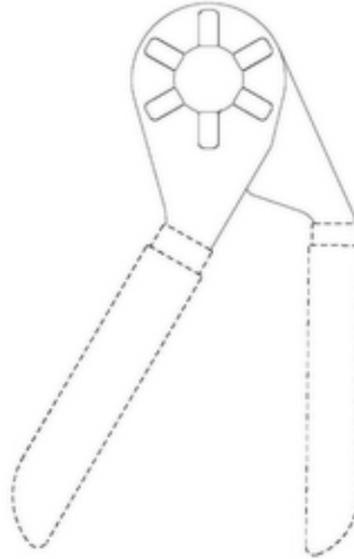
Plaintiff LoggerHead Tools, LLC (“LoggerHead”) is an Illinois limited-liability company with its principal place of business in Palos Park, Illinois. (DSOF ¶ 1.) Defendant Sears Holding Corporation (“Sears”) is a Delaware corporation with its principal place of business in Hoffman Estates, Illinois. (*Id.* ¶ 2.) Defendant Apex Tool Group, LLC (“Apex”) is a Delaware limited-liability company with its principal place of business in Sparks, Maryland. (*Id.* ¶ 3.) LoggerHead asserts two patents in this case, U.S Patent Nos. 6,889,579 (“the ‘579 Patent”) and 7,992,470 (the “‘470 Patent”). (*Id.* ¶ 22) Those patents describe the claimed device as an adjustable gripping tool. (*Id.* ¶ 23.) LoggerHead started selling the Bionic Wrench in 2005. (*Id.* ¶ 34.) The Bionic Wrench is stamped with the trademark **LOGGERHEAD TOOLS** and the trademark **BIONIC WRENCH**. (*Id.* ¶ 40.) The Bionic Wrench has black handles and green

horizontal ribbing at the top of each handle. (*Id.*) In the packaging, the 8-inch version of the Bionic Wrench appears as follows:



(*Id.* ¶ 9.) The packaging for the Bionic Wrench has the trademark LOGGERHEAD and the trademark BIONIC WRENCH. (*Id.* ¶ 41.) The packaging also includes a turtle-head logo, “A Gripping Experience” tagline, and a green, yellow, and black color scheme. (*Id.*) The packaging includes an image and text of multiple wrenches being replaced by a single wrench and a “Try Me” sign ad. (*Id.* ¶ 41.) LOGGERHEAD, BIONIC WRENCH, a turtle-head logo and “A Gripping Experience” are registered trademarks owned by LoggerHead, are used for goods including wrenches, and serve as source identifiers. (*Id.* ¶¶ 42-43.)

On May 6, 2014, LoggerHead received Supplemental Trademark Registration No. 4,527,177 from the United States Patent and Trademark Office (“USPTO”) for claim of the following design in solid lines:



(*Id.* ¶¶ 11-13.) The Supplemental Trademark Registration says that “[t]he mark consists of three-dimensional depiction of a wrench head. The wrench head consists of a cog-like design in the nature of a circle with six rectangular slots. The broken lines depicting the handles indicate placement of the mark on the goods and are not part of the mark.” (*Id.* ¶ 14.) In the prosecution of application for the supplemental trademark registration, the USPTO found that the applied-for-design was functional and lacked distinctiveness, which Plaintiff disputed. (*Id.* ¶¶ 15-16.)

The Max Axess Locking Wrench (“MALW”) has red and black handles and is stamped with the CRAFTSMAN trademark. (*Id.* ¶ 35.) It includes a measuring scale and a locking mechanism that protrudes from the wrench head like a fin. (*Id.* ¶ 47.) In the packaging, the 8-inch version of the MALW appears as follows:



(*Id.* ¶ 8.) CRAFTSMAN and MAX AXESS are registered Sears trademarks for goods including wrenches. (*Id.* ¶ 37.) CRAFTSMAN is a source identifier for Sears. (*Id.* ¶ 38.)

### LEGAL STANDARD

Summary judgment is appropriate when “the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56. Courts deciding summary judgment motions must view facts “in the light most favorable to the nonmoving party only if there is a ‘genuine’ dispute as to those facts.” *Scott v. Harris*, 550 U.S. 372, 380 (2007). A genuine dispute as to any material fact exists if “the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The moving party has the initial burden of establishing that there is no genuine dispute as to any material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). If the moving party meets this burden, “[t]he nonmoving party must point to specific facts showing that there is a genuine issue for trial.” *Stephens v.*

*Erickson*, 569 F.3d 779, 786 (7th Cir. 2009). Factual disputes do “not preclude summary judgment when the dispute does not involve a material fact.” *Burton v. Downey*, 805 F.3d 776, 783 (7th Cir. 2015). The evidence must be such “that a reasonable jury could return a verdict for the nonmoving party.” *Pugh v. City of Attica, Ind.*, 259 F.3d 619, 625 (7th Cir. 2001) (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986)).

## ANALYSIS

Plaintiff alleges two counts of trade dress infringement. “‘Trade dress’ refers to the ‘total image of a product, including size, shape, color combinations, graphics, packaging and label.’” *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1151 (7th Cir. 1994). To prevail on a trade dress claim, a plaintiff “must establish that its trade dress is nonfunctional, that it has acquired secondary meaning, and that a likelihood of confusion exists between the trade dress of the two games.” *Incredible Techs., Inc. v. Virtual Techs., Inc.*, 400 F.3d 1007, 1015 (7th Cir. 2005) (citing *Computer Care v. Service Sys. Enters., Inc.*, 982 F.2d 1063 (7th Cir. 1992)).

### *Count XV – Product Design Trademark Infringement*

Count XV alleges trademark infringement on the basis of product design. Trade dress protection for product designs is unusual, as “almost invariably, even the most unusual of product designs – such as a cocktail shaker shaped like a penguin – is intended not to identify the source, but to render the product itself more useful or more appealing.” *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 213 (2000).

### Secondary Meaning or Distinctiveness

Defendants argue that Plaintiff has not met its burden to show that the Bionic Wrench design has acquired secondary meaning. A secondary meaning is acquired when “[t]he design or packaging of a product [acquires] a distinctiveness which serves to identify the product with its

manufacturer or source.” *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 28 (2001). “Proof of secondary meaning can be established through direct consumer testimony, consumer surveys, length and manner of use, amount and manner of advertising, volume of sales, place in the market, and evidence of intentional copying.” *Packman v. Chicago Trib. Co.*, 267 F.3d 628, 641 (7th Cir. 2001).

Plaintiff asserts that Defendants intentionally copied the Bionic Wrench when developing the MALW. LoggerHead presents evidence that Defendants reverse engineered or replicated the design of the Bionic Wrench. (PSOF ¶¶ 1-2.) Further, during development, Defendants called the MALW the “Bionic Wrench 2.0” and tested the Bionic Wrench in the development process. (PSOF ¶¶ 3-10). However, “[c]opying is only evidence of secondary meaning if the defendant’s intent in copying is to confuse consumers and pass off his product as the plaintiff’s.” *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 663 (7th Cir. 1995). Plaintiff has presented no facts showing Defendants intended to confuse consumers.

Plaintiff also asserts that its product has established secondary meaning through: the length and manner of use, volume of sales, the place of the Bionic Wrench in the market, and the advertising of its product design. According to Dan Brown, inventor and President of LoggerHead, “[s]ince [its] introduction, the sales of products including the features in the [Product Design] total \$22.5 million that includes approximately 1.75 million units.” (PSOF ¶ 13.) The Bionic Wrench has been and is “sold in mass merchant retailers such as Amazon, Sears, QVC, Walmart, Menards, Canadian Tire, Ace Hardware, TruValue Hardware, and Harrington” along with numerous other outlets. (*Id.*) Further, Brown claims that the advertising and marketing have reached approximately \$1 million with printed advertisements. (*Id.* ¶ 14.) There has also been trade show promotion and at least \$850,000 in television promotions. (*Id.*)

Brown also claims that “well-known and widely distributed magazines and publications such as Popular Mechanics, the Wall Street Journal, the New York Times, Business Week, Better Homes and Gardens, and This Old House have recognized [the Bionic Wrench’s] distinctive and unique identity of the tool design.” (PSOF ¶ 15.) Plaintiff has also submitted consumer recognition evidence.<sup>1</sup> (*Id.* ¶ 17.)

Defendants argue this evidence was rejected by the USPTO during the attempted trademark registration, which led Plaintiff to seek registration on the supplemental register. However, by statute, “[r]egistration of a mark on the supplemental register shall not constitute an admission that the mark has not acquired distinctiveness.” 15 U.S.C. § 1095. There is some evidence that the design has acquired secondary meaning or distinctiveness.

#### Functionality

A design is functional “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.” *TrafFix*, 532 U.S. at 32. Five factors are used in determining functionality:

- (1) the existence of a utility patent, expired or unexpired, that involves or describes the functionality of an item’s design element;
- (2) the utilitarian properties of the item’s unpatented design elements;
- (3) advertising of the item that touts the utilitarian advantages of the item’s design elements;
- (4) the dearth of, or difficulty in creating, alternative designs for the item’s purpose;
- (5) the effect of the design feature on an item’s quality or cost.

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<sup>1</sup> Defendants argue that these affidavits are hearsay statements. They argue that Plaintiff never identified any of these consumers as witnesses and that, therefore, they would be unable to testify at trial. Hearsay statements cannot be used to defeat summary judgment. *Eisenstadt*, 113 F.3d 742.

*Georgia-Pacific. Consumer Products LP v. Kimberly-Clark Corp.*, 647 F.3d 723, 727-28 (7th Cir. 2011) (citing *Specialized Seating, Inc. v. Greenwich Industries, L.P.*, 472 F. Supp. 2d 999, 1011 (N.D. Ill. 2007)).<sup>2</sup>

Plaintiff's utility patent explicitly describes functionality. Patents "serve as excellent cheat sheets because any design claimed in a patent is supposed to be useful." *Jay Franco & Sons, Inc. v. Franek*, 615 F.3d 855, 857 (7th Cir. 2010). "[I]f the 'central advance' claimed in the utility patent matches the 'essential feature' of the trademark, there is strong evidence that the design is functional." *Georgia-Pacific*, 647 F.3d at 728 (citing *TrafFix*, 532 U.S. at 30). The essential feature of Plaintiff's product design claim is a round wrench head with gripping elements with symmetrical spacing around the circumference. The patent states that the "central advance" of the patent is the wrench head that "symmetrically translates the force applied to the gripping tool onto the workpiece in a symmetrically balanced and mechanically advantaged and efficient way." (DSOF ¶¶ 22-23). "[S]tatements in a patent's specification illuminating the purpose served by a design may constitute equally strong evidence of functionality." *In re Becton, Dickinson & Co.*, 675 F.3d 1368, 1375 (Fed. Cir. 2012); *see also TrafFix*, 532 U.S. at 32 ("statements made in the patent applications and in the course of procuring the patents [may] demonstrate the functionality of the design.").

The '579 Patent is very similar to the supplemental trademark registration and the actual Bionic wrench:

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<sup>2</sup> The second factor is not applicable to this case as the utilitarian advantages of LoggerHead's patents are not tied to LoggerHead's product design.

'579 Patent, Figure 2



Supplemental Trademark Reg.

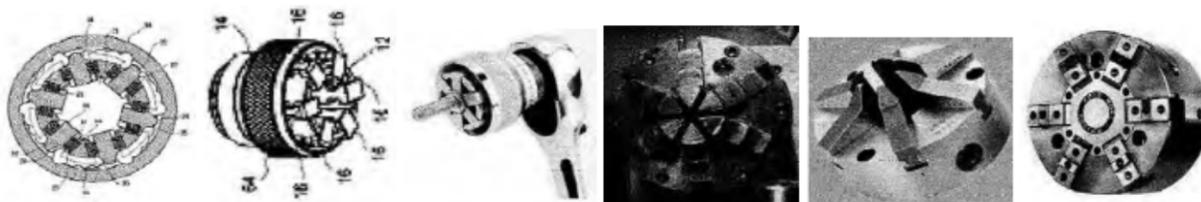


Bionic Wrench Product



(DSOF ¶¶ 9, 12, 26). LoggerHead’s patent claims describe the asserted product design. Specifically, Brown admitted that the “design of six symmetrically laid-out jaws about the circumference of the Bionic Wrench’s wrench head contributes to the function of the product. (*Id.* ¶¶ 28-29.) Additionally, Plaintiff’s advertising promotes the utilitarian benefits of the design of the Bionic Wrench’s head and its functionality. Plaintiff promotes “the patented Bionic advantage” and a “patented six-sided grip” in written and video advertisements. (DSOF ¶¶ 30-32.)

Plaintiff provides pictures from the ‘579 Patent prosecution as possible design alternatives:



(PSOF ¶ 25.) However, Plaintiff’s expert asserted there are no available alternatives to the Bionic Wrench. (Dkt. 268 Ex. 1, Bokhart Expert Rpt. ¶¶ 54, 95; Ex. 7, 5/17/16 C. Bokhart Dep. Tr. at 160.) As to quality and cost, the ‘579 and ‘470 patents include statements that the design decreases costs. (DSOF ¶¶ 22-23, 28-29.) Additionally, Brown stated that the six gripping elements are “an improvement on a substitute design for an adjustable hand wrench.” *Id.* The product design improves the tool’s quality and cost. *See Jay Franco*, 615 F.3d at 857 (“if a

design enables a product to operate, or improves on a substitute design in some way . . . , then the design cannot be trademarked; it is functional because consumers would pay to have it rather than be indifferent toward or pay to avoid it.”)

The undisputed facts clearly show that the design is functional, which precludes trade dress protection.

#### Likelihood of Confusion

For trade dress protection, Plaintiff “is not required to show actual consumer confusion.” *Computer Care*, 982 F.2d at 1070. One factor to be considered is “[t]he close similarity between the parties’ trade dresses in side-by-side comparison . . . .” *Id.* Additionally, if a company deliberately copies a trade dress, this could be an “an important factor bearing on the likelihood of confusion.”<sup>3</sup> *Id.* As discussed above, Plaintiff presents evidence that Defendants reverse engineered or replicated the design of the Bionic Wrench. (PSOF ¶¶ 1-2). Further, Defendants even called the MALW while in development the “Bionic Wrench 2.0” and tested the Bionic Wrench in the development process. (PSOF ¶¶ 3-10.) There is some evidence that there may be consumer confusion.

While there is some evidence of distinctiveness and consumer confusion, Plaintiff’s product design trademark infringement claim fails because the design is functional. Defendants’ Motion for Summary Judgment [270] is granted as to Count XV.

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<sup>3</sup> Defendants assert that “deliberate copying” is considered only when there is intent to confuse consumers as in *Thomas*. However, *Thomas* discussed intentional copying only within the factor of acquiring distinctiveness or secondary meaning. *Thomas & Betts Corp.*, 65 F.3d at 663 (7th Cir. 1995). When separately evaluating the likelihood of confusion, deliberate copying is a factor, regardless of intent.

*Count XVI – Packaging Trade Dress Infringement*

Count XVI is a trade dress infringement claim based on product packaging. Plaintiff claims several similarities in the MALW and Bionic Wrench packaging: “(1) a cardboard backing with a clear coating that shows the Bionic Wrench product with two handles and 6 jaws, (2) exposed handles, (3) a try-me feature, (4) a lifetime warranty, and (5) an illustration that the product replaces multiple wrenches in one.” (DSOF ¶ 33.)

Defendants argue that their trade dress does not cause confusion. “Seven factors comprise the likelihood of confusion analysis: (1) similarity between the marks in appearance and suggestion; (2) similarity of the products; (3) area and manner of concurrent use; (4) degree of care likely to be exercised by consumers; (5) strength of the plaintiff's mark; (6) actual confusion; and (7) intent of the defendant to ‘palm off’ his product as that of another.”

*Packman*, 267 F.3d at 643. “If we know for sure that consumers are not confused about a product’s origin, there is no need to consult even a single proxy.” *Top Tobacco, L.P. v. N. A. Operating Co., Inc.*, 509 F.3d 380, 383 (7th Cir. 2007).<sup>4</sup>

The undisputed facts show dissimilar, source-identifying elements in the trademarks, logos, and colors. Both packages are clearly branded. (DSOF ¶¶ 35-47.) The Bionic Wrench is stamped with LOGGERHEAD TOOLS and BIONIC WRENCH, while the MALW is stamped with CRAFTSMAN and MAX AXESS. (*Id.*) The packaging for the Bionic Wrench has LoggerHead’s turtle-head logo and “A Gripping Experience” tagline. (*Id.*) The Bionic Wrench’s packaging is green, yellow and black, while the MALW is black and red. (*Id.*)

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<sup>4</sup> Plaintiff incorrectly asserts that *Top Tobacco* is not controlling because it only concerns word trademarks. On the contrary, *Top Tobacco* analyzed the appearance of both tobacco cans in deciding that the factor test is inapplicable. The court determined that no one could reasonably be confused by who makes what can, similar to how a consumer would look to the packaging of both wrenches and have no confusion as to who makes what wrench.



(*Id.* ¶ 10.)

Plaintiff points to the deliberate copying of the design of the Bionic Wrench, as well as similarity in product design, a low price point, and the five previously listed fundamental similarities to support their packaging infringement claim. However, these isolated factors do not overcome the overall difference in appearances of the two packages. *See August Storck K.G. v. Nabisco, Inc.* 59 F.3d 616, 620 (7th Cir. 1995) (“overall appearance is what matters . . . [and] [d]issecting a product or package into components can cause a court to miss an overall similarity.”) Further, LoggerHead cannot claim that the product design is part of the packaging design; as previously discussed, the product design is functional and precluded from protection. *See Georgia-Pacific*, 647 F.3d at 731-732. The overall appearance of the packaging design is very different, and there is no likelihood of confusion. *See Top Tobacco*, 509 F.3d at 381 (7th Cir. 2007) (“This case illustrates the power of pictures. One glance is enough to decide . . . .”) Defendants’ Motion for Summary Judgment [270] is granted as to Count XVI.

**CONCLUSION**

Defendants' Motion for Summary Judgment [270] is granted as to Counts XV and XVI.

Judgment is entered in favor of the Defendants on Counts XV and XVI.

Date: September 20, 2016

/s/   
\_\_\_\_\_  
JOHN W. DARRAH  
United States District Court Judge

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

LOGGERHEAD TOOLS, LLC,	)	
	)	
Plaintiff,	)	
	)	Case No. 12-cv-9033
v.	)	
	)	Judge John W. Darrah
SEARS HOLDINGS CORPORATION	)	
and APEX TOOL GROUP, LLC,	)	
	)	
Defendants.	)	

**MEMORANDUM OPINION AND ORDER**

Plaintiff, LoggerHead Tools, LLC, filed a Second Amended Complaint against Defendants Sears Holdings Corporation and Apex Tool Group, LLC. The Second Amended Complaint alleges, *inter alia*, four counts of willful patent infringement of United States Patents No. 6,889,579 (the “579 Patent”), in Counts I and II, and No. 7,992,470 (the “470 Patent”), in Counts III and IV. Defendants filed a Motion for Summary Judgment of Noninfringement or Invalidity [277]. For the reasons set forth more fully below, Defendants’ Motion for Summary Judgment [277] is granted in part and denied in part.

**LOCAL RULE 56.1**

Local Rule 56.1(a)(3) requires the moving party to provide “a statement of material facts as to which the party contends there is no genuine issue for trial.” *Ammons v. Aramark Uniform Servs.*, 368 F.3d 809, 817 (7th Cir. 2004). Local Rule 56.1(b)(3) requires the nonmoving party to admit or deny every factual statement proffered by the moving party and to concisely designate any material facts that establish a genuine dispute for trial. *See Schrott v. Bristol-Myers Squibb Co.*, 403 F.3d 940, 944 (7th Cir. 2005). A nonmovant’s “mere disagreement with the movant’s asserted facts is inadequate if made without reference to specific

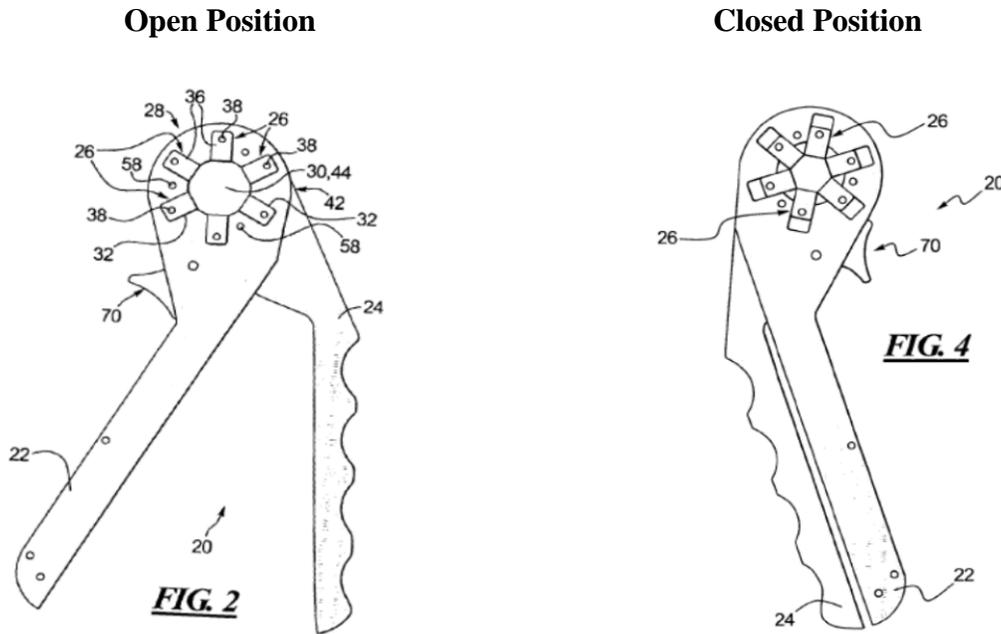
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### **BACKGROUND**

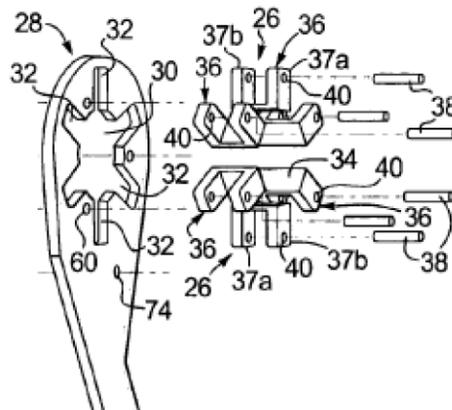
The following facts are taken from the parties’ statements of undisputed material facts submitted in accordance with Local Rule 56.1.

Plaintiff is an Illinois limited-liability company with its principal place of business in Illinois. (DSOF ¶ 1.) Sears Holding Corporation is a Delaware corporation with its principal place of business in Illinois. (*Id.* ¶ 2.) Apex Tool Group, LLC is a Delaware limited-liability company with its principal place of business in Maryland. (*Id.* ¶ 3.) The ‘579 Patent and the ‘470 Patent are titled “Adjustable Gripping Tool” and are assigned to Plaintiff. (*Id.* ¶ 9.) Plaintiff asserts willful patent infringement of the ‘579 Patent and the ‘470 Patent against both Defendants based on Defendants’ Max Axess Locking Wrench (the “MALW”) product. (*Id.* ¶ 7.) Plaintiff asserts claims 1, 2, 6, 9, 11, and 16-18 of the ‘579 Patent and claims 1, 9, 10, and 33-35 of the ‘470 Patent. (*Id.* ¶ 8.) Each of the asserted dependent claims depends from claim 1

of the '579 Patent or claim 1 of the '470 Patent. (*Id.* ¶ 20.) An embodiment of the claim appears as set forth below:

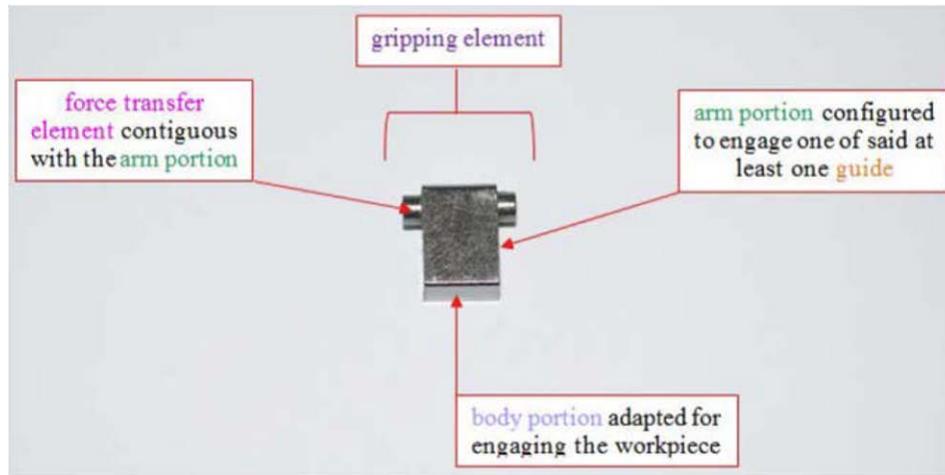


(*Id.* ¶ 10.) The asserted claims largely relate to a specific structure of the adjustable gripping tool set, the gripping element, as set forth below:



Each of the claims requires a first element that includes a gripping element having a body portion, an arm portion, and a force transfer element. (*Id.* ¶ 16.) The term "arm portion" was construed as the "portion of the gripping element(s) configured to engage one of the guides and

contiguous with a force transfer element. (*Id.* ¶ 17.) The gripping element of the MALW is shown below, with identifications of portions by Loggerhead’s expert, Dr. Jonathan Cagan:



(*Id.* ¶ 21.) The second element requires an opening concentric with an opening on the first element, an actuation portion and at least one slot. (*Id.* ¶ 19.) For the ‘470 Patent, those second element features are formed within and integral to the tool head. (*Id.*)

The MALW is a patented hand tool that Apex designed and supplied to Sears. (*Id.* ¶ 28.) The initial MALW design was meant to mimic prior art from the Buchanan patent, U.S. Patent No. 2,787,925. (*Id.* ¶ 29; PSOF ¶ 6.) During the prosecution of the ‘470 patent, the claims were initially rejected as anticipated by the prior art in the Buchanan patent. (DSOF ¶ 13.)

### LEGAL STANDARD

Summary judgment is appropriate when “the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56. Courts deciding summary judgment motions must view facts “in the light most favorable to the nonmoving party only if there is a ‘genuine’ dispute as to those facts.” *Scott v. Harris*, 550 U.S. 372, 380 (2007). A genuine dispute as to any material fact exists if “the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The moving party has the initial

burden of establishing that there is no genuine dispute as to any material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). If the moving party meets this burden, “[t]he nonmoving party must point to specific facts showing that there is a genuine issue for trial.” *Stephens v. Erickson*, 569 F.3d 779, 786 (7th Cir. 2009). Factual disputes do “not preclude summary judgment when the dispute does not involve a material fact.” *Burton v. Downey*, 805 F.3d 776, 783 (7th Cir. 2015). The evidence must be such “that a reasonable jury could return a verdict for the nonmoving party.” *Pugh v. City of Attica, Ind.*, 259 F.3d 619, 625 (7th Cir. 2001) (quoting *Anderson*, 477 U.S. at 248).

## ANALYSIS

### *Infringement*

Defendants argue that Plaintiff cannot show that they infringed the ‘470 Patent and the ‘579 Patent. Patent infringement occurs when someone “without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.” 35 U.S.C. § 271(a). “Patent infringement involves both claim construction and application of the claim to the accused product.” *Crystal Semiconductor Corp. v. TriTech Microelectronics Int’l, Inc.*, 246 F.3d 1336, 1345 (Fed. Cir. 2001) (citing *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976 (Fed. Cir. 1996)). “The infringement inquiry remains focused at all times on the claim language, as illuminated by the written description and the prosecution history.” *Id.* at 1345-46 (citing *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1309 (Fed. Cir. 1999)). Whether the claim, as construed, matches the accused product is a question of fact. *ActiveVideo Networks, Inc. v. Verizon Commc’ns, Inc.*, 694 F.3d 1312, 1319 (Fed. Cir. 2012).

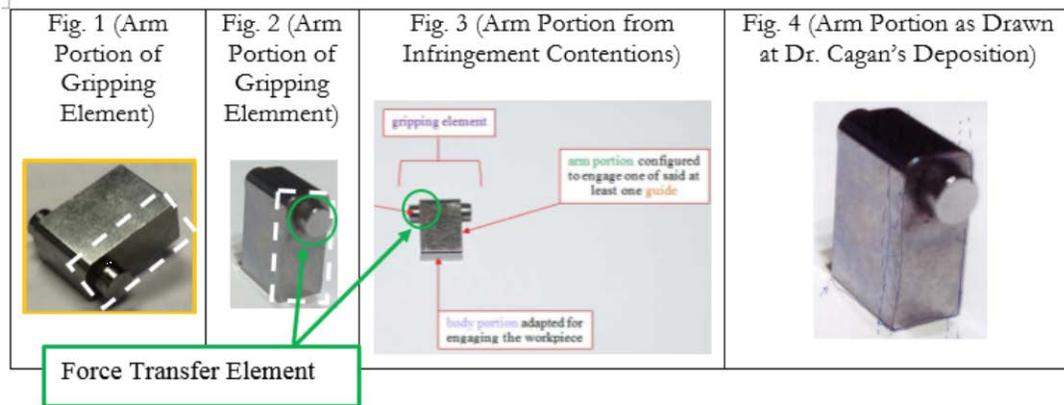
“The patentee has the burden of proving infringement by a preponderance of the evidence.” *Centricut, LLC v. Esab Grp., Inc.*, 390 F.3d 1361, 1367 (Fed. Cir. 2004). A patentee must show that every limitation of the allegedly infringed patent claims exists in the accused device in order to establish infringement. *Neopost Industrie B.V. v. PFE Int’l, Inc.*, 403 F. Supp. 2d 669, 676 (N.D. Ill. 2005) (citing *Oakley, Inc. v. Sunglass Hut Int’l*, 316 F.3d 1331, 1339 (Fed. Cir. 2003); *Amazon.com, Inc. v. Barnesandnoble.com. Inc.*, 239 F.3d 1343, 1350 (Fed. Cir. 2001)). The failure to meet any limitation of a patent claim defeats an allegation of literal infringement. *Id.* (citing *Rohm & Haas Co. v. Brotech Corp.*, 127 F.3d 1089, 1092 (Fed. Cir. 1997); *Laitram Corp. v. Rexnord, Inc.*, 939 F.2d 1533, 1535 (Fed. Cir. 1991)).

Defendants argue that Loggerhead has failed to identify an arm portion of the MALW that is designed to engage a guide and contiguous with the force transfer element. The term “arm portion” was construed as the “portion of the gripping element(s) configured to engage one of the guides and contiguous with a force transfer element.” (DSOF ¶ 17.) Defendants argue that the part of the gripping element Plaintiff’s expert identified as the arm portion is the side that the force transfer element comes out of, and that arm portion side does not engage the guide.



(DSOF ¶ 35.)

Plaintiff argues that they have identified an arm portion of the gripping element which engages with the guide.



Plaintiff argues that this Court declined to read separate structure and projection limitations into the claim during the claim construction, so a portion does not have to be a separate structure. Further, Plaintiff argues that the arm portion is a three-dimensional volume which engages the guide, not simply one face of the gripping element.

Fig. 5 (Arm Portion of the Gripping Element Engaging the Guide)

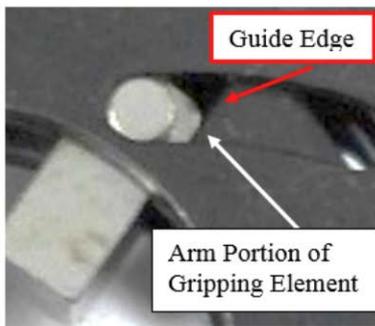
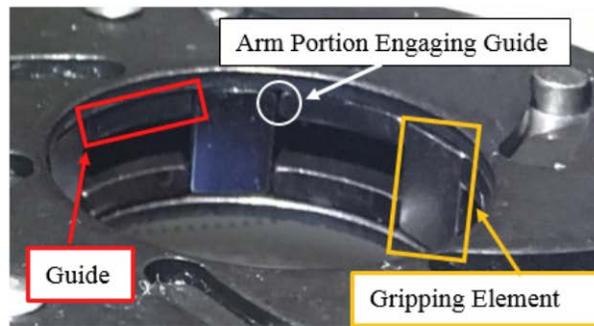


Fig. 6 (Cross Sectional View of Arm Portion of the Gripping Element Engaging the Guide)



Plaintiff is correct. The claim construction identified the arm portion as a “portion of a gripping element(s) configured to engage one of the guides and contiguous with a force transfer element.” There was no limitation to the arm portion encompassing only a specific face or side of the gripping element. The arm portion of the MALW’s gripping element has a portion of the element which engages the guide and has a force transfer element. Defendants’ Motion for Summary Judgment [271] is denied as to infringement.

### *Willfulness*

Defendants also argue that, even if infringement is found, Plaintiff cannot prove willful infringement. Willfulness must be proven by clear and convincing evidence. *E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 849 F.2d 1430, 1440 (Fed. Cir. 1988). The Supreme Court has recently held that, “[t]he subjective willfulness of a patent infringer, intentional or knowing, may warrant enhanced damages, without regard to whether his infringement was objectively reckless.” *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1933 (2016). The Supreme Court instructed that “courts should continue to take into account the particular circumstances of each case in deciding whether to award damages, and in what amount.” *Id.* Enhanced damages based on willfulness “should generally be reserved for egregious cases typified by willful misconduct.” *Id.* at 1934.

One relevant consideration is that “[o]n-going consultation with a patent lawyer is highly probative evidence of good faith.” *Braun Inc. v. Dynamics Corp. of Am.*, 975 F.2d 815, 822 (Fed. Cir. 1992) (citing *Radio Steel & Manufacturing Co. v. MTD Products, Inc.*, 788 F.2d 1554, 1559 (Fed. Cir. 1986)). Apex consulted with a patent attorney on several occasions throughout the design process, and that counsel issued a noninfringement opinion before this litigation began. (DSOF ¶ 30.) Plaintiff disputes this fact by stating that the opinions of the patent attorney came before the MALW was finalized. However, there is no evidence that the design the patent attorney signed off on and the final design were different in any material respect. Disputes do “not preclude summary judgment when the dispute does not involve a material fact.” *Burton v. Downey*, 805 F.3d 776, 783 (7th Cir. 2015). Plaintiff has not presented any facts showing that Defendants’ conduct was “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or – indeed – characteristic of a pirate.” *Halo Elecs., Inc.*, 136 S.

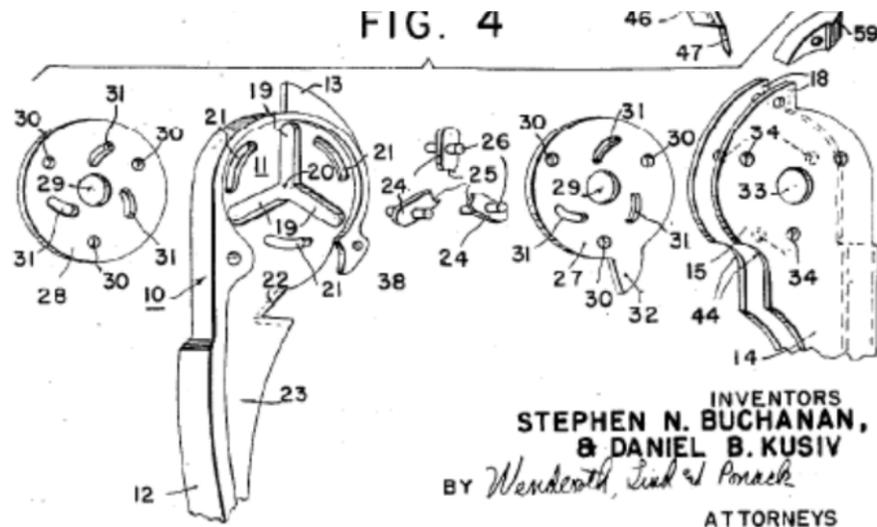
Ct. at 1932. The uncontested facts do not show that Defendants engaged in egregiously willful misconduct. Defendants' Motion for Summary Judgment [271] is granted as to willfulness.

### Invalidity

In the alternative, Defendants argue that the patents are invalid because they are anticipated by the prior art in the Buchanan patent. Plaintiff argues that Buchanan does not invalidate the asserted claims because Buchanan does not have three features of the "second element" as construed:

- (1) the limitation requiring 'at least one slot defined within one end of the second grasping portion' ('579 claims);
- (2) the limitation requiring that the following be 'formed within and integral to the tool head': 'an opening concentric with an opening on one end of a first element, an actuation portion, and at least one slot' ('470 claims);
- and (3) the limitation requiring 'an opening concentric with an opening within one end of the first element.' ('579 and '470 claims).

(Dkt. 301, pps. 8-9.) A diagram of Buchanan is shown below:



(PSOF ¶10.)

As with infringement, "the first step in any validity analysis is to construe the claims of the invention to determine the subject matter for which patent protection is sought."

*Smiths Indus. Med. Sys., Inc. v. Vital Signs, Inc.*, 183 F.3d 1347, 1353 (Fed. Cir. 1999). “The claims, properly interpreted, define the scope of the invention and allow the trial court to determine whether the claimed invention would have been obvious in light of the prior art.” *Id.*

Loggerhead’s first asserted distinction of the ‘579 Patent from Buchanan is the limitation requiring at least one slot defined within one end of the second grasping portion. Loggerhead argues that slots are only present in the cam plates, Buchanan parts 27 and 28, and not the second element, Buchanan part 14. Defendants argue that the cam plate, Buchanan part 27, is part of the second element because it is bolted to and moves in unison with the second element. However, the claims for the patents at issue construed “second element” as “a second grasping portion containing an opening concentric with an opening within one end of a first element, and an actuation portion, and at least one slot defined within one end of the second grasping portion.” Further, “actuation portion” was construed as the “portion of second element that facilitates movement of the gripping element.” The cam plates in Buchanan, which facilitate the movement of the gripping element in that patent, are not a part or portion of the second element and are not contained within the second element. They are a separate structure that is connected to the second element.

Loggerhead’s first asserted distinction of the ‘470 Patent from Buchanan is the limitation requiring that an opening concentric with an opening on one end of a first element, an actuation portion, and at least one slot all must be formed within and integral to the tool head. For the ‘570 Patent, the phrase “second element” was construed as “a second part containing a grasping portion and tool head at one end of the grasping portion, where formed within and integral to the tool head is an opening concentric with an opening within one end of a first element, and an actuation portion, and at least one slot.” Again, the Buchanan cam plate has the actuation

portion and at least one slot and the cam plate is not formed within the tool head and is not contained within the second element.

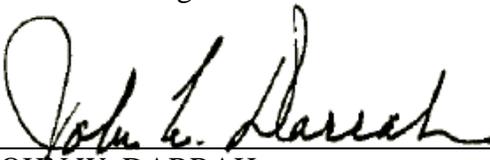
Loggerhead also asserts that the limitation requiring the second element to contain an opening concentric with an opening within one end of the first element as a distinction between the asserted patents and Buchanan. Loggerhead argues that Buchanan shows a first element with a somewhat triangular opening, while the second element has a circular opening, and that a person of ordinary skill in the art would recognize that the openings must be similar shapes. Defendants respond that there is no such limitation and that concentric simply means that both openings have the same center point, regardless of shape. Similar shapes are not required in order to have the same center point. Indeed, the crimpers of the Buchanan patent meet at the same point as the opening of the second element, as well as the openings of the cam plates, without all openings being the same shape. The asserted patents do not require similarly shaped openings.

The facts do not show that the asserted patents were anticipated by Buchanan. Defendants' Motion for Summary Judgment [277] is denied as to invalidity.

**CONCLUSION**

For the reasons discussed above, Defendants' Motion for Summary Judgment of Noninfringement or Invalidity [277] is granted in part and denied in part. Defendants' Motion is denied as to invalidity and infringement. Defendants' Motion is granted as to willfulness.

Date: September 20, 2016

/s/   
JOHN W. DARRAH  
United States District Court Judge

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

LOGGERHEAD TOOLS, LLC, )  
)  
Plaintiff, ) Case No. 12-cv-9033  
v. )  
) Judge John W. Darrah  
SEARS HOLDING CORPORATION, *et al.*, )  
)  
Defendants. )

**MEMORANDUM OPINION AND ORDER**

Plaintiff, LoggerHead Tools, LLC, filed a Second Amended Complaint against Defendants, Sears Holdings Corporation and Apex Tool Group, LLC. The Second Amended Complaint alleges, *inter alia*, four counts of willful patent infringement of United States Patents No. 6,889,579 (the “‘579 Patent”), in Counts I and II, and No. 7,992,470 (the “‘470 Patent”), in Counts III and IV. Defendants filed a Motion for Summary Judgment of Noninfringement or Invalidity, which was granted in part and denied in part. Plaintiff has filed a Motion to Reconsider [379] the Court’s order granting summary judgment for Defendants on willfulness. For the reasons more fully discussed below, Plaintiff’s Motion to Reconsider [379] is denied.

**BACKGROUND**

Plaintiff is an Illinois limited-liability company with its principal place of business in Illinois. Sears Holding Corporation is a Delaware corporation with its principal place of business in Illinois. Apex Tool Group, LLC is a Delaware limited-liability company with its principal place of business in Maryland. The ‘579 Patent and the ‘470 Patent are titled “Adjustable Gripping Tool” and are assigned to Plaintiff. Plaintiff asserts willful patent infringement of the ‘579 Patent and the ‘470 Patent against both Defendants based on Defendants’ Max Axxess Locking Wrench (the “MALW”) product.

The parties filed cross-motions for summary judgment on the issue of infringement. Plaintiff's Motion for Summary Judgment of Infringement [264] was denied. Defendants' Motion for Summary Judgment of Noninfringement or Invalidity [277] was denied on the basis of noninfringement and invalidity but granted as to a lack of willful infringement.

### LEGAL STANDARD

"Motions for reconsideration serve a limited function: to correct manifest errors of law or fact or to present newly discovered evidence." *Caisse Nationale de Credit Agricole v. CBI Indus., Inc.*, 90 F.3d 1264, 1269 (7th Cir. 1996). A manifest error "is not demonstrated by the disappointment of the losing party"; it is the "wholesale disregard, misapplication, or failure to recognize controlling precedent." *Oto v. Metropolitan Life Ins.*, 224 F.3d 601, 606 (7th Cir. 2000) (internal quotation marks omitted).

### ANALYSIS

Plaintiff raises three objections to the Court's ruling on willfulness: that the decision was based on grounds outside the adversarial issues presented, that there were manifest errors of law, and that there were manifest errors of fact.

Plaintiff first argues that the question of subjective willfulness was raised outside of the adversarial issues presented. However, Plaintiff was the first to call attention to the new standard for willful infringement and merely argued that the objective evidence Defendants presented was no longer enough to foreclose willfulness. *See* (Dkt. 301, pp. 14-15.) Plaintiff did not argue that Defendants' conduct was subjectively willful or present any facts in their Statement of Additional Facts showing evidence that it was. Plaintiff now argues that it has evidence showing

willful infringement; but that evidence could, and should, have been raised in the response brief and Statement of Additional Facts. *Marmi E. Graniti D'Italia Sicilmarmi S.p.A. v.*

*Universal Granite & Marble*, 757 F. Supp. 2d 773, 781 (N.D. Ill. 2010) (holding a motion to reconsider is not “a vehicle to raise new arguments, introduce evidence that could and should have been adduced earlier, or reargue that which was previously considered”).

Plaintiff also argues that Defendants improperly raised subjective willfulness for the first time in their reply brief; the arguments regarding subjective willfulness were first made in the reply because Plaintiff raised the argument in its response. *See Novosteel SA v. U.S., Bethlehem Steel Corp.*, 284 F.3d 1261, 1274 (Fed. Cir. 2002) (“reply briefs reply to arguments made in the response brief”). Plaintiff raised the issue that the test for willful infringement had changed; the Court did not raise the issue itself outside of the adversarial process.

Plaintiff correctly points out that the incorrect legal standard was applied. The Supreme Court made clear that a preponderance of the evidence standard is applicable to willfulness and enhanced damages. *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1934 (2016). However, the point remains that Plaintiff did not present any facts showing Defendants’ conduct was “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or – indeed – characteristic of a pirate.” *Halo Elecs., Inc.*, 136 S. Ct. at 1932. Three of Plaintiff’s Statement of Additional Facts touched on willful infringement. Plaintiff presented an e-mail in which: “Defendants asked for an Apex employee to ‘please study this design and determine how difficult it may be to make a Craftsman version of this tool with similar or better performance *that does not infringe upon LoggerHead’s patents.*’” (PSOF, ¶ 1) (emphasis added). Plaintiff’s additional facts included an Apex employee testifying that reverse engineering is “taking a

product apart and redesigning it or replicating the design.” (*Id.* ¶ 2.) Plaintiff also noted that Apex conducted tests on the Bionic Wrench and noted things such as “construction, operation, dimensions, max generated user torque on different hex mandrel sizes, for what size mandrels the jaws would rotate over the mandrel corners.” (*Id.* ¶ 3.) None of these facts show that Defendants’ conduct was “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or – indeed – characteristic of a pirate.” *Halo Elecs., Inc.*, 136 S. Ct. at 1932. The e-mail, in fact, shows that Defendants were trying to avoid infringing the patents at issue.

Plaintiff also argues that the Court incorrectly gave dispositive weight to Apex’s consultation with a patent attorney. Ongoing consultation with a patent lawyer remains a consideration and is “highly probative evidence of good faith.” *Braun Inc. v. Dynamics Corp. of Am.*, 975 F.2d 815, 822 (Fed. Cir. 1992) (citing *Radio Steel & Manufacturing Co. v. MTD Products, Inc.*, 788 F.2d 1554, 1559 (Fed. Cir. 1986)). As previously discussed, Apex consulted with a patent attorney on several occasions throughout the design process. (DSOF ¶ 30.) And patent counsel issued a noninfringement opinion before this litigation began. (*Id.*) Plaintiff disputes this fact by stating that the opinions of the patent attorney came before the MALW was finalized: “Apex’s Opinion Counsel stated he offered two opinions, a letter on March 8, 2012 and an email on June 1, 2012. . . . Final production drawings of the MALW are dated October 24, 2012, over three months after Apex’s opinion counsel stated he last provided an opinion.” (*Id.*) However, Plaintiff never argued that the design the patent attorney signed off on and the final design were different in any material respect. This is not dispositive evidence of a lack of willfulness, but it is highly probative evidence; and, as previously discussed, Plaintiff

presented no evidence showing subjective or objective willfulness.<sup>1</sup> There was simply no evidence that either of Defendants' conduct was egregious or willful misconduct.

*Halo Elecs., Inc.*, 136 S. Ct. at 1934.

Plaintiff also argues that willfulness should be decided by a jury. The Federal Circuit has held that a factual question of willfulness should be decided by a jury. *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1341 (Fed. Cir. 2016) (citing *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1250 (Fed. Cir. 1989) (“Absent sufficient basis for directing the verdict, Richardson has the right of jury determination of this factual question. Willfulness of behavior is a classical jury question of intent. When trial is had to a jury, the issue should be decided by the jury.”)). However, “the right to a jury trial exists only when there is some genuine issue of material fact to be determined.” *Keeby v. Cohn*, 40 F. App'x 290 (7th Cir. 2002) citing (*Fid. & Deposit Co. v. United States*, 187 U.S. 315, 319–21 (1902); *United States v. Stangland*, 242 F.2d 843, 848 (7th Cir. 1957)). As discussed above, there is no genuine issue of material fact to be determined on the subject of willfulness.

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<sup>1</sup> In response to one of Defendants' facts, Plaintiff stated: “during the course of design and testing, Apex abandoned certain key elements that it or its attorney had previously identified as identical to the Buchanan Patent for purposes of creating an allegedly non-infringing alternative.” (*Id.* ¶ 29.) However, that does not mean that those elements were changed to more closely follow the Bionic Wrench design.

**CONCLUSION**

Plaintiff's Motion to Reconsider [379] the Court's order, granting summary judgment for Defendants on willfulness, is denied.

Date: 11/15/2016

/s/   
\_\_\_\_\_  
JOHN W. DARRAH  
United States District Court Judge

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

LOGGERHEAD TOOLS, LLC	)	
	)	
Plaintiff,	)	
	)	
v.	)	No. 12 C 9033
	)	
SEARS HOLDING CORPORATION and	)	
APEX TOOL GROUP, LLC	)	Judge Rebecca R. Pallmeyer
	)	
Defendant(s).	)	

**MEMORANDUM OPINION AND ORDER**

Plaintiff LoggerHead Tools, LLC sued Defendants Sears Holdings Corporation and Apex Tool Group, LLC alleging, *inter alia*, willful infringement of United States Patents No. 6,889,579 (hereafter “579 patent”) and No. 7,992,470 (hereafter “470 patent”). Judge John Darrah construed the claims of the patents, and after his death the case proceeded to trial before this court. A jury returned a verdict for Plaintiff. Defendants have moved for reconsideration of Judge Darrah’s claim-construction opinion and for judgment as a matter of law on the issues of infringement, invalidity, and willfulness. In the alternative, they request a new trial on the issue of willfulness.

As explained in greater detail below, the court agrees with Defendants that Judge Darrah’s claim construction reads important language out of the patents. This language relates to the shape of the “gripping element” in the hand tool those patents describe. Plaintiff’s patent claims require that the gripping element include an “arm portion,” which in turn must be “configured to engage” certain other components of the hand tool. Based on Judge Darrah’s claim construction, however, the jury was instructed that the tool need only include a “portion of the gripping element(s) configured to engage” those other components.

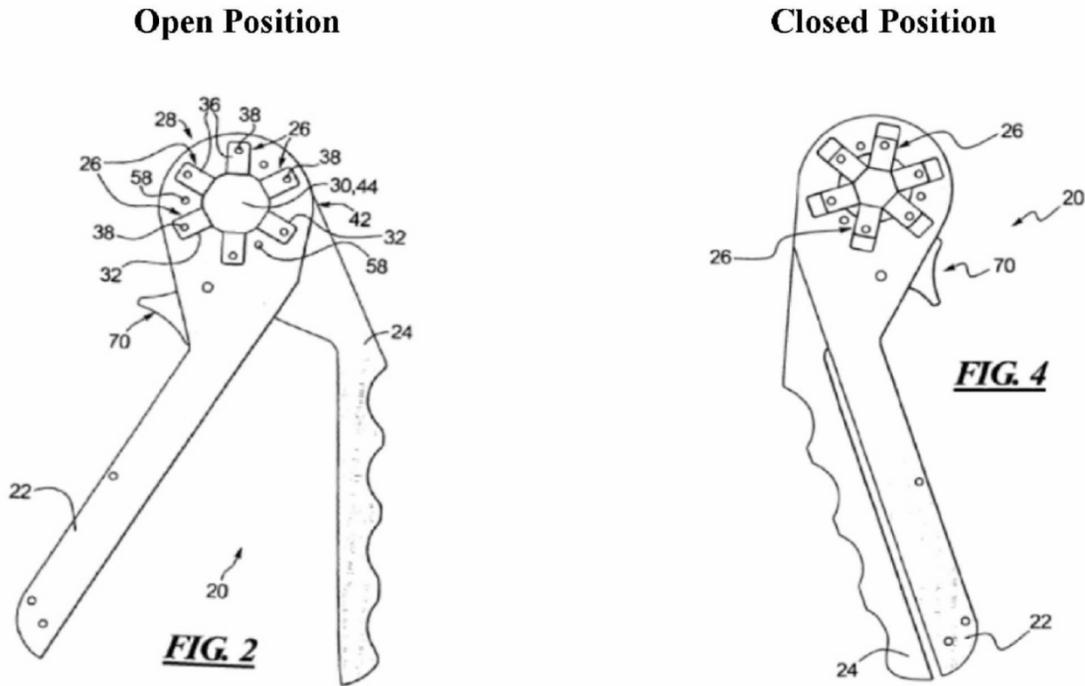
Although the court agrees with Defendants that the prior claim construction (and thus the jury instruction) was erroneous, it does not agree that the appropriate remedy is to grant

judgment as a matter of law to Defendants based on their proposed alternative construction. Doing so would unfairly deprive Plaintiff of an opportunity to present arguments that the Defendants infringe Plaintiff's patents, even when those patents are properly construed. Instead, the court concludes that the erroneous jury instruction requires a new trial on the issues of infringement and invalidity, as well as willfulness. The court therefore denies Defendants' motion for judgment as a matter of law and grants their alternative motion for a new trial.

## **BACKGROUND**

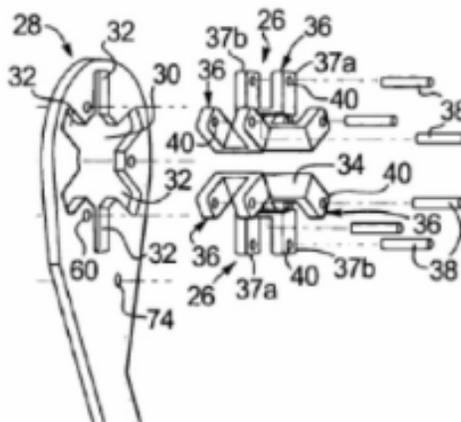
### **I. LoggerHead's patents**

Plaintiff is the assignee of two patents at issue in this case. (Def.'s Local Rule 56.1 Statement of Facts [280] (hereafter "DSOF") ¶ 9.) Both patents claim priority back to an application filed on January 23, 2004, both are titled "Adjustable Gripping Tool," and both describe a hand-tool designed to "impart work upon a workpiece." (*Id.* at ¶ 10.) The parties dispute whether the patent claims are limited to wrenches, rather than a broader range of "adjustable gripping tools," (Pl.'s Statement of Disputed Material Facts (hereafter "PSODMF") [301-1], at ¶ 10), but the version of the tool relevant to this case is, for all practical purposes, a wrench. Squeezing the tool's handles together causes several tooth-like "gripping elements" to close in on, and grip, a lug nut or other workpiece. An embodiment of the tool appears below:



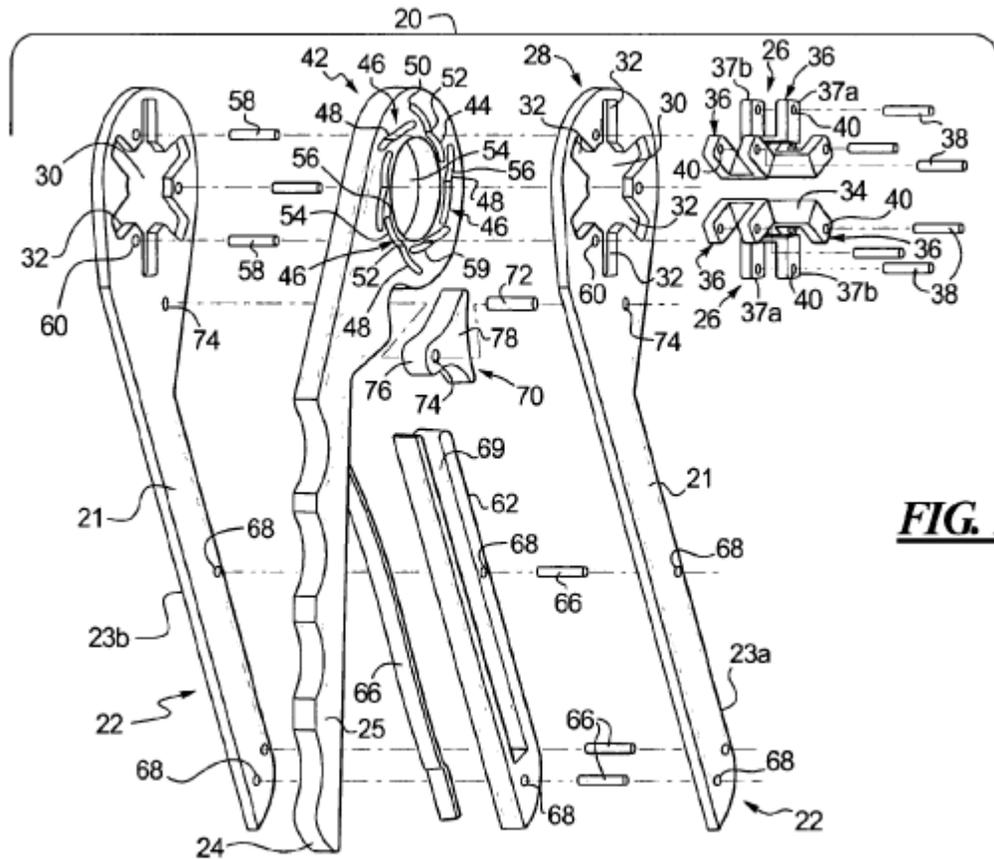
(DSOF ¶¶ 9-10.)

All of the asserted claims in these patents include a “first element” (number 22 in the figures above) and a “second element” (number 24 above). (DSOF ¶¶ 16, 19.) The first element includes at least one gripping element (26), which in turn includes a body portion (34), an arm portion (36), and a force transfer element (38). (DSOF ¶ 16.) A more detailed embodiment of the gripping element appears below:



(PTX 1 LH-00001225, App. 3 to Defs.’ Mot. for J. as a Matter of Law [456] (hereafter “Defs.’ Mot. for JMOL”).)

The second element (24 in the figure below) includes an opening (44) concentric with an opening in the first element (30), an actuation portion (42), and at least one slot (46). (DSOF ¶ 19.) In the ‘470 patent, these features must be “formed within and integral to the tool head.” (Id.) An embodiment of the second element appears in the center of the image below:



(PTX 1 LH-00001225, App. 3 to Defs.’ Mot. for JMOL.)

During prosecution of the ‘470 patent, the patent examiner initially rejected several of Plaintiff’s claims on the grounds that they were anticipated by United States Patent No. 2,787,925 (hereafter “Buchanan patent”). (DSOF ¶ 13.) That patent, dated April 9, 1957, and titled “Wire Crimping Tool with Cam-Slot Actuating Means,” describes a “multifunctional tool, more especially adapted for use in the insulated electrical wire art,” which can be used “to carry

out a wide variety of operations . . . such for example as cutting, splicing, insulation stripping, holding, crimping, etc.” (DTX 75 LH-00002333, App. 4 to Defs.’ Mot. for JMOL.) The Buchanan patent claims, *inter alia*, “a wireworking tool having a plurality of centrally converging crimping plungers, means to converge said crimping plungers comprising a central cam plate having a central aperture therein and a plurality of radial slots.” (*Id.*) An image from the Buchanan patent appears below:

April 9, 1957

S. N. BUCHANAN ET AL

2,787,925

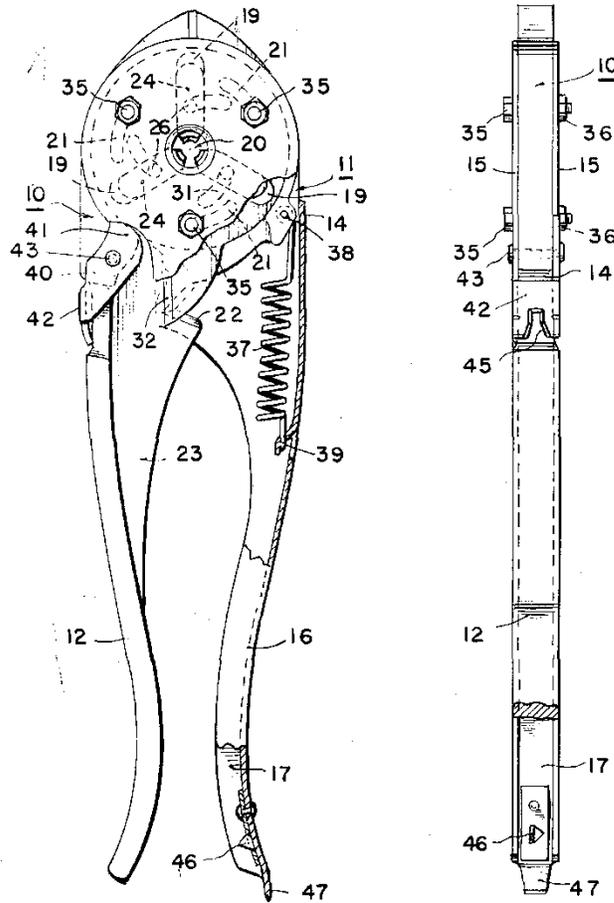
WIRE CRIMPING TOOL WITH CAM-SLOT ACTUATING MEANS

Filed June 8, 1954

2 Sheets-Sheet 1

FIG. 1

FIG. 2



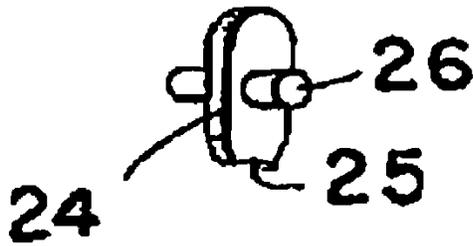
INVENTORS  
STEPHEN N. BUCHANAN,  
& DANIEL B. KUSIV  
BY *Wendroth, Lind & Ponske*

ATTORNEYS

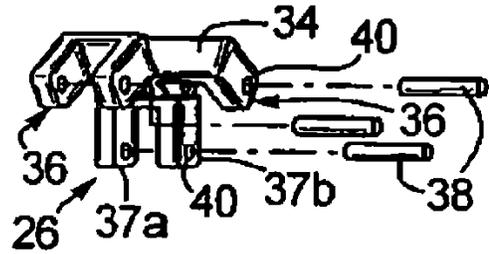
(*Id.* at LH-00002332.)

The Patent Office appears to have provided only a cursory explanation for its initial rejection of Plaintiff's claims as anticipated by Buchanan. Most of this explanation simply identifies the similarities between the two patents by reciting Plaintiff's own proposed claims together with numerical references to the illustration of Buchanan above to demonstrate the similarities between the tools. (See PTX 4 LH-00001798, App. 3 to Def.'s Mot. for JMOL.) The examiner's explanation states, for example, that "Buchanan et al. discloses an adjustable an adjustable [sic] gripping tool for engaging a work piece to impart work thereto, the tool comprising . . . a first element (16) and a second element (12) connected for relative movement which generates movement of at least one gripping element (25)." (*Id.*) Buchanan's gripping element, in turn, "includ[es] a body portion (24) adapted for engaging the work piece, an arm portion (adj. 25) configured to engage one [of] the at least one guide (19) and a force transfer element (26) contiguous with the arm portion." (*Id.*)

In response to the examiner's rejection, Plaintiff argued that Buchanan could not have anticipated Plaintiff's claims because "Buchanan's gripping element does not contain an arm portion," as Plaintiff's proposed claims required. (*Id.* at LH-00001837.) "Instead," Plaintiff explained, "the force transfer element (i.e., pin 26) of Buchanan is directly attached to the body portion." (*Id.*) Buchanan's force transfer element, Plaintiff continued, "is contiguous with the body, not an arm portion because Buchanan does not teach or suggest an arm portion." (*Id.*) Plaintiff included the following image in its response, attempting to distinguish Plaintiff's gripping element from the element labeled "plunger" in the Buchanan patent:



**Buchanan's Plunger**



**Applicant's Gripping Element**

(*Id.* at LH-00001836.)

These arguments persuaded the patent examiner to allow Plaintiff's claims. (*Id.* at LH-00001853.) Buchanan, the examiner concluded, "fails to provide, *inter alia*, at least one gripping element including **a body portion . . . , and arm portion** configured to engage on said at least one guide **and a force transfer element** contiguous with the arm portion." (*Id.* (emphasis in original.))

**II. Sears discovers the market for adjustable gripping tools**

Defendant Sears Holding Corporation began retailing LoggerHead's "Bionic Wrench" in 2009. (Pl.'s Statement of Disputed Material Facts in Opp. to Defs.' Mot. for Summ. J. on Pl.'s Fraud Claims [311-1] (hereafter "PSDMF on Fraud Claims") ¶ 4.) Sears ordered 15,000 Bionic Wrenches that year and 75,000 wrenches the following year. (*Id.* at ¶ 7.) In the spring of 2011, Sears and LoggerHead agreed to terms for the promotion and sale of the Bionic Wrench through January 31, 2012. (*Id.* at ¶ 8.) Pursuant to this agreement, Sears promoted the Bionic Wrench through direct-to-consumer television promotion during the 2011 Christmas shopping season, resulting in "significantly" increased sales of the product. (*Id.* at ¶ 10.) The two companies negotiated for several months over promotional terms for the following year, but never finalized an agreement. (*Id.* at ¶ 59.) Dan Brown Jr. represented LoggerHead in these negotiations and Stephanie Kaleta represented Sears. (*Id.* at ¶¶ 12, 17.)

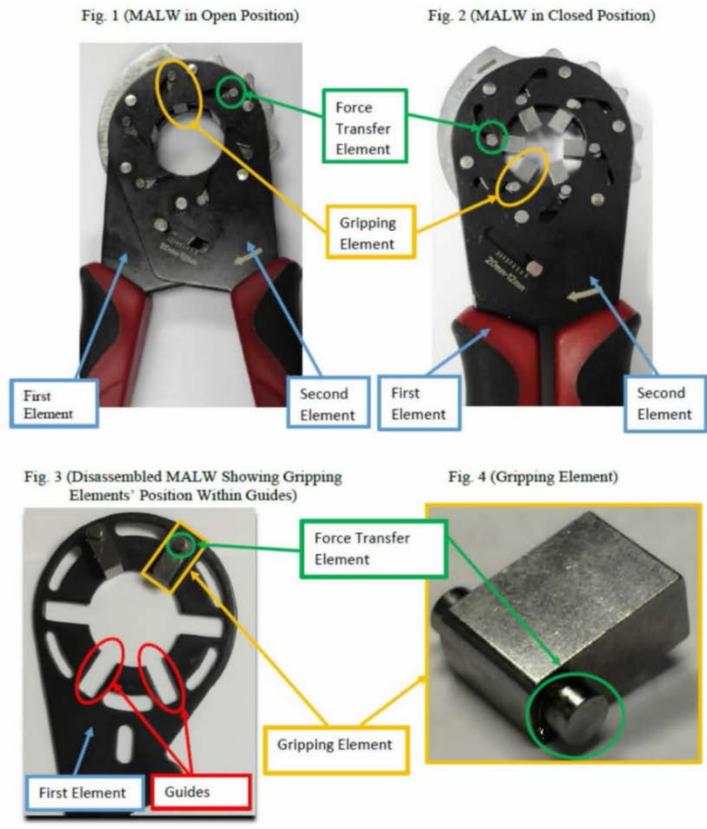
As negotiations wore on, both parties began to explore alternatives to a deal. In February 2012, LoggerHead informed Sears that it would "be pursuing TV promotions with all

other possible outlets for 2012.” *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12-cv-9033, 2016 WL 5111573, at \*2 (N.D. Ill. Sept. 20, 2016). Around the same time, Sears began to formulate what Kaleta’s supervisor referred to as a “backup plan,” which involved negotiations with Defendant Apex Tool Group to develop and market another adjustable gripping tool. (PSDMF on Fraud Claims ¶¶ 44-45.) On May 15, 2012, a Sears inventory analyst provided LoggerHead with a “120 day advanced notice of Q4 forecast” that identified the number of Bionic Wrenches Sears anticipated purchasing as part of its proposed marketing agreement with LoggerHead. (*Id.* at ¶ 38.) The analyst’s forecast stated that it was “subject to change pending father’s day performance and finalization of Q4 marketing assets.” (*Id.*) On May 17, Brown Jr. explained in an email to Kaleta that LoggerHead anticipated “selling our production out” as a result of Sears’ forecast and “strong demand for the fourth quarter.” (*Id.* at ¶ 40.) Kaleta quickly confirmed with Apex that the company would be able to produce enough units of its own adjustable gripping tool to justify a direct-to-consumer television promotional campaign, and on May 25 Sears withdrew from promotional negotiations with LoggerHead. (*Id.* at ¶¶ 53-56.) The next month, Sears informed LoggerHead that it expected to purchase fewer Bionic Wrenches than the parties had previously discussed. (*Id.* at ¶ 57.) Nevertheless, Sears continued to purchase Bionic Wrenches from LoggerHead and continued to sell the product on its website through at least June 2016. (*Id.* at ¶ 59.)

Both Sears and Apex were aware of LoggerHead’s patents during the development of their backup plan. (Defs.’ Resp. to Pl.’s SOF on Infringement [306], at 8.) Apex consulted with outside patent counsel on numerous occasions during the design process. (PSODMF ¶ 30.) On one such occasion, in March 2012, attorney John Owen (of the firm Coats & Bennett, PLLC) suggested to Apex that mimicking certain design features from Buchanan’s wire-crimping tool would likely preclude a finding that Apex had infringed LoggerHead’s patents. (Letter from John Owen to Eric Broadway, Ex. 14 to DSOF.) Owen noted that LoggerHead had “argued multiple times during prosecution . . . that Buchanan’s plungers do not have an arm portion.” (*Id.*

(emphasis in original.) “This means,” Owen explained, “that [LoggerHead] is very likely prevented from now asserting that a flat body structure like in Buchanan’s ‘plungers’ falls within the scope of [LoggerHead’s] claims that require an arm portion on the gripping element.” (*Id.*) Owen advised Apex that it would be “likely to avoid [LoggerHead’s] patents” if its tool included, among other design features, a “flat type gripping element like Buchanan’s plungers.” (*Id.*)

Sears began retailing Apex’s tool, styled as the “Max Axess Locking Wrench” (hereafter “Max Axess” or “MALW”), in September 2012. *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12-cv-9033, 2016 WL 5080028, at \*1 (N.D. Ill. Sept. 20, 2016). The MALW appears similar, though not identical, to the tool depicted in LoggerHead’s patents. Both tools allow a user to squeeze two handles together and thereby cause several tooth-like gripping elements to close in on a lug nut or other workpiece. Both tools include a first element, a second element, guides, slots, force transfer elements, and gripping elements. (*Cf.* Def.’s Resp. to Pl.’s SOF on Infringement 11.) Unlike the gripping element depicted in LoggerHead’s patents, however, the MALW’s gripping element is a solid rectangle rather than U-shaped. The rectangular shape of the gripping elements, in turn, requires that the MALW’s force transfer elements make contact with the tool’s slots on the sides of the gripping elements, rather than between each gripping element’s arm portions. Images of the MALW appear below:



*LoggerHead Tools, Inc. v. Sears Holding Corp.*, No. 12-cv-9033, 2016 WL 5112057, at \*1 (N.D. Ill. Sept. 20, 2016).

### III. Procedural history

Plaintiff filed suit against Defendants in November 2012, alleging willful infringement of multiple claims in both the '579 and the '470 patents.<sup>1</sup> (DSOF ¶¶ 8; Pl.'s Resp. to DSOF ¶¶ 8.) Plaintiff also alleged common law fraud, unfair competition, and numerous violations of the Lanham Act, the Illinois Consumer Fraud and Deceptive Business Practices Act, and the Illinois Uniform Deceptive Trade Practices Act. (Second Am. Compl. [136] ¶¶ 99-221.) The late Judge Darrah presided over the case until the Executive Committee of the Northern District of Illinois re-assigned it to this court on February 3, 2017. (See Order of the Executive Committee [390].)

<sup>1</sup> Plaintiff asserted claims 1, 2, 6, 9, 11, and 16-18 of the '579 patent and claims 1, 9, 10, and 33-35 of the '470 patent. (See DSOF ¶¶ 8; Pl.'s Resp. to DSOF ¶¶ 8.)

A key question in this litigation is whether the MALW's rectangular gripping element includes an "arm portion," as Plaintiff's patent claims expressly require. The meaning of the term "arm portion," however, is not immediately clear. Judge Darrah issued a claim construction opinion on August 27, 2015, which defined several ambiguous terms in Plaintiff's claims, including "arm portion." See *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12-cv-9033, 2015 WL 5118063, at \*3-5 (N.D. Ill. Aug. 27, 2015) (hereafter "*LoggerHead Claim Construction Opinion*"). Judge Darrah considered and rejected Defendants' proposed construction of "arm portion" as "portion of gripping element that projects from the body portion and to which the force transfer element is connected." *Id.* at \*3-5. Instead, Judge Darrah concluded, "arm portion" simply means "portion of the gripping element(s) configured to engage one of the guides and contiguous with a force transfer element." *Id.* at \*5.

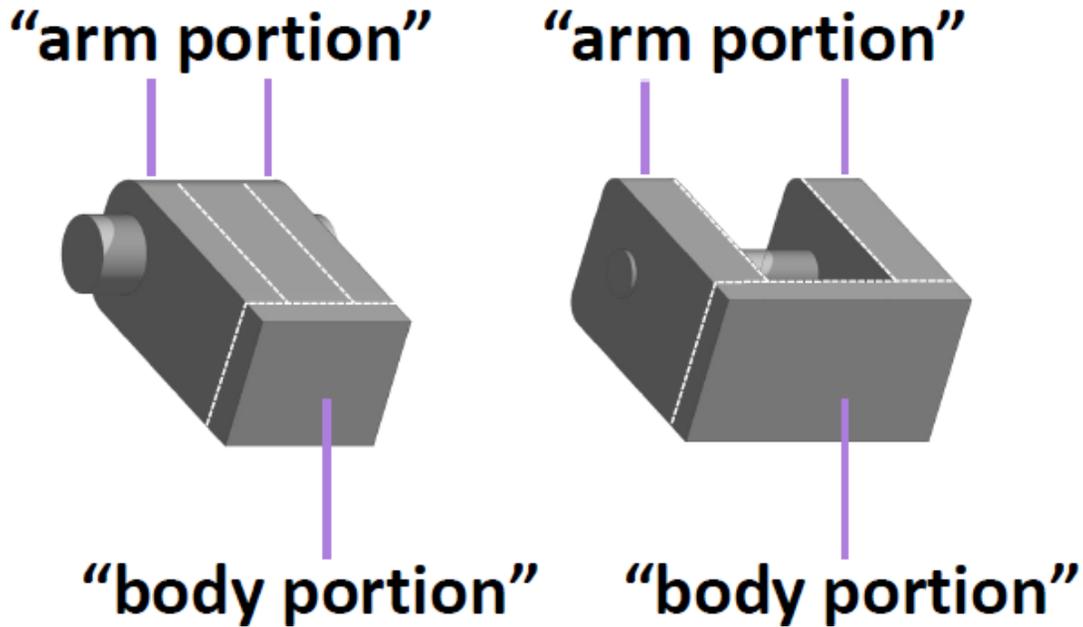
Defendants later moved for summary judgment on each of Plaintiff's claims. In a series of opinions published on September 20, 2016, Judge Darrah granted Defendants' motions as to all claims except those alleging patent infringement.<sup>2</sup> Plaintiff moved for reconsideration of the order granting summary judgment to Defendants on the issue of willfulness, but Judge Darrah denied this motion. See *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12-cv-9033, 2016 WL 6778881 (N.D. Ill. Nov. 15, 2016). On March 2, 2017, shortly after the case was transferred to this court, Plaintiff again moved for reconsideration of the willfulness determination. This court entered Plaintiff's motion and continued it for determination in a bifurcated proceeding at trial. (See Notification of Docket Entry, March 8, 2017 [396].)

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<sup>2</sup> See *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12-cv-9033, 2016 WL 5110683 (N.D. Ill. Sept. 20, 2016); *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12-cv-9033, 2016 WL 5110683 (N.D. Ill. Sept. 20, 2016); *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12-cv-9033, 2016 WL 5112020 (N.D. Ill. Sept. 20, 2016); *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12-cv-9033, 2016 WL 5080028 (N.D. Ill. Sept. 20, 2016); *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12-cv-9033, 2016 WL 5111573 (N.D. Ill. Sept. 20, 2016); *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12-cv-9033, 2016 WL 5112017 (N.D. Ill. Sept. 20, 2016). Plaintiff also filed its own motion for summary judgment on the issue of infringement, which Judge Darrah denied. See *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12-cv-9033, 2016 WL 5112057 (N.D. Ill. Sept. 20, 2016).

The court presided over a two-week trial in early May 2017. There, the parties presented the jury with evidence on two key questions relevant to the motions now before this court: (1) whether the Max Axess wrench satisfies the “arm portion” limitation on the gripping element in Plaintiff’s asserted claims, thereby infringing those claims; and (2) whether the earlier Buchanan patent satisfies the limitation requiring the “second element” in Plaintiff’s asserted claims to include “an actuation portion . . . having at least one slot,” thereby rendering those claims invalid as anticipated by Buchanan. Although not immediately relevant to any of Plaintiff’s claims, the jury also heard testimony that LoggerHead manufactured many of its Bionic Wrenches in the United States, while “Sears wanted to go to China.” (Trial Transcript (hereafter “Tr.”) 427:16-431:14, App. 5 to Pl.’s Resp. to Defs.’ Mot. for JMOL [471-5].) Tr.).

On the infringement question, Plaintiff’s evidence consisted primarily of the testimony of its expert witness, a professor of mechanical engineering at Carnegie Mellon University named Jonathan Cagan. Dr. Cagan testified that the Max Axess Locking Wrench does, in fact, include an “arm portion.” (*Id.* at 500:15-502:19.) Cagan showed the jury side-by-side illustrations of each tool’s gripping element. To help the jury distinguish what he identified as the arm portion and the body portion of each gripping element, Dr. Cagan superimposed several white dotted lines that are not visible on either the tools themselves or in Plaintiff’s patent claims. (*Id.*) Dr. Cagan’s illustrations appear below, with the Max Axess gripping element depicted on the left and Plaintiff’s gripping element depicted on the right:



(Cagan Demonstrative Ex.)

Defendants, in turn, presented expert testimony that the Max Axess gripping element does *not* include an arm portion. Frank Fronczak, a professor emeritus of mechanical engineering at the University of Wisconsin-Madison (and a self-identified “gearhead” since childhood), testified that a person of ordinary skill in the art “certainly” would not recognize anything in the Max Axess gripping element “that would be understood to be an arm portion versus a body portion. They would not parse it into portions.” (Tr. 1065:11-1073:25, 1188:1-7.) Apex’s outside patent counsel, John Owen, testified that he himself did not believe that the MALW’s gripping element included “all three requirements of the claims in this case, a force transfer element, arm portion, and the body portion.” (*Id.* at 1033:23-1034:3.) Both Fronczak and Owen described the Max Axess gripping element as, variously, a “block with a pin coming through it” (*Id.* at 1099:25-1100:1); “a block with a pin through it” (*Id.* at 1032:4-6); and “a basic block with a pin through it” (*Id.* at 1063:6).

The parties also presented conflicting evidence on invalidity. Fronczak testified that if the Max Axess wrench satisfies all the asserted limitations, then Buchanan necessarily does so as well. (*Id.* at 1122:15-1154:8.) Dr. Cagan, however, told the jury that the Buchanan tool does

not satisfy the limitation requiring the “second element” of the tool “to include an actuation portion having at least one slot.” (*Id.* at 1244:8-25.) Buchanan fails to satisfy this limitation, he asserted, because its actuation portion is located on two “auxiliary cam plates” that are not themselves part of the second element. (*Id.*) Fronczak countered that it would be obvious to a person of ordinary skill in the art to “incorporate these slots, this actuation portion, into the tool head.” (*Id.* at 1148:15-16.) Again, Cagan disagreed. Incorporating the slots, in his view, would *not* have been obvious to an ordinary person in the art. Such a person would, in Cagan’s estimation, “say that . . . if I were to remove those cam plates and put the slots, for example, onto the second element, it wouldn’t work. . . .First of all, it would be very difficult to manufacture; and then secondly, it would be very, very difficult to assemble because you have these pins that are sticking out if you remove the cam plate.” (*Id.* at 1255:17-1256:1.)

The jury instructions included Judge Darrah’s constructions of several claim terms, including “arm portion.” That term, the instructions explained, “must” be defined as “[p]ortion of a gripping element(s) configured to engage one of the guides and contiguous with a force transfer element.” (Final Jury Instr. [449], 27.) The jury returned a Plaintiff’s verdict on willfulness, infringement, and invalidity alike, and awarded Plaintiff \$5,979,616 in damages before trebling. (Verdict Form [450]; Verdict Form [451].)

## DISCUSSION

### I. Judgment as a matter of law

Judgment as a matter of law may be granted where “a party has been fully heard on an issue and the court finds that a reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue.” FED. R. CIV. P. 50(a)(1). To determine whether the jury verdict had a legally sufficient evidentiary basis, the court “review[s] the record and draw[s] all reasonable inferences in the light most favorable to [the non-moving party].” *Kossman v. N.E. Ill. Reg’l Commuter R.R. Corp.*, 211 F.3d 1031, 1036 (7th Cir. 2000). It disregards all evidence favorable to the moving party unless the jury was required to believe that evidence. *Harvey v.*

*Office of Banks and Real Estate*, 377 F.3d 698, 707 (7th Cir. 2004). Although “a mere scintilla” of evidence supporting the jury’s verdict is not enough to preclude judgment as a matter of law, *Hossack v. Floor Covering Associates of Joliet*, 492 F.3d 853, 859 (7th Cir. 2007) (quoting *Reeves v. Sanderson Plumbing Prods.*, 530 U.S. 133, 151 (2000)), the court must neither “weigh the evidence” nor “make credibility determinations.” *Harvey*, 377 F.3d at 707. It must simply “determine whether a reasonable jury could have found in favor” of the non-moving party. *Id.*

Defendants do not argue that the jury lacked a sufficient evidentiary basis to find infringement under the definition of “arm portion” adopted by Judge Darrah during claim construction.<sup>3</sup> Rather, they ask the court to adopt a different definition of “arm portion” and then hold that no reasonable jury could find infringement under that definition. In the alternative, they ask the court to hold that no reasonable jury could find the Plaintiff’s claims to be valid while also finding that Defendants’ infringed those claims. The court considers these requests in turn.

**a. Infringement**

Defendants ask the court to revise its previous construction of “arm portion” and then measure the evidence presented at trial against that construction. They characterize this as “rolling” claim construction, a practice repeatedly endorsed by the Federal Circuit. See *Pressure Prod. Med. Supplies, Inc. v. Greatbatch Ltd.*, 499 F.3d 1308, 1316 (Fed. Cir. 2010) (quoting *Pfizer, Inc. v. Teva Pharms., USA, Inc.*, 429 F.3d 1364, 1377 (Fed. Cir. 2005) (“[D]istrict courts may engage in rolling claim construction, in which the court revisits and alters its interpretation of the claim terms as its understanding of the technology evolves.”)). But the Federal Circuit has qualified its endorsement of rolling claim construction. It has warned, for

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<sup>3</sup> Defendants’ motion does include a footnote in which they assert that “[e]ven under LoggerHead’s application of the current construction, the Max Axess Locking Wrench cannot satisfy the arm portion as a matter of law.” (Def.’s Mot. for JMOL 34 n.13.) But neither here nor anywhere in their reply brief do they show that the evidence Plaintiff presented at trial is legally insufficient under the current construction to support the jury’s verdict. (See Pl.’s Resp. Br. 20-21.) Insofar as Defendants seek judgment as a matter of law on infringement under the current construction, their motion is denied.

example, of “the potential for surprise and prejudice in a late adjustment to the meaning of claim terms.” *Pressure Prod.*, 599 F.3d at 1315-16 (finding revision of claim construction permissible because “the district court made the adjustment early enough in the trial to give [the defendant] an opportunity to consider the new construction and adjust its arguments to account for the change”); see also *CollegeNet, Inc. v. ApplyYourself, Inc.*, 418 F.3d 1225, 1234 (Fed. Cir. 2005) (deferring to trial court’s reasonable determination of “whether a party has had an adequate opportunity to present . . . arguments in the changing claim construction environment”).

The Federal Circuit has also warned that “it is too late at the JMOL stage to argue for or adopt a new and more detailed interpretation of the claim language and test the jury verdict by that new and more detailed interpretation.” *Wi-LAN, Inc. v. Apple, Inc.*, 811 F.3d 455, 466 (Fed. Cir. 2016) (quoting *Hewlett-Packard Co. v. Mustek Sys., Inc.*, 340 F.3d 1314, 1321 (Fed. Cir. 2003)). There are exceptions to this general rule, however. A district court may not “alter[ ] the scope of the original construction” after trial, *Wi-LAN*, 811 F.3d at 466, but it may “adjust constructions post-trial if the court merely elaborates on a meaning inherent in the previous construction.” *Mformation Techs, Inc. v. Research in Motion Ltd.*, 764 F.3d 1392, 1397-98 (Fed. Cir. 2014) (citing *Cordis Corp. v. Boston Scientific Corp.*, 658 F.3d 1347, 1356 (Fed. Cir. 2011)). It is permissible at the JMOL stage to “clarify[] a meaning inherent in the construction or mak[e] plain what should have been obvious to the jury.” *Wi-LAN*, 877 F.3d at 466.

Here, the construction on which the parties relied during trial (and on which the jury was instructed) defines “arm portion” to mean “portion of a gripping element(s) configured to engage one of the guides and contiguous with a force transfer element.” Defendants propose that “arm portion” be re-constructed to mean “portion of gripping element that projects from the body portion and to which the force transfer element is connected.” (Def.’s Mot. for JMOL 28-29.)

Defendants’ proposed construction of “arm portion” does more than “merely elaborate[ ] on a meaning inherent in the previous construction.” *Mformation*, 764 F.3d at 1398. It adds at least one independent requirement that is not inherent in the existing construction. In

Defendants' proposal, the arm portion of the gripping element must "project" from the body portion, rather than simply be "configured to engage one of the guides." Under the term's original construction, a "portion of a gripping element(s) configured to engage one of the guides" certainly *could* "project" from the body portion of the gripping element. But it need not always do so. Thus, adding a projection *limitation* does not "merely elaborate" on the existing construction and would run afoul of the rule in *Mformation*. The additional projection requirement makes Defendants' proposed construction similar to the one rejected in *Wi-LAN*, which would have reinterpreted the phrase "first computing means" to require "complex multipliers," even though such multipliers were "absent from the [existing] construction." *Wi-LAN*, 811 F.3d at 465. Just as the phrase "first computing means" does not inherently include "complex multipliers," a "portion of a gripping element(s) configured to engage one of the guides" does not inherently "project" from the body portion of the gripping element.<sup>4</sup>

It would be unfair to Plaintiff to measure the evidence presented at trial against Defendants' proposed construction. Had Plaintiff known during trial that the presence or lack of a projecting arm portion would determine the outcome of their infringement claim, Plaintiff might have introduced evidence that Defendants' gripping element includes an arm portion that projects from the body portion. Now that the trial is over, Plaintiff no longer has an "opportunity to consider the new construction and adjust its arguments to account for the change." *Pressure Prod.*, 599 F.3d at 1316. The conclusion that revisiting the construction now is improper is reinforced by the text of Rule 50, which states that judgment as a matter of law can be granted against a party who "has been fully heard on an issue during a jury trial." FED. R. CIV. P.

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<sup>4</sup> Defendants' proposed construction also requires that the "arm portion" of the gripping element be "connected" to "the force transfer element," rather than be "contiguous with a force transfer element." The parties dispute whether the new language narrows Plaintiff's claim. The court need not decide whether it does in fact, because the projection requirement in Defendants' proposed construction is, on its own, enough of a change to the existing construction to preclude the court from adopting it at the JMOL stage.

50(a)(1). By adopting Defendants' proposed construction after the trial is over, and then measuring the evidence presented at trial against that new construction, this court would deprive Plaintiff of the opportunity to be "fully heard" on the issue of infringement.

Insofar as Defendants' motion asks this court to adopt its proposed construction of "arm portion" and measure the jury's verdict against that construction, the motion is denied.

**b. Invalidity**

Defendants also ask the court to grant them judgment as a matter of law on the validity of Plaintiff's claims. No reasonable jury could find *both* infringement and validity, they argue, because "any distinctions between Buchanan and LoggerHead's asserted claims disappear when LoggerHead's claims are read to cover the Max Axess Locking Wrench." (Defs.' Mot. for JMOL 33.) In short, Defendants argue that the Max Axess wrench is sufficiently similar to Buchanan's crimping tool that if one tool infringes LoggerHead's claims, then the other necessarily must do so well. Because Buchanan's own claims predate LoggerHead's by nearly half a century, Defendants reason, any claim that is infringed by the Max Axess wrench must itself be invalid as anticipated by Buchanan.

To support this argument, Defendants correctly recite several relevant principles of patent law. The Federal Circuit has stated, for example, that "a product 'which would literally infringe if later in time anticipates if earlier.'" *Upsher-Smith Laboratories, Inc. v. PamLab LLC*, 412 F.3d 1319, 1322 (Fed. Cir. 2005) (quoting *Schering Corp. v. Geneva Pharmaceuticals*, 339 F.3d 1373, 1379 (Fed. Cir. 2003)). It is also clear that a court cannot construe a claim one way for the purpose of determining the claim's validity and then construe it another way for the purpose of determining whether the claim was infringed. See *Abbott Laboratories v. Sandoz, Inc.*, 566 F.3d 1282, 1317-18 (Fed. Cir. 2009) (en banc) (Newman, J. dissenting in part) (collecting cases).

To prevail on their anticipation defense, however, Defendants must do more than show that the Max Axess wrench is "identical, in all material respects" to the Buchanan patent. *Zenith*

*Electronics Corp. v. PDI Comm'cn Systems, Inc.*, 522 F.3d 1348, 1363 (Fed. Cir. 2008). They have the burden of proving by clear and convincing evidence “that each element of the claim at issue, properly construed, is found in a single prior art reference.” *Id.* (citing *Tate Access Floors, Inc. v. Interface Architectural Resources, Inc.*, 279 F.3d 1357, 1367 (Fed. Cir. 2002)). The relevant question in deciding Defendants’ motion, therefore, is whether a reasonable jury could have concluded that the evidence did not convincingly show that the Buchanan patent anticipated each element of LoggerHead’s disputed claims.

At trial, Defendants’ technical expert Frank Fronczak testified that if LoggerHead’s claims are read in a way that permits a finding of infringement by the Max Axess wrench, then each of the asserted claims is also satisfied by the Buchanan patent. (See Defs.’ Mot. for JMOL 34-35.) But Plaintiff presented conflicting testimony on this subject from Dr. Jonathan Cagan. According to Cagan, Buchanan does not satisfy the claim limitation requiring the “second element” of the tool “to include an actuation portion having at least one slot,” regardless of whether that claim limitation appears in the Max Axess wrench. (Tr. 1244:8-25.) Buchanan fails to satisfy this limitation, Cagan asserted, because its actuation portion is located on two “auxiliary cam plates” that are not themselves part of the second element. (*Id.*)

Defendants challenge this testimony. They suggest that Cagan contradicted himself during the infringement phase of the trial by stating, *inter alia*, that “there’s no reason why [the second element of LoggerHead’s wrench] can’t be, for example, made of two pieces.” (Defs.’ Mot. for JMOL 36; Tr. at 520:3-521:9.) But veracity determinations are for the jury to make. When deciding a motion for judgment as a matter of law this court must neither “weigh the evidence” nor “make credibility determinations.” *Harvey*, 377 F.3d at 707.

Defendants also argue that no reasonable jury could find for Plaintiff on the issue of invalidity because all of LoggerHead’s deviations from the Buchanan patent would have been obvious to a person of ordinary skill in the art. To support this argument, Defendants again rely on the testimony of Fronczak, which they claim Cagan failed to rebut. (Def.’s Mot. for JMOL 36-

37.) But Cagan did offer conflicting testimony on the issue of obviousness. A person of ordinary skill in the art, he asserted, would assume that “it wouldn’t work” to “remove those cam plates and put the slots . . . onto the second element.” (Tr. 1255:16-21.)

“[W]hen there is conflicting testimony at trial, and the evidence overall does not make only one finding on the point reasonable, the jury is permitted to make credibility determinations and believe the witness it considers more trustworthy.” *MobileMedia Ideas, LLC v. Apple Inc.*, 780 F.3d 1159, 1168 (Fed. Cir.), *cert. denied* 136 S. Ct. 270 (2015). This court finds that a reasonable jury could have found insufficient evidence that each element of Plaintiff’s claim is present in the prior art. Defendant’s Motion for Judgment as a Matter of Law [456], therefore, is denied as to validity.

## **II. Reconsideration of existing construction**

Although the court cannot adopt Defendants’ proposed construction for the purpose of granting judgment as a matter of law on infringement, it can do so for the purpose of granting a new trial. A key rationale for the limitations the Federal Circuit has set on rolling claim construction—that is, “the potential for surprise and prejudice in a late adjustment to the meaning of claim terms,” *Pressure Prod.*, 599 F.3d at 1315-16—is less pertinent in the context of a decision to grant a new trial than in the context of a decision to grant judgment as a matter of law. If the court were to grant judgment as a matter of law under a revised claim construction, it would deprive the parties of “an opportunity to consider the new construction and adjust [their] arguments to account for the change.” *Id.* A decision to grant a new trial, however, provides the parties with just such an opportunity—at the new trial.

The Federal Rules of Civil Procedure permit this court to “revise” an interlocutory ruling “at any time before the entry of a judgment adjudicating all the claims and all the parties’ rights and liabilities.” FED. R. CIV. P. 54(b). Ordinarily, this power should be used sparingly. The “law of the case” doctrine “establishes a presumption that a ruling made at one stage of a lawsuit will be adhered to throughout the suit.” *Avitia v. Metropolitan Club of Chicago, Inc.*, 49 F.3d 1219,

1227 (7th Cir. 1995). But the doctrine “is not a straightjacket.” *Id.* It is “no more than a presumption, one whose strength varies with the circumstances.” *Galvan v. Norberg*, 678 F.3d 581, 587 (7th Cir. 2012) (quoting *Avitia*, 49 F.3d at 1227). A district judge who inherits a proceeding from a member of the same court, for example, “may alter previous rulings if he is convinced they are incorrect.” *Best v. Shell Oil Co.*, 107 F.3d 544, 546 (7th Cir. 1997).

After careful consideration of the evidence presented at trial and the arguments made by the parties, the court concludes that Judge Darrah’s claim construction of “arm portion” is flawed and must be revisited.<sup>5</sup> The court agrees with the Defendants that Judge Darrah “effectively read the term out of the claims” and that LoggerHead’s subsequent use of the term is “inconsistent with the express statements LoggerHead made during prosecution.” (Defs.’ Mot. for JMOL 2.)

Claim 1 of the ‘579 Patent is representative of the way “arm portion” is used in all the claims at issue.<sup>6</sup> It claims:

1. An adjustable gripping tool for engaging a workpiece to impart work thereto, the tool comprising:

...

each at least one gripping element including a body portion adapted for engaging the workpiece, an **arm portion** configured to engage one of said at least one guide and a force transfer element contiguous with the **arm portion**.

(‘579 Patent col. 8 ll. 49–62) (emphasis added). In his *Markman* ruling, Judge Darrah sided with Plaintiffs and construed the term “arm portion” as the “portion of a gripping element(s) configured to engage one of the guides and contiguous with a force transfer element.” *LoggerHead Claim Construction Opinion* at \*5. This construction, he felt, “g[ave] more meaning

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<sup>5</sup> *Cf. Brengettcy v. Horton*, 423 F.3d 674, 680 (7th Cir. 2005) (suggesting that district judge who “was not presented with ‘precisely the same question in precisely the same way’” could reconsider a ruling by her predecessor in the same case).

<sup>6</sup> The relevant portions of claim 16 in the ‘579 Patent and claim 1 in the ‘470 Patent are identical to claim 1 of the ‘579 Patent. Claim 9 in both the ‘579 and ‘470 Patents incorporate claim 1 of their respective patents by reference.

to both ‘arm’ and ‘portion’ than the plain and ordinary meaning” or the Defendants’ preferred construction. *Id.*

Defendants Sears and Apex had pushed for a more limited construction of the term as meaning the “portion of gripping element that projects from the body portion and to which the force transfer element is connected.” *Id.* at \*3. The Defendants insisted that their construction was necessary to distinguish the arm and body portions of the claimed gripping element as “separate structures.” *Id.* The importance of this distinction cannot be overstated. Throughout the proceedings, the Defendants have claimed that their Max Axess tool cannot literally infringe the Plaintiff’s patents because its gripping element does not contain an “arm portion,” but rather consists of a “rectangular monolithic block[ ].” (Defs.’ Mot. for JMOL 2.) The Defendants have raised this argument again in their Motion for Judgment as a Matter of Law, urging the court to change or clarify the existing construction to indicate that an “arm portion” must “project (or at least be separately identifiable) from the body portion” to which it is attached. (Defs.’ Reply in Supp. of Mot. for JMOL [481] (hereafter “Defs.’ Reply Br.”) 11.)

This court is inclined to agree. As shown at trial, the adopted construction of “arm portion” blurred the boundaries between what counts as a “body” and what counts as an “arm.” LoggerHead’s construction was inconsistent with the commonplace meaning of the word “arm” and is inconsistent with what it actually invented. LoggerHead’s construction also directly contradicts statements LoggerHead made to distinguish the Bionic Wrench from the earlier Buchanan patent during the prosecution history.

**a. LoggerHead’s construction is inconsistent with the plain meaning of “arm portion.”**

The Federal Circuit has long held that “a claim construction that gives meaning to all the terms of the claim is preferred over one that does not do so.” *Apple Inc. v. Motorola, Inc.*, 757 F.3d 1286, 1305 (Fed. Cir. 2014). “Where a claim lists elements separately, the clear implication of the claim language is that those elements are distinct components of the patented

invention.” *Becton, Dickinson & Co. v. Tyco Healthcare Grp.*, LP, 616 F.3d 1249, 1254 (Fed. Cir. 2010). LoggerHead’s construction, however, effectively eliminated the word “arm” from the patents’ claims. Despite Judge Darrah’s assertion that LoggerHead’s construction “g[ave] more meaning to both ‘arm’ and ‘portion,’” *LoggerHead Claim Construction Opinion* at \*5, the construction clearly read “arm” out entirely and relied solely on the term “portion.”

Additionally, in defining the term “portion,” the construction simply repeats the words that already follow the word “portion” in the text of the claim. This is puzzling considering that LoggerHead originally proposed that “arm portion” should be given its “plain and ordinary meaning” since the “term is defined by other claim language.” *Id.* at \*3. Judge Darrah rejected this argument, but then adopted LoggerHead’s alternate construction—which is a near-copy of the “other claim language” Judge Darrah had just deemed insufficiently clear. *Id.* at \*5. The resulting construction is confusing and redundant—something that becomes apparent by inserting the constructed definition into the place “arm portion” holds in the claims:

each at least one gripping element including a body portion adapted for engaging the workpiece, [a] **portion of a gripping element configured to engage one of the guides and contiguous with a force transfer element(s)** configured to engage one of said at least one guide and a force transfer element contiguous with the **portion of a gripping element configured to engage one of the guides and contiguous with a force transfer element(s)**.

(Defs.’ Mot. for JMOL 22) (quoting ‘579 Patent col. 8 ll. 58–62) (emphasis added). Under this construction, the term “arm portion” provides no independent meaning to the claim. As the Defendants note, a claim construction that “ascribes no meaning to [a] term . . . not already implicit in the rest of the claim” is erroneous. (Defs.’ Mot. for JMOL 21) (quoting *Mangosoft, Inc. v. Oracle Corp.*, 525 F.3d 1327, 1330–31 (Fed. Cir. 2008)).

LoggerHead defends its construction by citing the maxim that the “inventor’s lexicography governs.” (Pl.’s Resp. Br. 21) (quoting *Int’l Test Solutions, Inc. v. Mipox Int’l Corp.*, No. 16-cv-00791-RS, 2017 U.S. Dist. LEXIS 54630 at \*9 (N.D. Cal. Apr. 10, 2017)). While this is true, the inventor did not define the term “arm portion”—or any other term—in the patents’

specifications. See *Intellicall, Inc. v. Phonometrics, Inc.*, 952 F.2d 1384, 1388 (Fed. Cir. 1992) (“Where an inventor chooses to be his own lexicographer and to give terms uncommon meanings, he must set out his uncommon definition in some manner within the patent disclosure.”). The inventor did, however, choose to include the words “arm” and “body” to modify the respective “portions” of the gripping element configured in different ways. LoggerHead’s other argument that the surrounding claim language defines the term is similarly unavailing: LoggerHead uses the surrounding language to eliminate the word “arm” from the greater phrase, not define it. (See Pl.’s Resp. Br. 21–22.)

The overall effect of the adopted construction conflates what an “arm portion” *is* with what an “arm portion” *does*. The patents claim a “gripping element including . . . an arm portion configured to engage one of said at least one guide and a force transfer element contiguous with the arm portion.” (’579 Patent col. 8 ll. 58–62.) By defining an “arm portion” only in terms of how it relates to other parts of the invention, the construction makes it impossible to reasonably identify whether an “arm portion” is accomplishing the claimed tasks, or whether some other non-infringing structure is accomplishing them. As a result, the court agrees with the Defendants that an arm portion and a body portion must “be at a minimum separately identifiable structures.” (Defs.’ Mot. for JMOL 20) (citing *Engel Industries, Inc. v. Lockformer Co.*, 96 F.3d 1398, 1404–05 (Fed. Cir. 1996) (holding that where a patent describes two “portions” in a claim, “they logically cannot be one in the same”)).

Both Judge Darrah and LoggerHead place a great deal of importance on the word “portion” at the expense of its modifiers, “arm” and “body.” Thus, Judge Darrah felt “it would be improper to read separate structure and projection limitations into the claim.” *LoggerHead Claim Construction Opinion* at \*4. LoggerHead relies on this point again in its responsive motion, arguing that the Defendants “ignore[ ] the requirement . . . that the arm and body portions are portions of the same structure—i.e. the gripping element.” (Pl.’s Resp. Br. 25) (emphasis in original). By ignoring “arm” in favor of “portion,” LoggerHead commits the same

error it accuses the Defendants of committing: rendering a claim term meaningless. A “portion” does indeed mean a “part of a whole,” (*Id.*) (quoting *Depuy, Inc. v. Zimmer Holdings, Inc.*, 276 F. Supp. 2d 910, 916–17 (N.D. Ill. 2003)), but two portions may not be the *same part* within that whole. See *Engel Industries*, 96 F.3d at 1404–05.

The case law cited by LoggerHead recognizes as much. LoggerHead cites to *Burns, Morris & Stewart L.P. v. Endura Products, Inc.*, No. 9:04-CV-23, 2005 U.S. Dist. LEXIS 46839 (E.D. Tex. May 11, 2005), a patent case claiming a “first-“ and “second portion” to a “construction component,” to support the notion that “[a] portion’ means ‘a part of the whole.’” *Id.* at \*23–24. *Burns* emphasizes, however, that the “first portion” must be “distinguishable from the ‘second portion.’” *Id.* at 24. LoggerHead looks past this, and also conveniently ignores the preceding sentence explaining that the two terms “denote that there are *separate* portions.” *Id.* (emphasis added). Judge Darrah and LoggerHead both also rely on a Federal Circuit case involving a patent for eyeglasses to claim that “use of the term ‘portion’ does not itself require that the [gripping element] contain [another] structure.” *LoggerHead Claim Construction Opinion* at \*3 (quoting *Aspex Eyewear, Inc. v. Altair Eyewear, Inc.*, 288 Fed. Appx. 697, 702 (Fed. Cir. 2008)). The selective quotation aside, *Aspex Eyewear* does not support LoggerHead’s position. In that case, the Federal Circuit held that a patent claim mentioning only one portion (a “middle bridge portion” in a pair of glasses) does not automatically imply the presence of additional, unspecified portions (i.e. rims around the lenses). *Id.* LoggerHead’s patents already mention two distinct portions, so *Aspex Eyewear*’s logic does not apply. LoggerHead chose to include the words “arm” and “body” to modify the different “portions” of its gripping element. This court must give meaning to all terms in the claim. Here, that requires modifying the construction to state that an “arm portion” must be an identifiable structure that projects from the body portion.<sup>7</sup>

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<sup>7</sup> The court does not agree with the latter half of the Defendants’ construction: that the arm portion also be the portion “to which the force transfer element is connected.” (Def.s’ Mot. for

LoggerHead next argues that looking to dictionary definitions to establish the meaning of a claim term in this context would be an improper reliance on extrinsic evidence. (Pl.'s Resp. Br. 24.) This is an incorrect statement of the law of claim construction. The Federal Circuit instructs that identifying the plain and ordinary meaning of a term often “involves little more than the application of the widely accepted meaning of commonly understood words.” *Phillips*, 415 F.3d at 1314. “In such circumstances, general purpose dictionaries may be helpful.” *Id.* Defendants’ citation to the dictionary definition of the word “arm” is not an attempt to supplant intrinsic evidence with extrinsic evidence of a technical or specialized nature, but a way of recognizing the ordinary meaning of a commonplace term. See, e.g., *Boehringer Ingelheim Vetmedica, Inc. v. Schering-Plough Corp.*, 320 F.3d 1339, 1346–47 (Fed. Cir. 2003) (relying on the Merriam-Webster definition of the term “isolate” to establish the plain meaning over the defendant’s attempt to narrow the definition with specialized medical dictionaries). This court concludes it was clear error to eliminate the word “arm” from the claims, and a further error to ignore the essential characteristics that comprise an arm. There is no reason to suspect that a person of ordinary skill in the art (“POSITA”) reading these patents would put aside his understanding of an “arm” as being an identifiable appendage attached to an axis point or a larger body.<sup>8</sup> See *Arm*, MERRIAM-WEBSTER COLLEGIATE DICTIONARY (10th ed. 1997).

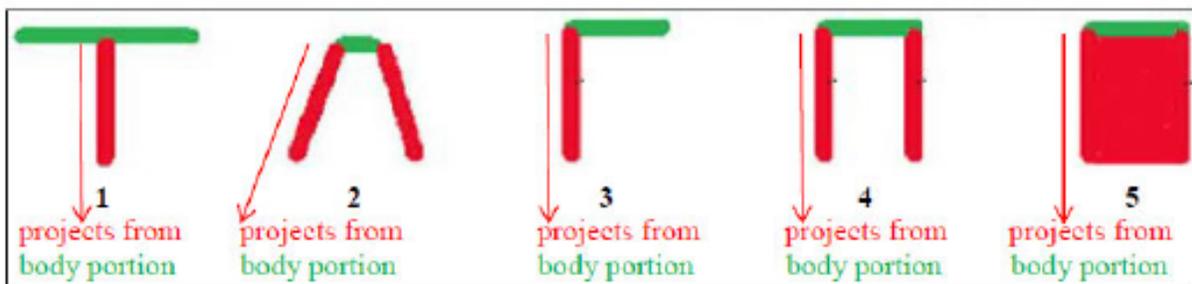
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JMOL 17.) The patents’ claims state that the arm portion must be “contiguous with” the force transfer element. (’579 Patent col. 8 l. 61). “[C]ontiguous and connected are not synonymous.” (Pl.’s Resp. Br. 22.)

<sup>8</sup> A brief survey of other cases construing the word “arm” or “arm portion” reinforces this position. This court has found no case in which a claimed “arm” or “arm portion” does not, in some way, have to resemble what people would universally recognize as an “arm” in the common usage of the term. See, e.g., *Mass Engineered Design, Inc. v. Ergotron, Inc.*, No. 206-cv-272, 2008 WL 3483906, at \*2 (E.D. Texas Aug. 7, 2008) (construing the phrase “arm assembly” as “a structure having one or more constituent parts *connected to and projecting from the support means*”) (emphasis added); *LTI Enterprises, Inc. v. Custom Marketing Co., LLC*, No. 13-cv-2224 ADM/LIB, 2015 WL 3607746, at \*3-4 (D. Minn. June 8, 2015) (giving “arm” its plain and ordinary meaning); *GoPro, Inc. v. 360Heros, Inc.*, No. 16-cv-01944-SI, 2017 WL 2617906, at \*4 (N.D. Cal. June 16, 2017) (refusing to adopt a construction for the terms “support arm” and “support body” which effectively eliminated the words “arm” and “body” from the terms and would have allowed any structure facilitating a similar task to fall within the claims’ scope).

LoggerHead counters that an “arm portion” may take many forms. (Pl.’s Resp. Br. 35.) This court agrees. Indeed, the patents themselves cover multiple variations of the gripping element’s “arm portion.” (*Id.* at 31–32.) For example, claim 5 of the ‘579 Patent, which is not at issue in this case, states that “the arm portion of the gripping elements further includes a pair of arms disposed at opposite ends of the body portion such that the gripping elements are substantially U-shaped.” (‘579 Patent col. 9 ll. 57–60.) This implies that an arm portion could have just a single arm, or a pair of arms arranged in a manner not “substantially U-shaped.” The specification of the ‘470 Patent adds that “[t]he gripping elements themselves may be varied in size, shape, surface finish, body configuration, arm configuration, or quantity.” (‘470 Patent col. 18 ll. 14-16.) None of this intrinsic evidence, however, supports the notion that a gripping element said to include both arm and body portions may nevertheless encompass gripping elements without identifiable arms. “Arms,” by any common understanding, project from the body to which they are attached.

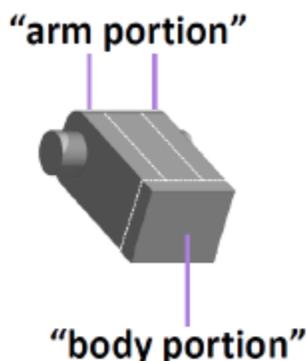
LoggerHead appears to recognize this fact in its responsive brief, presenting the following diagram to illustrate its view of the scope of the term “arm portion” in the patents-in-suit:



(Pl.’s Resp. Br. 35) (presenting PTX. A at Slide 25 with images 4 and 5 added). LoggerHead argues, and the Defendants concede, that images 1, 2, and 3 show “arm portion(s) that project from the body portion.” (*Id.*) Likewise with image 4—which closely resembles the gripping element illustrated in the specification and present in the company’s Bionic Wrench. Given this

baseline, LoggerHead then attempts to reason by analogy that, under either party's construction of "arm portion," image 5 must also be viewed as containing both an arm and body portion since it "is merely image 4 with the open space between the admittedly infringing arm portions filled-in." (*Id.*) This analogy goes too far. A human being can have two arms, or one arm, or no arms. But in no situation would an outside observer say that a limb-less man nevertheless has an "arm" assuming you consider his torso. They must be different structures. If image 5 is indeed "merely image 4 with the open space . . . filled-in," a POSITA would almost certainly refer to the entire structure as one body, not a body with arms. Under LoggerHead's view, there is no way to distinguish the "arm portion" from the "body portion" since anyone could arbitrarily draw a line on a uniform mass and claim that it actually contains multiple structures "with the open space between [them] filled-in." (*Id.*)

Drawing arbitrary lines is exactly what LoggerHead's expert did at trial. This court is aware that modifying a claim's construction is not common at this point in litigation, and it does not do so lightly. However, Judge Darrah's construction proved an unworkable standard. At trial, LoggerHead's expert witness, Dr. Jonathan Cagan, introduced the following exhibit to identify what he believed to be the "arm portion" of the Defendants' gripping element:



(Defs.' Mot. for JMOL 32) (reproducing Cagan Trial Demonstrative 41). The dotted lines are not present on the actual Max Axess gripping element, but were added for the purposes of Dr. Cagan's expert testimony. While these lines may in fact identify the "portion of a gripping

element(s) configured to engage one of the guides and contiguous with a force transfer element” (the “arm portion”) and the “portion of a gripping element(s) adapted for engaging a workpiece” (the “body portion”), *LoggerHead Claim Construction Opinion* at \*5, they lack any connection to identifiable structures. Any future expert could draw these dotted lines differently with little regard for the structural realities of a similar hand tool’s gripping element. While this interpretation may appear harsh—even dispositive—on the question of infringement, the plain and ordinary meaning of “arm portion” requires that the Plaintiff identifies a portion of a competing gripping element that projects from the body portion, not merely any arbitrary subdivision “configured to engage one of the guides and contiguous with a force transfer element.”

The court’s job is to define the metes and bounds of a patent’s claims. This not only aids in litigation, but ensures that competitors may “rely on [a patent’s] representations when determining a course of lawful conduct, such as launching a new product or designing-around a patented invention.” *Biogen Idec, Inc. v. GlaxoSmithKline LLC*, 713 F.3d 1090, 1095 (Fed. Cir. 2013). If the patent lacks certainty, even skilled product designers will be unable to avoid the scope of infringement liability. As stated, the existing construction defines the arm and body portions only in terms of their function. But the patent clearly states that two different structures must accomplish these tasks. The existing construction simply invites future rounds of litigation with other parties. This court will not abdicate its role and open the door for expert witnesses to redefine a patent’s scope on an *ad hoc* basis.

**b. LoggerHead’s construction is inconsistent with the patents’ prosecution history.**

The Defendants also argue, as they did during the *Markman* hearing, that the prosecution history of the ‘570 and ‘470 Patents rules out the function-based construction of “arm portion.” The court’s error was compounded during trial, Defendants urge, where LoggerHead “effectively recaptured the same basic gripping element structure that it

distinguished to obtain the '470 Patent in the first place.” (Defs.’ Mot. for JMOL 25.) “The purpose of consulting the prosecution history in construing a claim is to ‘exclude any interpretation that was disclaimed during prosecution.” *Chimie v. PPG Indus., Inc.*, 402 F.3d 1371, 1384 (Fed. Cir. 2005) (quoting *ZMI Corp. v. Cardiac Resuscitator Corp.*, 844 F.2d 1576, 1580 (Fed. Cir. 1988)). The doctrine of prosecution history disclaimer “ensures that claims are not construed one way in order to obtain their allowance and in a different way against accused infringers.” *Id.*

Judge Darrah declined to invoke prosecution history disclaimer in the original *Markman* hearing. He concluded that LoggerHead’s effort to differentiate its patent applications from the Buchanan Patent was not “an unambiguous disavowal that clearly and unmistakably disclaims the plain meaning of a disputed claim term.” *LoggerHead Claim Construction Opinion* at \*5 (quoting *Biogen Idec*, 713 F.3d at 1098 (Plager, J. dissenting)). Based on the correspondence between LoggerHead and PTO, however, it is difficult to see how LoggerHead’s statements as to the scope of its patents were anything but clear and unmistakable.

Responding to the Examiner’s rejection of the '470 Patent on the basis that the Buchanan Patent’s “plunger” anticipated LoggerHead’s gripping element, LoggerHead reproduced the following image comparing the two structures:



(PTX 4 at 1836.) The Examiner had stated that the Buchanan Patent disclosed the claimed gripping element by featuring a “body portion (24) adapted for engaging the work piece, an arm portion configured to engage one at least one guide [adjacent to crimping portion (25)] and a

force transfer element (26) configured with the arm portion.” (*Id.* at 1836–37.) LoggerHead responded that there was no structure adjacent to the crimping portion aside from the force transfer element. (*Id.* at 1837.) LoggerHead continued:

Applicant respectfully submits that Buchanan’s gripping element does not contain an arm portion. Instead, the force transfer element (i.e., pin 26) of Buchanan is directly attached to the body portion. In contrast, as shown in the partial reproduction of Applicant’s FIG. 1 above, the claimed subject matter requires, among other things, a gripping element 26 that includes a body portion 34, a force transfer element 38, and an arm portion 36. Furthermore, claim 1, for example, requires that the “force transfer element [is] contiguous with the arm portion.” The force transfer element 26 of Buchanan, as best understood, however, is contiguous with the body, not an arm portion because Buchanan does not teach or suggest an arm portion.

Further, claim 1 of the pending application recites that the arm portion is “configured to engage one said at least one guide.” As can be appreciated by one of ordinary skill in the art, the guide (19) [not shown above] engages the body portion (24) of the gripping element (26) and no other structure. This further demonstrates that the gripping element of Buchanan does not disclose the same structure as claim 1, namely, a body portion, an arm portion, and a force transfer element.

(*Id.*) In addition to repeatedly confirming that the “arm portion” needed to be an actual “structure,” this passage clearly rejects the core features of the construction for which LoggerHead now argues. As LoggerHead noted in its submission to the patent examiner, any POSITA would recognize that the Buchanan plunger has both a “portion” contiguous to the force transfer element (the pin), and a “portion” configured to engage the guides. But this “portion,” LoggerHead insisted, was the *body*, not an arm. (*Id.*) LoggerHead cannot now pretend that an “arm portion” includes any subpart of a gripping element that functions in those ways. As summarized by the Defendants: “LoggerHead’s statements to the PTO make no sense unless ‘arm portion’ has some structural meaning—otherwise, Buchanan [ ] would have arm portions.” (Defs.’ Reply Br. 15.)

Furthermore, even if the elements of prosecution history disclaimer are not satisfied here, LoggerHead’s statements to the PTO still support the Defendants’ position. Prosecution history disclaimer applies to narrow the meaning of a claim and “overcome[ ] the heavy

presumption that claim terms carry their full ordinary and customary meaning.” *Biogen Idec*, 713 F.3d at 1095 (internal citation and quotation marks omitted). Here, LoggerHead’s original statements arguably *reinforced* the plain meaning of “arm portion” as an identifiable projection. Only later during the course of litigation did LoggerHead disclaim the plain meaning in favor of a more expansive view. Judge Darrah stated that LoggerHead “did not directly disclaim nonprojecting ‘arm portion[s]’ during prosecution,” *LoggerHead Claim Construction Opinion* at \*4, but LoggerHead did not need to do so in order to inform the term’s meaning. Arms project. LoggerHead’s statements are most accurately viewed as additional evidence supporting the plain and ordinary meaning, not as a disclaimer of that meaning.

Admittedly, “the examiner did not require a specific amendment to reflect separate arm and body structures.” *Id.* at \*3. This does not obviously militate in favor of LoggerHead’s position, however. The Federal Circuit has long held that clarifications made during a patent’s prosecution “can take the form of either amendment or argument.” *Biogen Idec*, 713 F.3d at 1095; *see also Elkay Mfg. Co. v. Ebc Co.*, 192 F.3d 973, 979 (Fed. Cir. 1999). The Examiner accepted LoggerHead’s explanation that the Buchanan Patent lacked an “arm portion,” so there was no need for an amendment. LoggerHead contends that it was only responding to the Examiner’s categorization of the images and “pointing out that the Examiner’s chosen identification of plunger 24 as the body portion mean[t] there cannot be an arm portion.” (Pl.’s Resp. Br. 28.) This is simply untrue. The passage reproduced above shows a clear differentiation between the Buchanan Patent and the ‘470 Patent on structural grounds, because LoggerHead could not do so with a purely functional interpretation of its gripping element.

“Disclaimer or not . . . the prosecution history establishes that the plain meaning of the ‘arm portion’ limitation must have some structural requirement, and cannot be met by a structure-less, function-only definition.” (Defs.’ Reply Br. 15.) Contrary to LoggerHead’s assertion at the *Markman* hearing, its claimed arm and body portions are not simply “labels for

easier reference,” *LoggerHead Claim Construction Opinion* at \*3—they are at the heart of what differentiates the ‘579 and ‘470 Patents from the prior art. See *Bicon, Inc. v. The Straumann Co.*, 441 F.3d 945, 950 (Fed. Cir. 2006) (“Allowing a patentee to argue that physical structures and characteristics specifically described in a claim are merely superfluous would render the scope of the patent ambiguous, leaving examiners and the public to guess about which claim language the drafter deems necessary to his claimed invention.”)

In accordance with the above analysis, the court finds that the term “arm portion,” as used in the ‘579 and ‘470 Patents, must also be an identifiable structure that projects from the body portion of the gripping element. This construction best provides meaning to both words in the term, and is consistent with LoggerHead’s statements to the PTO.

### III. New trial

Defendants have not moved for a new trial on the issue of infringement. But Rule 59 of the Federal Rules of Civil Procedure gives this court the authority to order a new trial on its own initiative “for any reason that would justify granting one on a party’s motion.” FED. R. CIV. P. 59(d).<sup>9</sup> “An erroneous instruction regarding claim interpretation that affects the jury’s decision on infringement is grounds for a new trial.” *Ecolab, Inc. v. Paraclipse, Inc.*, 285 F.3d 1362, 1373 (Fed. Cir. 2002). The qualifying phrase “affects the jury’s decision on infringement” is important. Not all erroneous instructions on claim interpretation provide grounds for a new trial. See *Avago Techs. Gen. IP PTE Ltd. v. Elan Microelectronics Corp.*, No. C 04-05385 JW, 2009 WL 8612367, at \*4 (N.D. Cal. Sept. 23, 2009). “[T]o warrant a new trial,” the erroneous instruction must “in fact [have been] prejudicial. When the error in a jury instruction ‘could not have changed the result, the erroneous instruction is harmless.” *Ecolab*, 285 F.3d at 1374 (quoting *Environ. Prods., Inc. v. Furon Co.*, 215 F.3d 1261, 1266-67 (Fed. Cir. 2000)).

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<sup>9</sup> The court has not entered judgment on the jury’s verdict, so the 28-day limitation period in Rule 59(d) has not lapsed. See *Mitchell v. Dist. Ct. of United States for S. Dist. of Cal.*, 270 F.2d 70, 71 (9th Cir. 1959) (rejecting argument that Rule 59’s limitations period “ran from the date the verdict was filed and entered; that this must be treated as an entry of judgment”).

In this case, the court instructed the jury that they “must” define “arm portion” as “[p]ortion of a gripping element(s) configured to engage one of the guides and contiguous with a force transfer element.” (Final Jury Instr. [449] 27.) This instruction was erroneous because the claim construction on which it was based was erroneous.

The erroneous instruction could well have changed the result of the jury’s decision on infringement. Multiple witnesses testified at trial that the Max Axess gripping element is, variously, “a block with a pin through it” (Tr. 1032:4-6); “a simple block with a pin – a pin through it” (*Id.* at 1063:24-25); and “a solid, rectangular block with a pin driven through it.” (*Id.* at 1187:16-20.) Professor Frank Fronczak testified that a person of ordinary skill in the art “certainly” would not recognize anything in the Max Axess gripping element “that would be understood to be an arm portion versus a body portion. They would not parse it into portions.” (*Id.* at 1188:1-7.) John Owen similarly testified that the Max Axess gripping element does not “include all three requirements of the claims in this case, a force transfer element, arm portion, and the body portion.” (*Id.* at 1033:23-1034:3.) A reasonable jury could have found this testimony persuasive. It could have concluded that the Max Axess gripping element does not infringe because it does not include an identifiable structure that projects from the body portion of the gripping element. The erroneous jury instruction, therefore, was not harmless. The court grants a new trial because prejudicial legal error affected the jury’s decision on infringement.

### **CONCLUSION**

Defendant’s Motion for Judgment as a Matter of Law [456] is denied. The court grants a new trial because the court’s erroneous jury instruction was prejudicial legal error. Defendants’ Motion for Judgment as a Matter of Law on Damages, for Remittitur, or for a New Trial on Damages [455] is denied as moot. Plaintiff’s Motions for Permanent Injunction [453], for Entry of Judgment, Award of Prejudgment and Postjudgment Interest and Costs, and Identification of the Applicable Schedule for LoggerHead’s Motion for Attorney’s Fees and Nontaxable Expenses [457], and for Enhanced Damages [461] are similarly denied as moot.

ENTER:



Date: December 22, 2017

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REBECCA R. PALLMEYER  
United States District Judge

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

**LOGGERHEAD TOOLS, LLC,** )  
 )  
 **Plaintiff,** )  
 )  
 **v.** ) **No. 12 C 9033**  
 )  
 **SEARS HOLDING CORPORATION and** ) **Judge Rebecca R. Pallmeyer**  
 **APEX TOOL GROUP, LLC,** )  
 )  
 **Defendants.** )

**MEMORANDUM OPINION AND ORDER**

This long-running patent dispute proceeded to trial a year ago. Plaintiff LoggerHead Tools, LLC prevailed, winning a jury verdict and a large damages award against Defendants Sears Holdings Corp. and Apex Tool Group, LLC, on claims that by selling the “Max Axess Locking Wrench,” Defendants infringed LoggerHead’s patent for an “Adjustable Gripping Tool.” This court concluded, however, that the jury instructions were infected by an inaccurate claim construction. The court therefore vacated the jury’s verdict, revisited the claim construction performed by Judge Darrah (to whom this case was previously assigned), and ordered a new trial. *See LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12 C 9033, 2017 WL 6569629 (N.D. Ill. Dec. 22, 2017). Plaintiff now asks the court to reconsider its decision and reinstate the verdict. In the alternative, Plaintiff seeks summary judgment in its favor under the court’s revised claim construction. For their part, Defendants Sears and Apex contend that the revised claim construction dictates summary judgment in their favor. For the reasons explained here, the court agrees. Plaintiff’s motions are denied and Defendants’ motion for summary judgment is granted.

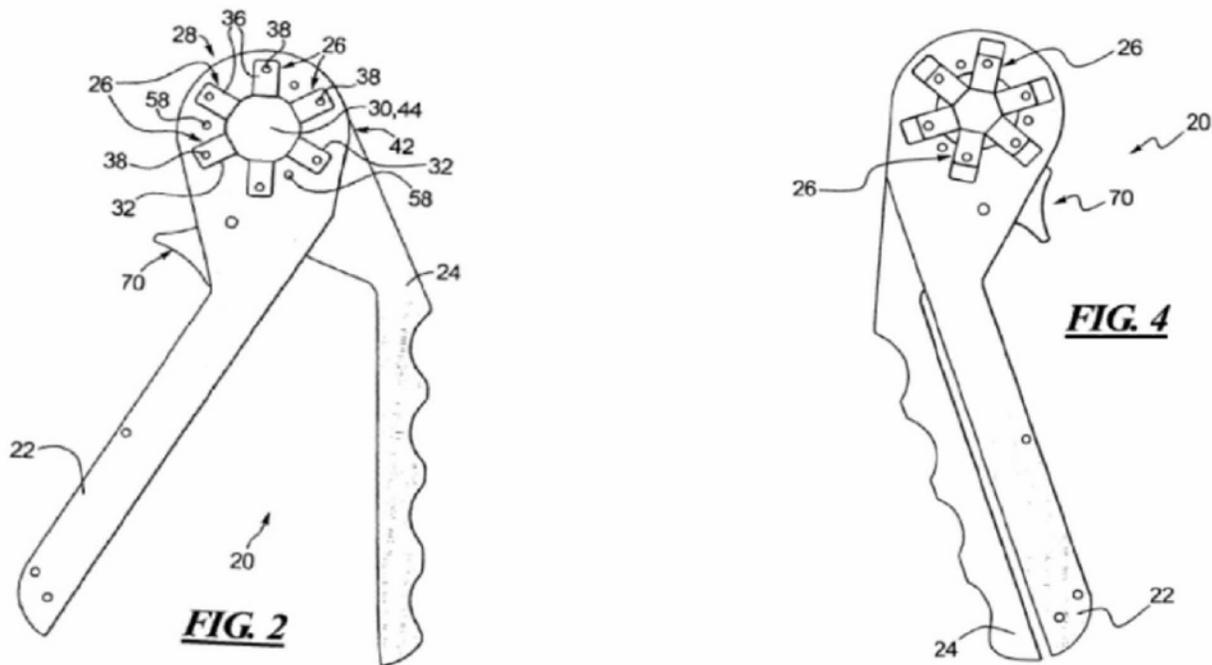
**BACKGROUND**

Most of the relevant facts of this case are undisputed.<sup>1</sup> Plaintiff LoggerHead Tools, LLC, is the assignee of United States Patents No. 6,889,579 (hereafter “579 patent”) and No. 7,992,470 (hereafter “470 patent”). Both patents are titled “Adjustable Gripping Tool” and both

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<sup>1</sup> The full history of this case is long and complicated. The court recounts only those facts that are relevant to the currently pending motions. For additional background, see *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12 C 9033, 2017 WL 6569629 (N.D. Ill. Dec. 22, 2017).

describe several wrench-like hand-tools designed to “impart work upon a workpiece.” (Defs.’ L.R. 56.1 Statement of Facts (hereafter “DSOF”) [504], at ¶¶ 10-11.) Two embodiments of such a tool appear below. Squeezing the tool’s handles together causes several tooth-like “gripping elements” (labeled 26 in the images below) to close in on, and grip, a lug nut or other workpiece.

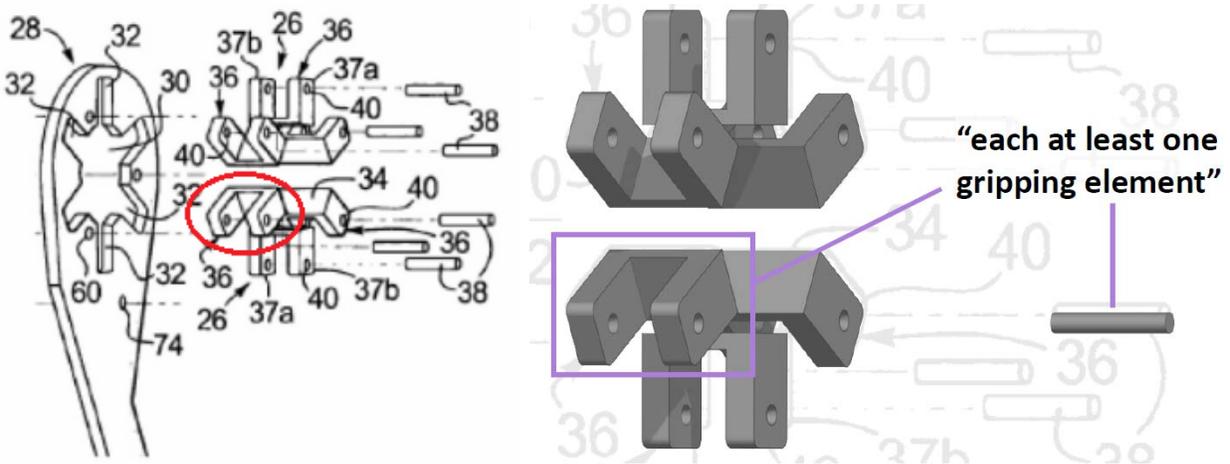


(‘579 Patent, Ex. 1 to DSOF, Figs. 2, 4.)

These “gripping elements” are at the center of this litigation. The claims LoggerHead now asserts against Defendants<sup>2</sup> require “at least one gripping element.” Each gripping element, in turn, must include a “body portion” (34), an “arm portion” (36), and a “force transfer element” (38). The arm portion must be “configured to engage” certain other components of the tool (called “guides”); the body portion must be “adapted for engaging the work piece”; and the force transfer

<sup>2</sup> Loggerhead asserts claims 1, 9, and 16 of the ‘579 patent, and claims 1 and 9 of the ‘470 patent. (Pl.’s L.R. 56.1 Statement of Facts (hereafter “PSOF”) [501-2], at ¶ 7.) The ‘470 patent is a continuation-in-part of the ‘579 patent. See ‘470 patent col. 1 ll. 5-6. The language pertaining to gripping elements is identical in each asserted claim. See ‘579 patent col. 8 ll. 58-62, col. 10 ll. 17-19, col. 11 ll. 54-58; ‘470 patent col. 18 ll. 43-47, col. 19 ll. 17-18.

element must be “contiguous with the arm portion.” (DSOF ¶ 13.) Two images of a set of gripping elements satisfying all these requirements appear below:



(‘579 Patent, Fig. 1.; Pl.’s Tr. Demonstr. Ex., Fig. 1.)

The parties agree that a gripping element need not be U-shaped, like those depicted above, to satisfy all the applicable requirements in the asserted claims. (See Pl.’s Statement of Add’l Material Facts (hereafter “PSAMF”) [507-2], at ¶ 2; Defs.’ Resp. to PSAMF [515], at ¶ 2.) The key question in this case is whether a gripping element that is a solid rectangle—like the one in Defendants’ accused product, discussed in greater detail below—includes the requisite “arm portion.”

### I. Prosecution History

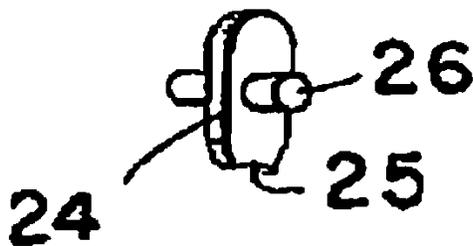
The prosecution history of the ‘470 patent shows why the inclusion of an arm portion in LoggerHead’s claims is significant. During prosecution, LoggerHead<sup>3</sup> distinguished its claims from the prior art by arguing that the prior art did not include an arm portion. The company made this argument in response to the U.S. Patent Office’s rejection of certain claims on the grounds

<sup>3</sup> LoggerHead did not apply for the ‘470 patent, and the statements described here were made by the patent’s assignor, Daniel Brown. Nevertheless, the court refers to the applicant as “LoggerHead” in this opinion to avoid confusion.

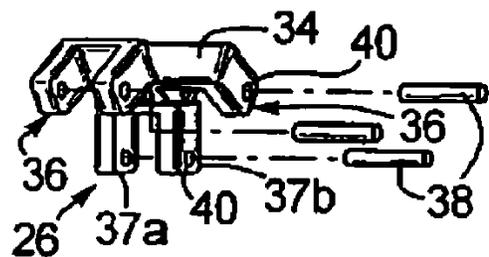
that they were anticipated by United States Patent No. 2,787,925 (hereafter “Buchanan patent” or “Buchanan”).<sup>4</sup> (PSAMF ¶ 26.)

LoggerHead first applied for the ‘470 patent on April 11, 2005. See ‘470 patent, at [22]. The patent examiner rejected LoggerHead’s claims as anticipated by Buchanan on April 16, 2008. The examiner stated, *inter alia*, that a feature of the Buchanan patent referred to as a “plunger” satisfies LoggerHead’s proposed claims involving a gripping element,<sup>5</sup> because the plunger “includ[es] a body portion (24) adapted for engaging the work piece, an arm portion configured to engage one at least one guide and a force transfer element (26) contiguous with the arm portion.” (PSAMF ¶ 25.)

LoggerHead raised several arguments in response to this rejection. The company argued, for example, that “Buchanan does not show the elements united in the same way as disclosed in Applicant’s claims.” (*Id.* at ¶ 27.) The company also argued that Buchanan’s “plunger” does not disclose both a body portion and an arm portion. LoggerHead attached the following images to its response to illustrate the differences between Buchanan’s plunger and the gripping element LoggerHead claimed:



**Buchanan’s Plunger**



**Applicant’s Gripping Element**

(LoggerHead Response of July 16, 2008, Ex. 3 to PSAMF, at LH-00001657.) The company noted that “[t]he Examiner does not specify where Buchanan teaches an arm portion.” (*Id.*) In fact,

<sup>4</sup> As explained in this court’s previous opinion, the Buchanan patent is dated April 9, 1957, and describes a “multifunctional tool, more especially adapted for use in the insulated electrical wire art.” It claims, *inter alia*, “a wireworking tool having a plurality of centrally converging crimping plungers.” *LoggerHead*, 2017 WL 6569629, at \*2.

<sup>5</sup> As far as the court can tell, the proposed gripping element in LoggerHead’s application was identical to the gripping element included in the ‘470 patent.

LoggerHead asserted, “Buchanan’s gripping element does not contain an arm portion. Instead, the force transfer element (i.e., pin 26) of Buchanan is directly attached to the body portion.” (*Id.*) Buchanan’s force transfer element, LoggerHead continued, “is contiguous with the body, not an arm portion because Buchanan does not teach or suggest an arm portion.” (PSAMF ¶ 27.) LoggerHead concluded that the claims in its patent thus differed from Buchanan and should be allowed. “For this reason alone,” LoggerHead asserted, referring to the absence of an arm portion in the Buchanan patent, LoggerHead’s “claims are in condition for allowance.” (*Id.*) The company did not submit any claim amendments with this response. (*Id.* at ¶ 28.) On November 3, 2008, the Patent Office concluded that LoggerHead’s “arguments . . . are persuasive,” and therefore withdrew the April 2008 rejection. (PSAMF ¶ 29.)

The Patent Office nevertheless did not immediately allow LoggerHead’s proposed claims. Instead, the Office rejected the claims several more times based on “art other than Buchanan.” (*Id.* at ¶ 32.) On at least one such occasion, on January 26, 2010, LoggerHead chose to amend its proposed claims instead of contesting the rejection.<sup>6</sup> (*Id.* at ¶ 31.)

For reasons that are not clear from the record, the patent examiner subsequently turned his attention back to the Buchanan patent. On October 13, 2010, the examiner again rejected several of LoggerHead’s proposed claims as anticipated by Buchanan. (*Id.* at ¶ 33.) Like the April 2008 rejection, the October 2010 rejection asserted that Buchanan discloses a gripping element that includes a “body portion (24) adapted for engaging the work piece,” an “arm portion . . . configured to engage one the at least one guide,” and “a force transfer element (26)

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<sup>6</sup> This rejection was premised on anticipation by U.S. Patent No. 5,894,768, which and issued on April 20, 1999, and is titled “Tool Having Jaws for Gripping Hexagonally Shaped Objects.” After rejecting LoggerHead’s independent claim 1 as anticipated by the ‘768 patent, the Patent Office advised LoggerHead that “Claims 4-6 are objected to as being dependent on a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims.” (PSAMF ¶ 31; Ex. 3 to PSAMF, at LH-00001747-54.) LoggerHead responded by amending claim 1 to include the limitations in claim 4. (PSAMF ¶ 31.) It appears to the court that this involved adding the following limitation to claim 1(d), which described the “actuation portion” of the tool: “wherein the first element further includes at least one aligning element such that each said at least one aligning element is disposed between an adjacent pair of guides and extends parallel to the force transfer elements.” (Ex. 3 to PSAMF, at LH-00001771-72.)

contiguous with the arm portion.” (*Id.*) Unlike the April 2008 rejection, however, which did not identify exactly where or how Buchanan’s plunger discloses an arm portion, the October 2010 rejection identified the purported arm portion as being “adj. 25”—that is, adjacent to the indentation in the plunger identified by the number 25 in the image labeled “Buchanan’s Plunger” above. (*Id.*)

In response to the October 2010 rejection, LoggerHead again argued that “Buchanan does not show all the elements united in the same way as disclosed in Applicant’s claims.” (*Id.* at ¶ 34.) LoggerHead also attached the same two images contrasting Buchanan’s plunger with LoggerHead’s gripping element that it had attached to its response to the April 2008 rejection. The company urged that, contrary to the patent examiner’s assertion that an arm portion is “adj[acent]” to the indentation in Buchanan’s gripping element, “[n]o structure is adjacent to the crimping portion 25 of Buchanan except for the pin 26.” (*Id.*) LoggerHead then repeated its earlier contentions that “Buchanan’s gripping element does not contain an arm portion,” and that Buchanan’s force transfer element “is contiguous with the body, not an arm portion because Buchanan does not teach or suggest an arm portion.” (*Id.*) LoggerHead again declined to amend its claims in response to the October 2010 rejection, and, on April 25, 2011, the Patent Office again withdrew its rejection, this time noting that “[a]pplicant’s arguments . . . have been fully considered and are persuasive.” (*Id.* at ¶ 36.) In its ensuing Notice of Allowability, the Office explained that:

[t]he art of record considered as a whole, alone, or in part, fails to provide, *inter alia*, at least one gripping element including **a body portion . . . , an arm portion** configured to engage on said at least one guide **and a force transfer element** contiguous with the body portion[.]

(*Id.* (emphasis and ellipses in original).) The ‘470 patent issued on August 9, 2011, as a continuation-in-part of the ‘579 patent. ‘470 patent, at [22, 63].

## II. The Max Axess Locking Wrench

Defendant Sears Holdings Corporation began retailing Loggerhead’s “Bionic Wrench” in 2009. *See LoggerHead*, 2017 WL 6569629, at \*3. As described in this court’s previous opinion,

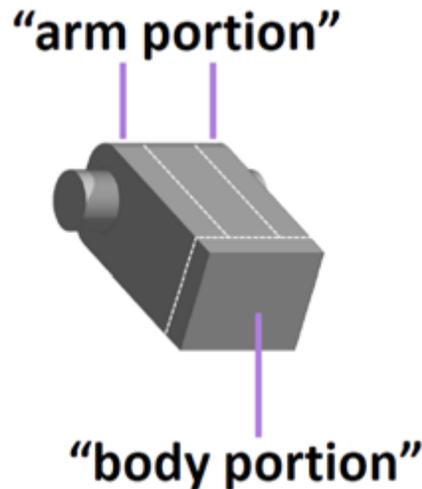
however, LoggerHead's business relationship with Sears soured in early 2012. *Id.* Around the same time, Sears began working with Defendant Apex Tool Group to develop and market another adjustable gripping tool as part of Sears' "Craftsman" product line. *Id.* Both Apex and Sears were aware of LoggerHead's patents during the development of this new adjustable gripping tool. *Id.* at \*4. At various points during the design process, Apex consulted with outside patent counsel John Owen about the possibility of an infringement action. (*Id.*; DSOF ¶ 25.) On at least one occasion, Owen suggested that Apex likely could avoid such a charge if it were to mimic certain design features from the Buchanan patent. *Id.* In a letter dated March 8, 2012, for example, Owen explained that LoggerHead had "argued multiple times during prosecution . . . that Buchanan's plungers do not have an arm portion." *LoggerHead*, 2017 WL 6569629, at \*4 (emphasis in original). "This means," Owen wrote, "that [LoggerHead] is very likely precluded from now asserting that a flat body structure like Buchanan's 'plungers' falls within the scope of [LoggerHead's] claims that require an arm portion on the gripping element." *Id.*

Sears began retailing Apex's tool, the "Max Axess Locking Wrench" ("Max Axess" or "MALW"), in September 2012. *Id.* Unlike the U-shaped gripping element depicted in LoggerHead's patents, the MALW's gripping element is a solid, block-like structure with a pin (that is, the force transfer element) driven through one end. (DSOF ¶ 28.) Images of the MALW's gripping element appear below:

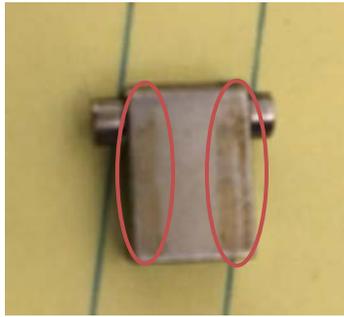


(*Id.* at ¶ 29.)

The central dispute in this case is whether the MALW’s gripping element includes the “arm portion” necessary for infringement of LoggerHead’s patents. LoggerHead’s expert witness, Dr. Jonathan Cagan, has testified that the MALW’s gripping element does include an arm portion, which he distinguishes from the body portion using the image below:



(Pl.’s Statement of Material Facts (hereafter “PSOF”) [501-2], at ¶ 26.) According to Cagan, the “body portion” of the gripping element is simply the “face” that “contacts the workpiece,” plus “enough substance to be able to impart force.” (*Id.* at ¶ 32.) Neither Cagan nor LoggerHead suggests that the pin is an arm portion. Rather, they argue that the arm portion is the area of the rectangular block outside the superimposed dotted lines in the image above. (*Id.* at ¶ 27.) Significantly, these dotted lines do not appear on the MALW gripping element itself. According to Cagan, however, they correspond to “the portion [of the gripping element] that is engaged within the guide . . . and that abuts the force transfer element.” (*Id.* at ¶ 27.) LoggerHead points to the following image, showing what the company describes as “wear marks” running along the sides of a MALW gripping element, to support its contention that Cagan’s superimposed lines correspond to the portion of the gripping element that engages the tool’s guide, and thus are fairly characterized as an “arm portion.”



(*Id.* at ¶ 29 (circles added).) LoggerHead offers no evidence of any structural variation within the gripping element, or on the surface of the gripping element, that corresponds to the areas where the gripping element engages the guide. But Cagan nevertheless asserts that a person of ordinary skill in the art “would understand that the structure configured to engage the guide is called an ‘arm portion’ because it performs an arm-like function by extending from the body portion to align the gripping element within the guide.” (Cagan Decl. (I), Ex. 3 to Pl.’s Resp. Br. [507-3], at ¶ 12.)

Defendants challenge this interpretation and insist that the MALW’s gripping element does not contain an arm portion. They contend—and their expert witness, Dr. Frank Fronczak, has emphasized—that the MALW’s gripping element is “a unitary, monolithic block that is not susceptible to being parsed into portions.” (Fronczak Decl. ¶ 13, Ex. 6 to DSOF.) According to Fronczak, a person of ordinary skill in the art (POSITA) “would understand that a monolithic mass (such as a solid block) could not satisfy the ‘arm portion’ limitation because a POSITA would not parse it into portions and because the block would not have any portions that project (*i.e.*, protrude or jut out) from any other portions.” (*Id.* at ¶ 11.) Although Defendants concede that the wear marks in the image above “roughly correspond to the areas of the surface of the MALW gripping element where that piece can touch the guides,” they deny that Cagan’s superimposed lines correspond to the wear marks. (Defs.’ Resp. to PSOF [506], at ¶¶ 29, 31.) Defendants note that the wear marks run the full length of the gripping element, while Cagan’s alleged “arm portion” is cut off at the point where the alleged “body portion” begins. (*Id.* at ¶ 31; Fronczak Decl. ¶ 13.)

### III. Procedural history

Plaintiff filed this lawsuit in November 2012, alleging willful infringement of both the '579 patent and the '470 patent, as well as common law fraud, unfair competition, and several other claims. (See Second Am. Compl. [136].) Judge Darrah construed the terms of the patents in August 2015, concluding, *inter alia*, that "arm portion" means "portion of a gripping element(s) configured to engage one of the guides and contiguous with a force transfer element." *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12 C 9033, 2015 WL 5118063, at \*5 (N.D. Ill. Aug. 27, 2015). Judge Darrah subsequently granted summary judgment for Defendants on each of Plaintiff's claims except those alleging patent infringement. See *LoggerHead Tools, LLC v. Sears Holdings Corp.*, No. 12 C 9033, 2016 WL 5110683 (N.D. Ill. Sept. 20, 2016); *LoggerHead Tools, LLC v. Sears Holdings Corp.*, No. 12- C 9033, 2016 WL 5110683 (N.D. Ill. Sept. 20, 2016); *LoggerHead Tools, LLC v. Sears Holding Corp.*, No. 12 C 9033, 2016 WL 5112020 (N.D. Ill. Sept. 20, 2016); *LoggerHead Tools, LLC v. Sears Holdings Corp.*, No. 12 C 9033, 2016 WL 5080028 (N.D. Ill. Sept. 20, 2016); *LoggerHead Tools, LLC v. Sears Holdings Corp.*, No. 12 C 9033, 2016 WL 5111573 (N.D. Ill. Sept. 20, 2016); *LoggerHead Tools, LLC v. Sears Holdings Corp.*, No. 12 C 9033, 2016 WL 5112017 (N.D. Ill. Sept. 20, 2016).

The Executive Committee of the Northern District of Illinois reassigned the litigation to this court in February 2017, and this court presided over a two-week jury trial in early May 2017. The court's jury instructions included Judge Darrah's construction of "arm portion," among other claim terms, and told the jurors that they "must" rely on these constructions to determine whether the MALW infringes LoggerHead's patents. (See Final Jury Instr. [449], at 27.) The jury returned a verdict of willful infringement and awarded Plaintiff \$5,979,616 in damages before trebling. (See Verdict Form [450]; Verdict Form [451].)

Defendants timely filed a post-trial motion, asking the court to revise Judge Darrah's construction of "arm portion" and then issue a judgment of non-infringement as a matter of law based on the revised construction. In the alternative, Defendants moved for judgment as a matter of law on the issue of willfulness. In a lengthy opinion, the court explained that Judge Darrah's construction of "arm portion" was erroneous, and therefore re-construed the term as "identifiable

structure that projects from the body portion of the gripping element.” See *LoggerHead*, 2017 WL 6569629, at \*10-16. But the court also concluded that measuring the evidence presented at trial against this revised construction would deprive Plaintiff of the opportunity to be fully heard on the issue of infringement. *Id.* at \*6-9. It therefore ordered a new trial instead of deciding the merits of Defendants’ motion for judgment of non-infringement as a matter of law. *Id.* at \*16-17.

Both sides seek further analysis. Plaintiff asks the court to reconsider its decisions to reconstrue the term “arm portion” and order a new trial. In the alternative, Plaintiff contends that there are no disputes of fact and that it is entitled to summary judgment of infringement under the revised construction. Defendant has filed a cross-motion for summary judgment of non-infringement.

## **DISCUSSION**

### **I. Reconsideration**

LoggerHead has moved for reconsideration of the court’s December 22, 2017, Memorandum Opinion and Order [492]. As noted, in that decision the court reconstrued the claim term “arm portion” as “identifiable structure that projects from the body portion of the gripping element.” See *LoggerHead*, 2017 WL 6569629, at \*16. The court also ordered a new trial because its jury instruction included Judge Darrah’s earlier construction of arm portion, and thus constituted prejudicial legal error. *Id.* at \*16-17. Plaintiff objects to both of these rulings, as well as the substance of the court’s revised construction.

#### **A. Propriety of revisiting claim construction**

LoggerHead first suggests that the court committed “clear legal error” by revising Judge Darrah’s construction of arm portion in the absence of any intervening change in the law or the discovery of significant new facts. To support this argument, LoggerHead cites several cases describing the variant of the law-of-the-case doctrine that governs reconsideration by one district judge of rulings by another district judge in the same litigation. The case law recognizes that “[l]itigants have a right to expect that a change in judges will not mean going back to square one. The second judge may alter previous rulings if new information convinces him that they are

incorrect, but he is not free to do so . . . merely because he has a different view of the law or facts from the first judge.” *Williams v. Comm’r of Internal Revenue*, 1 F.3d 502, 503 (7th Cir. 1993). Rather, there is “a presumption that prior rulings will stand.” *Best v. Shell Oil Co.*, 107 F.3d 544, 546 (7th Cir. 1997). Indeed, the law-of-the-case doctrine “has greater force . . . when there is a change of judges during the litigation and the new judge is asked to revisit the rulings of his predecessor,” because “[r]eluctance to admit one’s own errors discourages casual reconsideration of one’s own rulings—but not of another judge’s rulings.” *HK Systems, Inc. v. Eaton Corp.*, 553 F.3d 1086, 1089 (7th Cir. 2009).

Defendants urge that this court was not bound by these limits on reconsideration when it revised Judge Darrah’s construction of “arm portion.” The law-of-the-case doctrine is “no more than a presumption, one whose strength varies with the circumstances,” *Galvan v. Norberg*, 678 F.3d 581, 587 (7th Cir. 2012), and the circumstances here include the fact that it was a claim-construction ruling that the court reconsidered. The Federal Circuit has repeatedly endorsed “rolling claim construction” by district courts—that is, the practice of “revisit[ing] and alter[ing]” the court’s “interpretation of the claim terms as its understanding of the technology evolves.” *Pressure Prods. Med. Supplies, Inc. v. Greatbatch Ltd.*, 599 F.3d 1308, 1316 (Fed. Cir. 2010) (citing cases). Multiple courts in this district have concluded that the law-of-the-case doctrine’s “presumption is weak when it comes to motions to reconsider claim constructions.” *Cascades Streaming Techs., LLC v. Big Ten Network, LLC*, No. 13 C 1455, 2016 WL 3612108, at \*2 (N.D. Ill. 2016) (Feinerman, J.); *Itex, Inc. v. Mount Vernon Mills, Inc.*, Nos. 08 C 1224 and 05 C 6110, 2011 WL 2470343, at \*2 (N.D. Ill. June 20, 2011) (Pallmeyer, J.) (noting different standard for revising claim construction rulings); *Pinpoint, Inc. v. Amazon.com, Inc.*, 369 F. Supp. 2d 995, 998 (N.D. Ill. 2005) (Posner, J., sitting by designation) (revising previous judge’s claim construction despite absence of intervening change in the law or significant new evidence).<sup>7</sup>

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<sup>7</sup> Courts in other districts have also distinguished claim construction rulings from other interlocutory rulings for purposes of the law-of-the-case doctrine. See, e.g., *Kroy IP Holdings, LLC v. Autozone, Inc.*, No. 2:13-cv-888-WCB, 2015 WL 557123, at \*2 (E.D. Tex. Feb. 10, 2015) (declining to apply ordinary reconsideration standard to motion to reconsider claim

Regardless of whether the standard for reconsidering a claim construction ruling is, in fact, more lenient than the standard for reconsidering other interlocutory rulings, this court concludes that it had the authority to reconstrue the claim term “arm portion.” The presumption against altering the rulings of a different judge in the same litigation is rebuttable not only where there has been an intervening change in the law or the available evidence, but also where “the court is convinced that [the prior decision] is clearly erroneous,” *McMasters v. United States*, 260 F.3d 814, 818 (7th Cir. 2001) (quotation marks omitted), and “rescinding it would not cause undue harm to the party that had benefited from it,” *Avitia v. Metropolitan Club of Chicago, Inc.*, 49 F.3d 1219, 1227 (7th Cir. 1995). Both prerequisites are satisfied here.

The court explained in its previous opinion that Judge Darrah’s construction of “arm portion” was erroneous because it effectively “eliminated the word ‘arm’ from the claims” and “ignore[d] the essential characteristics that comprise an arm.” *LoggerHead*, 2017 WL 6569629, at \*12. The court also concluded that altering the claim construction and ordering a new trial, while obviously regrettable, would not cause *LoggerHead* undue harm, because *LoggerHead* would have ample opportunity to revise its arguments and present evidence to support those revised arguments. *Id.* at \*9. Indeed, the court declined to consider Defendants’ motion for judgment as a matter of law precisely because the court concluded that measuring the evidence *LoggerHead* presented at trial against the revised claim construction would deprive *LoggerHead* of such an opportunity. *Id.* at \*6-8.

*LoggerHead* now argues that it will be unduly harmed by the expense involved in re-tooling its arguments and presenting evidence that the MALW infringes under the revised construction. But this is not the type of harm that either the Seventh Circuit or the Federal Circuit has suggested might preclude reconsideration. Both those courts have focused on the risk of depriving a party

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construction); *Wright Asphalt Prod. Co., LLC v. Pelican Ref. Co., LLC*, No. H-09-1145, 2012 WL 1936416, at \*12 (S.D. Tex. May 29, 2012) (“The Federal Circuit . . . appears to suggest that these demanding standards for reconsideration do not apply when a party is seeking reconsideration of a claim-construction opinion. Instead, a district court is free to revise its claim construction if its ‘evolved’ understanding of the technology makes it appropriate.”).

of a fair opportunity to present his or her case. See *Avitia*, 49 F.3d at 1227-28 (expressing concern that district court's late-trial "about face" on an issue prevented a party from presenting arguments on the reconsidered issue); *Baugh ex rel. Baugh v. Cuprum S.A. de C.V.*, 730 F.3d 701, 710 (7th Cir. 2013) (same); *Best*, 107 F.3d at 547 (noting that reconsideration "meant complete defeat in the lawsuit . . . rather than an opportunity to convince the jury of the merits"); *Pressure Prods.*, 599 F.3d at 1316 (finding mid-trial revision of claim construction to be permissible because trial court "made the adjustment early enough in the trial to give [the harmed party] an opportunity to consider the new construction and adjust its arguments to account for the change"); *CollegeNet, Inc. v. ApplyYourself, Inc.*, 418 F.3d 1225, 1234 (Fed. Cir. 2005) (district court made reasonable determination of "whether a party has had an adequate opportunity to present . . . arguments in the changing claim construction environment"). LoggerHead has not satisfied the court that reconsideration of Judge Darrah's claim construction deprived LoggerHead of a fair opportunity to present its case. The court was prepared to conduct a new trial, at which LoggerHead would be free to present revised arguments and additional evidence. As LoggerHead now argues that summary judgment is appropriate, the court will address those revised arguments and additional evidence that LoggerHead seeks to present.

It is true, as LoggerHead points out, that none of the cases cited above involved a *post-trial* reconsideration of an earlier ruling, like this case does. LoggerHead maintains—as it did in its opposition to Defendants' post-trial motion—that Federal Circuit case law categorically prohibits post-trial revisions to an earlier claim-construction ruling. But the cases LoggerHead cites prohibit revising a claim construction ruling after trial *and then granting judgment as a matter of law based on the revised construction*, without any further evidentiary proceeding or briefing. See *Wi-LAN, Inc. v. Apple, Inc.*, 811 F.3d 455, 466 (Fed. Cir. 2016); *Mformation Techs., Inc. v. Research in Motion Ltd.*, 764 F.3d 1392, 1397-98 (Fed. Cir. 2014); *LoggerHead*, 2017 WL 6569629, at \*6-8. That is not what this court did. The court instead ordered a new trial and has not deprived LoggerHead (which now seeks summary judgment rather than a new trial) of a

reasonable opportunity to present its case. The court therefore rejects LoggerHead's arguments that it was procedurally improper to revise the construction of "arm portion."

**B. Substance of revised claim construction**

LoggerHead's only substantive objection to the court's revised construction of "arm portion" is that it was "influenced by the MALW." (Pl.'s Mot. 1-3; Reply Br. 1-3.) Under Federal Circuit law, a claim must be "construed in the light of the claim language, the other claims, the prior art, the prosecution history, and the specification, *not* in light of the accused device." *SRI Int'l v. Matsushita Elec. Corp.*, 775 F.2d 1107, 1118 (Fed. Cir. 1985). *See also NeoMagic Corp. v. Trident Microsystems, Inc.*, 287 F.3d 1062, 1074 (Fed. Cir. 2002) ("It is well settled that claims may not be construed by reference to the accused device."). But passing references to the accused device do not taint an otherwise valid claim construction. *See NeoMagic*, 287 F.3d at 1074 ("[T]he error is harmless if the court's construction is correct."). "[T]he rule forbids a court from tailoring a claim construction to fit the dimensions of the accused product or process and to reach a preconceived judgment of infringement or non-infringement," but it "does not forbid awareness of the accused product or process to supply the parameters and scope of the infringement analysis, including its claim construction component." *Wilson Sporting Goods Co. v. Hillerich & Bradsby Co.*, 442 F.3d 1322, 1331 (Fed. Cir. 2006). *See also Typhoon Touch Technologies, Inc. v. Dell, Inc.*, 659 F.3d 1376, 1383 (Fed. Cir. 2011) ("It is not inappropriate for a court to consider the accused devices when construing claim terms, for the purpose of 'claim construction' is to resolve issues of infringement.").

This court did mention the MALW during its claim construction analysis, but its construction was not tailored to the MALW or to reach a preconceived judgment on the issue of infringement. The vast majority of the court's analysis focused on the plain and ordinary meaning of "arm portion" and the prosecution history of the '470 patent. *See LoggerHead*, 2017 WL 6569629, at \*10-16. The court began by observing that Judge Darrah's construction of "arm portion" "simply repeat[ed] the words that already follow the word 'portion' in the text of the claim," and therefore assigned "no independent meaning" to the word arm. *Id.* at \*11. The court then

noted that the patents' specifications do not define "arm portion," and proceeded to consider how a person of ordinary skill in the art would understand the term. In doing so, the court consulted the claim language surrounding the term, *id.* at \*11, 13; the patent specifications, *id.* at \*13; prior case law construing the words "portion," "arm," and "arm portion," *id.* at \*12, 12 n.8; dictionary definitions of "arm," *id.* at \*13; and the prosecution history of the '470 patent, *id.* at \*15. Based on these sources, the court concluded that an arm portion must be "an identifiable structure that projects from the body portion of the gripping element." *Id.* at \*16.

The court referred to the MALW only in passing. See *id.* at \*13-14. It did so to illustrate how a person of ordinary skill in the art would describe gripping elements of various shapes, see *id.* at \*13 ("A POSITA would almost certainly refer to the entire structure [of a block-like gripping element resembling the MALW's] as one body, not a body with arms."), and to explain the difference between the court's revised construction and the one it replaced, see *id.* at \*13-14 (noting, with reference to a depiction of the MALW, the objective difference between a gripping element that is merely "configured to engage the guide" and a gripping element with a separately identifiable, projecting portion that is "configured to engage the guide"). The court would have been wise to use an example other than the MALW to illustrate these points. But even if the court erred by referring to the MALW, the remainder of its claim-construction analysis is sound. None of that analysis depended in any way on the court's discussion of the MALW. The court did not tailor its construction of "arm portion" to reach a preconceived judgment on the issue of infringement, and its passing references to the MALW were, at most, harmless error.

### **C. New trial order**

Nor did the court commit reversible error by concluding that a new trial may be necessary.<sup>8</sup> "An erroneous instruction regarding claim interpretation that affects the jury's decision on

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<sup>8</sup> LoggerHead suggests that the portion of its motion addressed to the court's new trial order is not a motion for reconsideration, because the court granted a new trial *sua sponte*, pursuant to Rule 59, based on grounds not stated in Defendant's alternative motion for a new trial. (Pl.'s Mot. for Summ. J. [501-1], at 16 n.6.) LoggerHead does not explain what its motion is, if not a motion for reconsideration. Regardless, the court need not decide precisely how to

infringement is grounds for a new trial.” *Ecolab, Inc. v. Paraclipse, Inc.*, 285 F.3d 1362, 1373 (Fed. Cir. 2002). The instructions this court gave to the jury included Judge Darrah’s legally erroneous definition of arm portion. (See Final Jury Instr. [449], at 27.) The instructions also advised the jurors that they were required to use this definition to reach their decision on the question of infringement. (*Id.* at 25, 27.) This instruction “affect[ed] the jury’s decision on infringement” because there was sufficient evidence presented at trial to support a finding that the MALW’s gripping element does not include an identifiable structure that projects from the body portion and that is configured to engage the MALW’s guides, and therefore does not include the requisite arm portion. See *LoggerHead*, 2017 WL 6569629, at \*16; *CytoLogix Corp. v. Ventana Med. Sys., Inc.*, 424 F.3d 1168, 1174 (Fed. Cir. 2005) (“Prejudicial error only exists if ‘there was sufficient evidence at trial to support a finding of [non-]infringement under the correct construction.’”).

LoggerHead now argues that the instruction as a whole provided the jury with a fair statement of the law, even if the definition of arm portion is deemed erroneous. See *Biodex Corp. v. Loredan Biomedical, Inc.*, 946 F.2d 850, 853 (Fed. Cir. 1991) (“There is no dispute among the circuits . . . that we must ‘look to the entire jury charge . . . to determine whether the instructions fairly stated the legal principles to be applied by the jury.’”) (citation omitted). LoggerHead analogizes this case to *GPNE Corp. v. Apple, Inc.*, where a court concluded that it did not commit prejudicial error by failing to instruct the jury “to apply plain and ordinary meaning [of the claim term ‘node’] after reading the entire patent and file history.” 108 F. Supp. 3d 839, 860 (N.D. Cal. 2015). It was sufficient, that court concluded, to instruct the jury that “the claim language’s plain and ordinary meaning to a person of ordinary skill in the art at the time of the invention applies,” because the law governing claim construction did not actually require the jury to “read the entire patent and file history” in order to determine the plain meaning of “node.” *Id.*

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classify this part of LoggerHead’s motion, because the company has not persuaded the court that it committed any error in granting a new trial, let alone the clear error required for reconsideration.

The analogy to *GPNE* is not persuasive. In *GPNE*, the court adopted a plain-meaning construction of the claim term at issue, and then instructed the jury that “the claim language’s plain and ordinary meaning to a person of ordinary skill in the art at the time of the invention applies.” These instructions included all of the essential elements of the construction. In this case, by contrast, LoggerHead has not pointed to any language in the instruction that even hints at two essential elements of an “arm portion”—i.e., (1) an identifiable structure that (2) projects from the body portion of the gripping element.

LoggerHead next observes that “Judge Darrah’s construction was not dispositive on infringement,” because “there were issues of fact as to whether the MALW’s arm portion was ‘configured to engage the guide’” and “it was left to the jury to apply the claims and their constructions to the accused device to determine infringement.” (Pl.’s Mot. 17-18.) As best the court comprehends this part of LoggerHead’s argument, it is premised on a basic misunderstanding of the legal standard for ordering a new trial. It is irrelevant whether a reasonable jury could have concluded from the evidence presented at trial that the accused product satisfies a legally erroneous construction of LoggerHead’s claims. What matters is whether “there was sufficient evidence at trial to support a finding of [non-] infringement *under the correct construction.*” *CytoLogix*, 424 F.3d at 1174 (emphasis added).

Nor would it make a difference if, as LoggerHead also argues, “Defendants presented exactly the same evidence and arguments relating to non-infringement based on ‘arm portion’ that they would under the revised construction.” (Pl.’s Mot. 18.) If a reasonable jury could apply this same evidence to the correct construction of arm portion and return a verdict of non-infringement, that means the court’s erroneous jury instruction was sufficiently prejudicial to warrant a new trial. LoggerHead has offered no reason to doubt the court’s previous conclusion that Defendants did, in fact, present sufficient evidence at trial to support a verdict of non-infringement under the correct construction. *See LoggerHead*, 2017 WL 6569629, at \*16.

Finally, LoggerHead suggests that Defendants waived any argument about the sufficiency of the jury instruction by failing to object to that instruction at trial. “Rule 51 generally requires a

party to object to an error in a jury instruction before the jury retires in order to preserve the claim of error on appeal.” *Ecolab*, 285 F.3d at 1369. But there is an exception to this general rule where “plain error . . . affects substantial rights.” FED. R. CIV. P. 51(d)(2); *Higbee v. Sentry Ins. Co.*, 440 F.3d 408, 409 (7th Cir. 2006). There is also an exception where “the district court is aware of the party’s position and it is plain that further objection would be futile.” *Ecolab*, 285 F.3d at 1370 (citation and internal quotation marks omitted).

The jury instruction in this case was plainly erroneous, as the court has already explained. That error affected Defendants’ substantial rights because it required the jury to use an incorrect definition of an important claim term, and the jury could have returned a verdict of non-infringement if it had been instructed on the correct definition of that claim term. What’s more, the court was aware of Defendants’ position on how “arm portion” should be construed, as that position was evident from Judge Darrah’s claim construction opinion. Nevertheless, in its ruling on several pre-trial motions *in limine*, this court indicated to Defendants (wrongly, in hindsight) that it would be futile to reassert their objection to Judge Darrah’s construction of “arm portion.” See Order [419], at 2 (granting Plaintiff’s motion [409] to preclude Defendants from introducing evidence or argument for purpose of contradicting Judge Darrah’s construction of “arm portion,” among other rulings). Defendants’ failure to object to the inclusion of Judge Darrah’s construction of “arm portion” in the jury instruction cannot be held against them in these circumstances.

Because the court did not err by reconstruing “arm portion” or by ordering a new trial, LoggerHead’s motion to reconsider is denied.

## **II. Cross-Motions for Summary Judgment**

Under the court’s recent ruling, LoggerHead is entitled to a new trial at which it would be free to argue that the Max Axess wrench infringes the patents under the court’s revised construction. But LoggerHead instead seeks summary judgment. Defendant has filed a motion for summary judgment on the issue of infringement as well.<sup>9</sup>

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<sup>9</sup> The court recognizes that there is some tension between its previous conclusion that it would be improper to consider Defendants’ motion for judgment as a matter of law under

To prevail on such a motion for summary judgment, the moving party must show that “there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” FED. R. CIV. P. 56(a). “When presented with cross-motions for summary judgment, the court is required to adopt a ‘Janus-like perspective,’ viewing the facts for purposes of each motion through the lens most favorable to the non-moving party.” *Moore v. Watson*, 738 F. Supp. 2d 817, 827 (N.D. Ill. 2010) (Gottschall, J.) (quoting *Buttitta v. City of Chicago*, 803 F. Supp. 213, 217 (N.D. Ill. 1992) (Shadur, J.), *aff’d*, 9 F.3d 1198 (7th Cir. 1993)).

A determination of patent infringement involves a two-step inquiry. “The court must first interpret the claims to determine their scope and meaning. It must then compare the properly construed claims to the allegedly infringing device.” *Dynacore Holdings Corp. v. U.S. Phillips Corp.*, 363 F.3d 1263, 1273 (Fed. Cir. 2004) (citation omitted). The first step of this inquiry is a legal determination. The second step is primarily factual, though to support a verdict of infringement the accused device must satisfy every limitation in the asserted claims, either literally or under the doctrine of equivalents. *Freedman Seating Co. v. American Seating Co.*, 420 F.3d 1350, 1356 (Fed. Cir. 2005).

#### **A. Literal infringement**

The cross-motions for summary judgment now before the court present only one disputed question of fact that is material to the question of literal infringement: whether the MALW’s gripping element has an arm portion. If this dispute is “genuine,” both motions must be denied.

This court has already determined that an arm portion is an “identifiable structure that projects from the body portion of the gripping element.” *LoggerHead*, 2017 WL 6569629, at \*16. *LoggerHead*’s claims require that this identifiable, projecting structure also be “configured to engage” the tool’s guide. The parties do not dispute that the MALW’s *gripping element* is

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the revised claim construction, and its current decision to consider the parties’ cross motions for summary judgment under the revised construction. The fact that both parties now ask the court for summary judgment under the revised construction satisfies the court that the parties have “had an adequate opportunity to present . . . [their] arguments in the changing claim construction environment.” *CollegeNet*, 418 F.3d at 1234.

“configured to engage” the MALW’s guide. They dispute whether the MALW’s gripping element includes an *identifiable, projecting structure*—that is, an arm portion—that is configured to engage the tool’s guide.

Defendants present evidence that the MALW’s gripping element does not include an identifiable, projecting structure that is configured to engage the guide. Defendants’ expert witness has testified that the MALW gripping element is a “solid,” “monolithic block” with a “unitary structure.” (Fronczak Decl. ¶¶ 13, 21.) Images confirm that the MALW gripping element is substantially rectangular. (See DSOF ¶ 29.) The pin—that is, the force transfer element—is the only part of the MALW gripping element that resembles an identifiable, projecting structure, but LoggerHead does not suggest that the pin is an arm portion.

LoggerHead characterizes the “arm portion” identified by Dr. Cagan as an “identifiable structure,” but none of the company’s evidence supports this. Cagan asserts that “[t]he MALW gripping element includes an identifiable structure for the arm portion and for the body portion.” (Cagan Decl. (I) at ¶ 15.) But Cagan has not identified any structural feature of the MALW’s gripping element that distinguishes the supposed arm portion from the body portion. Rather, he draws an imaginary line on the surface of a solid, rectangular block and declares the area outside of that line to be an “identifiable structure.” Conclusory statements like this are insufficient to establish a triable issue of fact. See *King v. Ford Motor Co.*, 872 F.3d 833, 840 (7th Cir. 2017).

LoggerHead suggests that Cagan’s purported arm portion is “identifiable” because its surface area corresponds to wear marks that appear on the surface of the MALW’s gripping element. But even if this surface area does correspond to the wear marks, it does not follow that this surface area corresponds to a distinct “structure”<sup>10</sup>—let alone a structure that “projects” from

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<sup>10</sup> LoggerHead argues that an “identifiable” structure need not be a “separate” structure, and that the term “arm portion” is simply shorthand for anything associated with the gripping element that is configured to engage the guide. (See Pl.’s Reply Br. 8-12, 9 n.6.) As this court already explained, the arm and body portions of the gripping element must be “separately identifiable structures” because Plaintiff’s claims separately identify those portions. *LoggerHead*, 2017 WL 6569629, at \*11. LoggerHead analogizes this case to *Despoir, Inc v. Nike USA, Inc.*, No. 03 C 8817, 2005 WL 659199 (N.D. Ill. Feb. 9, 2005), where another court in this district held that the “sole” of the claimed golf club need not be distinguishable from the “sole portion” of the

the body portion. The purportedly identifiable structure here would be indistinguishable from the rest of the gripping element but for the fact that its surface makes contact with the MALW's guide. The fact that an otherwise indistinguishable part of the gripping element's surface contacts the guide means that the *gripping element* is "configured to engage" the guide. It does not mean that an identifiable structure that projects from the gripping element—an arm portion—is configured to engage the guide.

Neither the wear marks nor Dr. Cagan's testimony is sufficient to establish a triable issue of fact regarding the existence of an identifiable, projecting structure that is configured to engage the MALW's guide. Because this is the only evidence LoggerHead presents on this question, the court concludes that there is no genuine dispute about whether the MALW's gripping element includes an arm portion. It does not, and Defendants therefore are entitled to summary judgment on the issue of literal infringement.

#### **B. Doctrine of equivalents**

The MALW could still infringe the asserted claims under the doctrine of equivalents, even though it lacks a literal arm portion. The doctrine of equivalents can support a verdict of infringement where there are "differences between the claimed invention and the accused product," but those differences are "insubstantial." *Brilliant Instruments, Inc. v. GuideTech, LLC*, 707 F.3d 1342, 1347 (Fed. Cir. 2013). Generally, a party alleging infringement under the doctrine of equivalents can prevail by "show[ing], for each claim limitation, that the accused product

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club on any basis other than its status as the part of the club that normally makes contact with the ground when a user prepares to swing the club on a flat surface. *Id.* at \*10-15. LoggerHead suggests that a gripping element's "arm portion" also need not be distinguishable on any basis other than its status as the part of the gripping element's surface that makes contact with the guide. The *Despoir* court's construction, however, was based on factors such as a dictionary definition of "sole" as "the bottom surface of the head of a golf club," and a statement in the patent's specifications that the sole is "the portion of the sole plate which is designed to contact the ground as the club lies at rest." *Id.* at \*10-11. LoggerHead does not point to any comparable support for its position in this case. The fact that courts may consider the function performed by a claim element when defining that element, see, e.g., *K-2 Corp. v. Salomon S.A.*, 191 F.3d 1356, 1363 (Fed. Cir. 1999) ("[T]he functional language tells us something about the structural requirements of the attachment . . ."), does not mean that anything serving that function is, *ipso facto*, the claim element. Nor does it suggest that claim elements must *always* and *only* be defined according to their functions.

‘performs substantially the same function in substantially the same way with substantially the same result as each claim limitation of the patented product.’” *Id.* (quoting *Crown Packaging Tech., Inc. v. Rexam Beverage Can Co.*, 559 F.3d 1308, 1312 (Fed. Cir. 2009)). But the doctrine of equivalents may not be used to “entirely vitiate” a claim limitation. *Freedman Seating*, 420 F.3d at 1358. Nor may a party use the doctrine of equivalents to “recapture . . . subject matter surrendered during prosecution of a patent.” *Southwall Techs., Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1579 (Fed. Cir. 1995). It is a question of law whether these restrictions on the doctrine of equivalents apply in a particular case. See *Freedman Seating*, 420 F.3d at 1358; *Seachange Int’l, Inc. v. C-COR, Inc.*, 413 F.3d 1361, 1378 (Fed. Cir. 2005).

As LoggerHead sees things, the differences between the MALW’s gripping element and LoggerHead’s claims are insubstantial because the MALW’s “block-shaped” gripping element is simply “a U-shaped gripping element without empty space between the arm portions.” (Pl.’s Resp. Br. 7.) Like LoggerHead’s U-shaped gripping element, Plaintiff contends, the MALW’s block-shaped gripping element is “configured to engage” the tool’s guide and “performs substantially the same functions of engaging the guide and engaging the workpiece as a literally infringing gripping element.” (Cagan Decl. (II) ¶ 14, Ex. 4 to Pl.’s Resp. Br.)

Whatever the merits of this argument, it is barred by the doctrine of prosecution history estoppel. Prosecution history estoppel “limits the range of equivalents available to a patentee by preventing recapture of subject matter surrendered during prosecution of the patent.” *Southwall Techs.*, 54 F.3d at 1579. Where, as here, the purported estoppel arises from arguments the patentee made during prosecution, rather than the voluntary amendment of a claim, “the prosecution history must evince a clear and unmistakable surrender of subject matter.” *Conoco, Inc. v. Energy & Environmental Int’l, L.C.*, 460 F.3d 1349, 1364 (Fed. Cir. 2006). “The relevant inquiry is whether a competitor would reasonably believe that the applicant had surrendered the relevant subject matter.” *Id.* (quoting *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1457 (Fed. Cir. 1998), *abrogated on other grounds by Teva Pharmaceuticals, Inc. v. Sandoz, Inc.*, 789 F.3d 1335, 1339 (Fed. Cir. 2015)).

LoggerHead's statements to the patent examiner during prosecution of the '470 patent satisfy the prerequisites for prosecution history estoppel. When the patent examiner rejected LoggerHead's proposed claims as anticipated by Buchanan, LoggerHead responded by arguing that "Buchanan does not teach or suggest an arm portion," and that "[f]or this reason alone, [LoggerHead's] claims are in condition for allowance." (See PSAMF ¶ 29.) This statement clearly and unmistakably surrendered LoggerHead's claim to a gripping element that lacks an arm portion. See *Ekchian v. Home Depot, Inc.*, 104 F.3d 1299, 1304 (Fed. Cir. 1997) ("[B]y distinguishing the claimed invention over the prior art, an applicant is indicating what the claims do not cover.").

LoggerHead now argues that it did not clearly and unmistakably disclaim "non-projecting 'arm portions,'" because "no mention of 'project from' or any variant of that phrase ever appears in the relevant portions of the file history." (Pl.'s Resp. Br. 9, 12.) But this mischaracterizes the subject matter LoggerHead claims under the doctrine of equivalents. The MALW does not have a "non-projecting arm portion," if such a term has any useful meaning. It lacks any arm portion at all. LoggerHead's argument under the doctrine of equivalents is that the MALW's arm-portion-less gripping element is equivalent to a gripping element that does have an arm portion. The relevant question for the court's analysis of prosecution history estoppel is whether LoggerHead clearly and unmistakably disclaimed a gripping element that lacks an "arm portion," not a "non-projecting arm portion."

LoggerHead next suggests that it did not clearly and unmistakably disclaim gripping elements without arm portions because the company simply "point[ed] out that the Examiner failed to explicitly disclose where or how Buchanan taught the claimed 'arm portion.'" (Pl.'s Resp. Br. 11-12.) It is true that in responding to the patent examiner's concerns, LoggerHead stated that "[t]he Examiner does not specify where Buchanan teaches an arm portion, as claimed." (PSAMF ¶ 29.) But the company did not stop there. It proceeded to assert that "Buchanan does not teach or suggest an arm portion," and that "[f]or this reason alone, [LoggerHead's] claims are in condition for allowance." *Id.* It is difficult to see how this statement can be interpreted as anything

other than a disclaimer of gripping elements that lack an arm portion. The examiner rejected LoggerHead's claims on the grounds that they were anticipated by Buchanan. The company then responded to this rejection by arguing that its claims were *not* anticipated by Buchanan precisely because those claims require an arm portion and Buchanan's do not. A competitor of ordinary skill in the art would almost certainly conclude from this exchange that LoggerHead was surrendering its claim to gripping elements that lack an arm portion. It is not surprising that two of LoggerHead's competitors—the Defendants in this case—*did* conclude from this exchange that LoggerHead had disclaimed gripping elements without arm portions.

Nothing in the prosecution history casts doubt on the meaning of LoggerHead's attempts to distinguish its proposed claims from the prior art. The company's disclaimer was not a mere "isolated assertion," as it now suggests. Unlike the patentee in *Ecolab, Inc. v. FMC Corp.*, 569 F.3d 1335, 1343 (Fed. Cir. 2009), who "never repeated the allegedly disclaiming statements and instead offered alternative reasons to overcome the . . . prior art," LoggerHead repeated its disclaiming statements to the patent examiner two years later, with only minor changes in wording.<sup>11</sup> Nor would a competitor reading the prosecution history doubt the meaning or significance of LoggerHead's disclaiming statements merely because the company also presented other arguments in response to the patent examiner's rejections. Under well-established Federal Circuit law, "an applicant's argument that a prior art reference is distinguishable on a particular ground can serve as a disclaimer of claim scope even if the applicant distinguishes the reference on other grounds as well." *Saffran v. Johnson & Johnson*, 712 F.3d 549, 559 (Fed. Cir. 2013) (quoting *Anderson Corp. v. Fiber Composites, LLC*, 474 F.3d 1361, 1374 (Fed. Cir. 2007)). See also *Southwall Techs.*, 54 F.3d at 1583 ("Clear assertions made during prosecution in support of patentability, whether or not actually required to secure allowance of the claim, may . . . create an estoppel."). Even if this were not the law, a competitor

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<sup>11</sup> Indeed, LoggerHead's suggestion in 2010 that Buchanan lacks an arm portion because "no *structure* is adjacent to the crimping portion" (PSAMF ¶ 33) (emphasis added) makes it clear that an arm portion is an identifiable structure, rather than an indistinguishable part of a solid rectangle.

reading the prosecution history in this case would note that the patent examiner *did* cite Buchanan's lack of an arm portion as a reason for allowing LoggerHead's claims. (See PSAMF ¶ 36.)

Finally, LoggerHead suggests that Judge Darrah's conclusion that prosecution history estoppel did not apply at the claim-construction stage necessarily precludes this court from reaching the opposite conclusion now. According to LoggerHead, this court's disagreement with Judge Darrah would prove that LoggerHead's statements are susceptible to multiple meanings—and thus are not clear and unmistakable. But Judge Darrah does not appear to have considered the language from the prosecution history that this court finds to be clear and unmistakable. Rather, the only language he discussed was LoggerHead's statement pointing out that the examiner failed to identify Buchanan's arm portion. *See LoggerHead*, 2015 WL 5118063, at \*4. Nor did Judge Darrah consider, as this court does now, whether LoggerHead disclaimed a gripping element without any arm portion at all. Rather, he considered whether LoggerHead disclaimed a "nonprojecting" arm portion. *Id.* His conclusion—that LoggerHead's statement about the examiner's failure to identify Buchanan's arm portion did *not* clearly and unmistakably disclaim a gripping element with a "nonprojecting" arm portion (whatever that may be)—is not necessarily inconsistent with this court's conclusion that LoggerHead *did* clearly and unmistakably disclaim a gripping element without any arm portion at all.

A competitor would reasonably conclude from the prosecution history of the '470 patent that LoggerHead clearly and unmistakably disclaimed gripping elements without arm portions. LoggerHead is estopped from reclaiming that subject matter under the doctrine of equivalents.

### **CONCLUSION**

Plaintiff's motion to reconsider is denied because the court did not commit clear error by revising the construction of "arm portion" or by ordering a new trial. Plaintiff's motion for summary judgment [501] is denied—and Defendant's cross-motion for summary judgment [502] is granted—because no reasonable jury could conclude that the MALW infringes Plaintiff's patents, either literally or under the doctrine of equivalents.

ENTER:



Dated: July 20, 2018

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REBECCA R. PALLMEYER  
United States District Judge