



### **NATURE OF THE ACTION**

3. This is a civil action for the infringement of United States Patent No. 7,820,425, United States Patent No. 6,357,307, United States Patent No. 6,604,435, United States Patent No. 6,782,768, United States Patent No. 6,263,745, United States Patent No. 7,713,687, United States Patent No. 7,771,921, United States Patent No. 6,149,867, United States Patent No. 6,524,860, United States Patent No. 7,195,920, and United States Patent No. 8,569,053 (the “Asserted Patents”) under the Patent laws of the United States, 35 U.S.C. § 271 *et seq.*

4. XY is also seeking a declaratory judgment and order that the Commercial License Agreement between XY and Defendant dated April 16, 2004 as modified by the Addendum of May 17, 2005 and the Letter Agreement dated March 9, 2005 (collectively referred to as the “Agreement”) was terminated pursuant to its termination provisions on November 20, 2007 based on several material and incurable Trans Ova breaches. In the alternative, XY is seeking a declaratory judgment and order that the Agreement expired according to its terms on April 16, 2009.

5. XY is also seeking damages under state and common law arising from breach of contract due to numerous material Trans Ova breaches of the Agreement for any period the Agreement is determined to be in effect.

### **JURISDICTION**

6. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§1331 and 1338(a) because this action arises under the patent laws of the United States, including 35 U.S.C. § 271 *et seq.* This Court also has jurisdiction over this action for declaratory relief under 28 U.S.C. §§ 2201 and 2202 because this action involves an actual controversy between the parties regarding whether the Agreement was terminated, as evidenced by Defendant’s original answer and proposed counterclaims. This Court has personal jurisdiction over the Defendant in that it

has committed acts within Texas and this judicial district giving rise to this action and the Defendant has established minimum contacts with the forum such that the exercise of jurisdiction over the Defendant would not offend traditional notions of fair play and substantial justice.

### **VENUE**

7. Defendant has committed acts within this judicial district giving rise to this action and does business in this district, having a location at 1233 State Hwy 7, Centerville, Texas 75833. Defendant has committed acts of patent infringement at its Centerville location, including offering and performing livestock reproductive services using XY's patented methods, apparatuses, and chemical compositions for the sex-selection of sperm cells. Venue is proper in this district pursuant to 28 U.S.C. §§1391(b), 1391(c), and 1400(b).

### **FACTUAL BACKGROUND**

#### **The Parties and the Agreement**

8. XY researches, develops, and commercializes technology for sex selection of non-human mammals, such as cattle and horses. This technology typically involves the use of a specialized and proprietary flow cytometer to separate individual sperm cells that carry an X chromosome (for producing female offspring) from those that carry a Y chromosome (for producing male offspring) based on differences in DNA content between the cells. Once separated using XY's proprietary systems and methods, the sorted sperm cells are typically collected in artificial insemination straws ("Straws") that contain millions of sex selected sperm cells. The Straws may be stored, frozen, or used for the production of in-vitro or in-vivo fertilized embryos. XY owns patents (the "XY Patents") and other proprietary rights on many valuable technological advances in the field of flow cytometer-based sex selection, including rights in related devices, techniques, and services.

9. Defendant provides animal husbandry and reproductive services to cattle breeders, including embryo transfer and in-vitro fertilization of bovine embryos. Since execution of the Agreement, Trans Ova has added sales of Straws of sex selected sperm, sales of embryos or bovines artificially inseminated with sex selected sperm, sex selected embryo transfer services, and sex selected in-vitro fertilization services to its goods and services, all produced or facilitated using XY's proprietary technology.

10. In the Agreement, XY granted Trans Ova a non-exclusive license to use certain XY intellectual property, including the Asserted Patents, in a limited field of use, subject to a variety of conditions. *See* Commercial License Agreement (attached as SEALED Exhibit A). Some of the relevant limitations and provisions of the Agreement generally included the following:

- Limitations on particular customers to whom Trans Ova was permitted to sell Straws (*see* Agreement, 2.1(a));
- Limitations on the number of Straws Trans Ova was permitted to sell each year (*see* Agreement, 2.1(a));
- Limitations on Trans Ova's ability to sublicense (*see* Agreement, 2.6);
- Requirement that Trans Ova pay royalties (*see* Agreement, 1.9, 1.12, and 3.1.1(b));
- Requirement that Trans Ova obtain approval collateral materials from XY (*see* Agreement, 3.8);
- Requirement that Trans Ova use approved instruments for its sorting services (*see* Agreement, 3.2);

- Requirement that Trans Ova provide XY a first right of refusal to purchase flow cytometry equipment (*see* Agreement, 3.2).

**XY's Termination of the Agreement Based on Certain Trans Ova Material and Incurable Breaches**

11. During the term of the Agreement, Trans Ova materially and incurably breached the Agreement, including by manufacturing, offering-for-sale, or selling licensed products outside the licensed field of use. Trans Ova's breaches included, but were not limited to: (i) breach of the limitation on particular customers to whom Trans Ova was permitted to sell Straws; (ii) breach of the limitation on the number of Straws Trans Ova was permitted to sell each year; and (iii) breach of the limitations on Trans Ova's ability to grant sublicenses. These are material breaches that cannot be cured and, accordingly, serve as a basis for immediate termination of the Agreement.

12. On November 20, 2007, after learning of the above breaches, XY sent a written Notice of Termination to Trans Ova that complied with the termination provisions of the Agreement. *See* Notice of Termination of Commercial License Agreement from Maurice Rosenstein, XY, Inc., to David Faber, Trans Ova Genetics (Nov. 20, 2007) (the "Notice of Termination") (attached as SEALED Exhibit B). XY's Notice of Termination had the effect of immediately terminating the Agreement.

13. XY declined the royalty payments paid by Trans Ova pursuant to the royalty payment reporting period immediately preceding the Notice of Termination. Since the Agreement was terminated, XY has continued to decline all further attempted royalty payments in light of the termination of the Agreement.

14. Since 2007, XY has repeatedly attempted to enter a new, mutually beneficial, license agreement with Trans Ova to resolve the parties' dispute in good faith. During this time,

Trans Ova has shown some interest in entering a new agreement as well. For example, in January 2008 Trans Ova filed a defective arbitration demand—purportedly seeking a determination that the Agreement had not been duly and rightfully terminated on November 20, 2007—but Trans Ova chose not to pursue the arbitration so that the parties’ principals could attempt to resolve their dispute without arbitration. During the period 2009 through 2011, the parties exchanged various proposals for a new agreement, including, but not limited to, drafts of a new license agreement. Unfortunately, despite XY’s repeated good faith efforts, Trans Ova continues to delay or avoid resolution of this dispute and continues to operate as if the Agreement were not terminated.

**Defendant’s Infringement of XY’s Patents**

15. After termination of the Agreement, Defendant has continued to practice XY’s patented inventions and has therefore infringed, and continues to infringe, the Asserted Patents, including, without limitation, through Defendant’s use of flow cytometers or other similar apparatuses for sex selection of sperm cells and the sale of semen produced using such apparatuses; Defendant’s use of fluids and other chemical compositions designed for use in flow cytometry-based sex selection; and Defendant’s use of flow cytometry-based sex selection protocols and procedures.

**COUNT I — INFRINGEMENT OF U.S. PATENT NO. 7,820,425**

16. The above paragraphs are incorporated by reference as if fully restated herein.

17. On October 26, 2010, United States Patent No. 7,820,425 (the “’425” Patent) was duly and legally issued for an invention entitled “Method of Cryopreserving Selected Sperm Cells.” A true and correct copy of the ’425 Patent is attached hereto as Exhibit C. XY is the Owner/Assignee of the ’425 Patent and has the right to sue on and seek enforcement of the ’425

Patent. XY has owned the '425 Patent at all times relevant to this complaint and still owns the '425 patent.

18. Based on the conduct of Defendant described in paragraph 9 above, Defendant has infringed and continues to infringe the '425 Patent, either directly or by contributory infringement or by inducing infringement. With regard to Defendant's indirect infringement, the direct infringers include, but are not limited to, Defendant's employees, users, and customers. Defendant is liable for infringement of the '425 Patent pursuant to 35 U.S.C. § 271.

19. Upon information and belief, Defendant has been aware of the '425 Patent since the date it issued and has been aware of the application that matured into the '425 Patent since at least as early as the date the application maturing into the '425 Patent was published, and Defendant's continued infringement of the '425 Patent is and has been willful and deliberate.

20. Upon information and belief, Defendant's acts of willful infringement have caused damage to XY, and XY is entitled to recover from Defendant the damages sustained by XY as a result of Defendant's wrongful acts, and such damages should be increased pursuant to 35 U.S.C. § 284, in an amount subject to proof at trial.

**COUNT II — INFRINGEMENT OF U.S. PATENT NO. 6,357,307**

21. The above paragraphs are incorporated by reference as if fully restated herein.

22. On March 19, 2002, United States Patent No. 6,357,307 (the "'307" Patent) was duly and legally issued for an invention entitled "System and Method of Flow Cytometry and Sample Handling." A true and correct copy of the '307 Patent is attached hereto as Exhibit D. XY is the Owner/Assignee of the '307 Patent and has the right to sue on and seek enforcement of the '307 Patent. XY has owned the '307 Patent at all times relevant to this complaint and still owns the '307 patent.

23. Based on the conduct of Defendant described in paragraph 9 above, Defendant has infringed and continues to infringe the '307 Patent, either directly or by contributory infringement or by inducing infringement. With regard to Defendant's indirect infringement, the direct infringers include, but are not limited to, Defendant's employees, users, and customers. Defendant is liable for infringement of the '307 Patent pursuant to 35 U.S.C. § 271.

24. Upon information and belief, Defendant has been aware of the '307 Patent since at least as early as the effective date of the Agreement, and Defendant's continued infringement of the '307 Patent is and has been willful and deliberate.

25. Upon information and belief, Defendant's acts of willful infringement have caused damage to XY, and XY is entitled to recover from Defendant the damages sustained by XY as a result of Defendant's wrongful acts, and such damages should be increased pursuant to 35 U.S.C. § 284, in an amount subject to proof at trial.

**COUNT III — INFRINGEMENT OF U.S. PATENT NO. 6,604,435**

26. The above paragraphs are incorporated by reference as if fully restated herein.

27. On August 12, 2003, United States Patent No. 6,604,435 (the "'435" Patent) was duly and legally issued for an invention entitled "Low Acceleration Method of Flow Cytometry." A true and correct copy of the '435 Patent is attached hereto as Exhibit E. XY is the Owner/Assignee of the '435 Patent and has the right to sue on and seek enforcement of the '435 Patent. XY has owned the '435 Patent at all times relevant to this complaint and still owns the '435 patent.

28. Based on the conduct of Defendant described in paragraph 9 above, Defendant has infringed and continues to infringe the '435 Patent, either directly or by contributory infringement or by inducing infringement. With regard to Defendant's indirect infringement, the



direct infringers include, but are not limited to, Defendant's employees, users, and customers. Defendant is liable for infringement of the '435 Patent pursuant to 35 U.S.C. § 271.

29. Upon information and belief, Defendant has been aware of the '435 Patent since at least as early as the effective date of the Agreement, and Defendant's continued infringement of the '435 Patent is and has been willful and deliberate.

30. Upon information and belief, Defendant's acts of willful infringement have caused damage to XY, and XY is entitled to recover from Defendant the damages sustained by XY as a result of Defendant's wrongful acts, and such damages should be increased pursuant to 35 U.S.C. § 284, in an amount subject to proof at trial.

**COUNT IV — INFRINGEMENT OF U.S. PATENT NO. 6,782,768**

31. The above paragraphs are incorporated by reference as if fully restated herein.

32. On August 31, 2004, United States Patent No. 6,782,768 (the "'768" Patent) was duly and legally issued for an invention entitled "Flow Cytometer Nozzle." A true and correct copy of the '768 Patent is attached hereto as Exhibit F. XY is the Owner/Assignee of the '768 Patent and has the right to sue on and seek enforcement of the '768 Patent. XY has owned the '768 Patent at all times relevant to this complaint and still owns the '768 patent.

33. Based on the conduct of Defendant described in paragraph 9 above, Defendant has infringed and continues to infringe the '768 Patent, either directly or by contributory infringement or by inducing infringement. With regard to Defendant's indirect infringement, the direct infringers include, but are not limited to, Defendant's employees, users, and customers. Defendant is liable for infringement of the '768 Patent pursuant to 35 U.S.C. § 271.

34. Upon information and belief, Defendant has been aware of the '768 Patent since the date it issued and has been aware of the application that matured into the '768 Patent since at

least as early as the effective date of the Agreement, and Defendant's continued infringement of the '768 Patent is and has been willful and deliberate.

35. Upon information and belief, Defendant's acts of willful infringement have caused damage to XY, and XY is entitled to recover from Defendant the damages sustained by XY as a result of Defendant's wrongful acts, and such damages should be increased pursuant to 35 U.S.C. § 284, in an amount subject to proof at trial.

**COUNT V — INFRINGEMENT OF U.S. PATENT NO. 6,263,745**

36. The above paragraphs are incorporated by reference as if fully restated herein.

37. On July 24, 2001, United States Patent No. 6,263,745 (the "'745" Patent) was duly and legally issued for an invention entitled "Flow Cytometer Nozzle and Flow Cytometer Sample Handling Methods." A true and correct copy of the '745 Patent is attached hereto as Exhibit G. XY is the Owner/Assignee of the '745 Patent and has the right to sue on and seek enforcement of the '745 Patent. XY has owned the '745 Patent at all times relevant to this complaint and still owns the '745 patent.

38. Based on the conduct of Defendant described in paragraph 9 above, Defendant has infringed and continues to infringe the '745 Patent, either directly or by contributory infringement or by inducing infringement. With regard to Defendant's indirect infringement, the direct infringers include, but are not limited to, Defendant's employees, users, and customers. Defendant is liable for infringement of the '745 Patent pursuant to 35 U.S.C. § 271.

39. Upon information and belief, Defendant has been aware of the '745 Patent since at least as early as the effective date of the Agreement, and Defendant's continued infringement of the '745 Patent is and has been willful and deliberate.

40. Upon information and belief, Defendant's acts of willful infringement have caused damage to XY, and XY is entitled to recover from Defendant the damages sustained by XY as a result of Defendant's wrongful acts, and such damages should be increased pursuant to 35 U.S.C. § 284, in an amount subject to proof at trial.

**COUNT VI — INFRINGEMENT OF U.S. PATENT NO. 7,713,687**

41. The above paragraphs are incorporated by reference as if fully restated herein.

42. On May 11, 2010, United States Patent No. 7,713,687 (the "'687" Patent) was duly and legally issued for an invention entitled "System to Separate Frozen-Thawed Spermatozoa into X-Chromosome Bearing and Y-Chromosome Bearing Populations." A true and correct copy of the '687 Patent is attached hereto as Exhibit H. XY is the Owner/Assignee of the '687 Patent and has the right to sue on and seek enforcement of the '687 Patent. XY has owned the '687 Patent at all times relevant to this complaint and still owns the '687 patent.

43. Based on the conduct of Defendant described in paragraph 9 above, Defendant has infringed and continues to infringe the '687 Patent, either directly or by contributory infringement or by inducing infringement. With regard to Defendant's indirect infringement, the direct infringers include, but are not limited to, Defendant's employees, users, and customers. Defendant is liable for infringement of the '687 Patent pursuant to 35 U.S.C. § 271.

44. Upon information and belief, Defendant has been aware of the '687 Patent since the date it issued and has been aware of the application that matured into the '687 Patent since at least as early as the effective date of the Agreement, and Defendant's continued infringement of the '687 Patent is and has been willful and deliberate.

45. Upon information and belief, Defendant's acts of willful infringement have caused damage to XY, and XY is entitled to recover from Defendant the damages sustained by

XY as a result of Defendant's wrongful acts, and such damages should be increased pursuant to 35 U.S.C. § 284, in an amount subject to proof at trial.

**COUNT VII — INFRINGEMENT OF U.S. PATENT NO. 7,771,921**

46. The above paragraphs are incorporated by reference as if fully restated herein.

47. On August 10, 2010, United States Patent No. 7,771,921 (the "'921" Patent) was duly and legally issued for an invention entitled "Separation Systems of Frozen-Thawed Spermatozoa into X-Chromosome Bearing and Y-Chromosome Bearing Populations." A true and correct copy of the '921 Patent is attached hereto as Exhibit I. XY is the Owner/Assignee of the '921 Patent and has the right to sue on and seek enforcement of the '921 Patent. XY has owned the '921 Patent at all times relevant to this complaint and still owns the '921 patent.

48. Based on the conduct of Defendant described in paragraph 9 above, Defendant has infringed and continues to infringe the '921 Patent, either directly or by contributory infringement or by inducing infringement. With regard to Defendant's indirect infringement, the direct infringers include, but are not limited to, Defendant's employees, users, and customers. Defendant is liable for infringement of the '921 Patent pursuant to 35 U.S.C. § 271.

49. Upon information and belief, Defendant has been aware of the '921 Patent since the date it issued and has been aware of the application that matured into the '921 Patent since at least as early as its date of publication, and Defendant's continued infringement of the '921 Patent is and has been willful and deliberate.

50. Upon information and belief, Defendant's acts of willful infringement have caused damage to XY, and XY is entitled to recover from Defendant the damages sustained by XY as a result of Defendant's wrongful acts, and such damages should be increased pursuant to 35 U.S.C. § 284, in an amount subject to proof at trial.

**COUNT VIII — INFRINGEMENT OF U.S. PATENT NO. 6,149,867**

51. The above paragraphs are incorporated by reference as if fully restated herein.

52. On November 21, 2000, United States Patent No. 6,149,867 (the “’867” Patent) was duly and legally issued for an invention entitled “Sheath Fluids and Collection Systems for Sex-Specific Cytometer Sorting of Sperm.” A true and correct copy of the ’867 Patent is attached hereto as Exhibit J. XY is the Owner/Assignee of the ’867 Patent and has the right to sue on and seek enforcement of the ’867 Patent. XY has owned the ’867 Patent at all times relevant to this complaint and still owns the ’867 patent.

53. Based on the conduct of Defendant described in paragraph 9 above, Defendant has infringed and continues to infringe the ’867 Patent, either directly or by contributory infringement or by inducing infringement. With regard to Defendant’s indirect infringement, the direct infringers include, but are not limited to, Defendant’s employees, users, and customers. Defendant is liable for infringement of the ’867 Patent pursuant to 35 U.S.C. § 271.

54. Upon information and belief, Defendant has been aware of the ’867 Patent since at least as early as the effective date of the Agreement, and Defendant’s continued infringement of the ’867 Patent is and has been willful and deliberate.

55. Upon information and belief, Defendant’s acts of willful infringement have caused damage to XY, and XY is entitled to recover from Defendant the damages sustained by XY as a result of Defendant’s wrongful acts, and such damages should be increased pursuant to 35 U.S.C. § 284, in an amount subject to proof at trial.

**COUNT IX — INFRINGEMENT OF U.S. PATENT NO. 6,524,860**

56. The above paragraphs are incorporated by reference as if fully restated herein.

57. On February 25, 2003, United States Patent No. 6,524,860 (the “’860” Patent) was duly and legally issued for an invention entitled “Methods for Improving Sheath Fluids and Collection Systems for Sex-Specific Cytometer Sorting of Sperm.” A true and correct copy of the ’860 Patent is attached hereto as Exhibit K. XY is the Owner/Assignee of the ’860 Patent and has the right to sue on and seek enforcement of the ’860 Patent. XY has owned the ’860 Patent at all times relevant to this complaint and still owns the ’860 patent.

58. Based on the conduct of Defendant described in paragraph 9 above, Defendant has infringed and continues to infringe the ’860 Patent, either directly or by contributory infringement or by inducing infringement. With regard to Defendant’s indirect infringement, the direct infringers include, but are not limited to, Defendant’s employees, users, and customers. Defendant is liable for infringement of the ’860 Patent pursuant to 35 U.S.C. § 271.

59. Upon information and belief, Defendant has been aware of the ’860 Patent since at least as early as the effective date of the Agreement, and Defendant’s continued infringement of the ’860 Patent is and has been willful and deliberate.

60. Upon information and belief, Defendant’s acts of willful infringement have caused damage to XY, and XY is entitled to recover from Defendant the damages sustained by XY as a result of Defendant’s wrongful acts, and such damages should be increased pursuant to 35 U.S.C. § 284, in an amount subject to proof at trial.

**COUNT X — INFRINGEMENT OF U.S. PATENT NO. 7,195,920**

61. The above paragraphs are incorporated by reference as if fully restated herein.

62. On March 27, 2007, United States Patent No. 7,195,920 (the “’920” Patent) was duly and legally issued for an invention entitled “Collection Systems for Cytometer Sorting of

Sperm.” A true and correct copy of the ’920 Patent is attached hereto as Exhibit L. XY is the Owner/Assignee of the ’920 Patent and has the right to sue on and seek enforcement of the ’920 Patent. XY has owned the ’920 Patent at all times relevant to this complaint and still owns the ’920 patent.

63. Based on the conduct of Defendant described in paragraph 9 above, Defendant has infringed and continues to infringe the ’920 Patent, either directly or by contributory infringement or by inducing infringement. With regard to Defendant’s indirect infringement, the direct infringers include, but are not limited to, Defendant’s employees, users, and customers. Defendant is liable for infringement of the ’920 Patent pursuant to 35 U.S.C. § 271.

64. Upon information and belief, Defendant has been aware of the ’920 Patent since the date it issued and has been aware of the application that matured into the ’920 Patent since at least as early as the effective date of the Agreement, and Defendant’s continued infringement of the ’920 Patent is and has been willful and deliberate.

65. Upon information and belief, Defendant’s acts of willful infringement have caused damage to XY, and XY is entitled to recover from Defendant the damages sustained by XY as a result of Defendant’s wrongful acts, and such damages should be increased pursuant to 35 U.S.C. § 284, in an amount subject to proof at trial.

#### **COUNT XI — INFRINGEMENT OF U.S. PATENT NO. 8,569,053**

66. The above paragraphs are incorporated by reference as if fully restated herein.

67. On October 29, 2013, United States Patent No. 8,569,053 (the “’053” Patent) was duly and legally issued for an invention entitled “In-Vitro Fertilization Systems with Spermatozoa Separated into X-Chromosome and Y-Chromosome Bearing Populations.” A true and correct copy of the ’053 Patent is attached hereto as Exhibit M. XY is the Owner/Assignee

of the '053 Patent and has the right to sue on and seek enforcement of the '053 Patent. XY has owned the '053 Patent at all times relevant to this complaint and still owns the '053 patent.

68. Based on the conduct of Defendant described in paragraph 9 above, Defendant has infringed and continues to infringe the '053 Patent, either directly or by contributory infringement or by inducing infringement. With regard to Defendant's indirect infringement, the direct infringers include, but are not limited to, Defendant's employees, users, and customers. Defendant is liable for infringement of the '053 Patent pursuant to 35 U.S.C. § 271.

69. Upon information and belief, Defendant has been aware of the '053 Patent since the date it issued and has been aware of the application that matured into the '053 Patent since at least as early as the effective date of the Agreement, and Defendant's continued infringement of the '053 Patent is and has been willful and deliberate.

70. Upon information and belief, Defendant's acts of willful infringement have caused damage to XY, and XY is entitled to recover from Defendant the damages sustained by XY as a result of Defendant's wrongful acts, and such damages should be increased pursuant to 35 U.S.C. § 284, in an amount subject to proof at trial.

**COUNT XII — DECLARATORY JUDGMENT THAT THE AGREEMENT WAS  
TERMINATED**

71. The above paragraphs are incorporated by reference as if fully restated herein.

72. Trans Ova's breaches identified in the above paragraphs, including, without limitation, Trans Ova's offer for sale and sale of Straws outside of the licensed field of use, comprised material and incurable breaches giving XY the right to immediately terminate the Agreement upon written notice pursuant to the Agreement.



73. XY's November 20, 2007 Notice of Termination identifying certain Trans Ova breaches and giving notice of termination satisfied the written notice requirement of the termination provision of the Agreement.

74. The Agreement, therefore, was duly terminated on November 20, 2007.

75. Despite termination of the Agreement, Trans Ova has continued to practice the licensed technology and continued to make, use, offer for sale, or sell the licensed products without leave or license from XY.

76. As a result of Trans Ova's actions, XY has sustained and, unless Trans Ova is enjoined, will continue to sustain, harm, including, without limitation, loss of profits, harm caused by the uncertainty over the existence of continuing rights and obligations under the Agreement, and harm to its valuable goodwill and reputation established in connection with its past licensing practices, causing further loss of profits, damage to XY's negotiating position for subsequent licenses, and other harm for which there is no adequate remedy at law. Moreover, Trans Ova has been unjustly enriched through its decision to disregard or dispute the effect of the Notice of Termination.

77. Accordingly, the Court should enter a judgment that the Agreement was duly terminated on November 20, 2007.

**COUNT XIII, PLEAD IN THE ALTERNATIVE — DECLARATORY JUDGMENT THAT  
THE AGREEMENT EXPIRED**

78. The above paragraphs are incorporated by reference as if fully restated herein.

79. In the alternative, if the Court determines that XY's Notice of Termination did not terminate the Agreement, the Agreement expired according to its terms.

80. The Agreement had a five year term and, therefore, would have expired on April 16, 2009, had it not been terminated earlier. *See* Agreement, 2.3. Although the Agreement

includes an automatic renewal provision, such renewal is conditioned on Trans Ova not being in material breach of any term or provision of the Agreement. *See* Agreement, 2.4.

81. If the Agreement had not been terminated, Trans Ova would have been in material breach of numerous terms or provisions of the Agreement on the date of the expiration of the Agreement term. Material Trans Ova breaches include, but are not limited to, the following:

- a) Trans Ova breached and continues to breach the provisions of the Agreement limiting the particular customers to whom Trans Ova is permitted to sell to;
- b) Trans Ova breached and continues to breach the provisions of the Agreement limiting the maximum number of Straws Trans Ova is permitted to sell each year;
- c) Trans Ova breached and continues to breach the provisions of the Agreement limiting Trans Ova's ability to grant sublicenses;
- d) Trans Ova breached and continues to breach the Agreement by failing to report and tender payment for all royalties it is obligated to pay under the Agreement.;
- e) Trans Ova breached and continues to breach the Agreement by failing to obtain approval for collateral materials from XY;
- f) Trans Ova breached and continues to breach the Agreement by using non-approved instruments for its sorting services; and
- g) Trans Ova breached and continues to breach the Agreement by violating the implied duty of good faith and fair dealing under Colorado law, such violations including, without limitation, the manipulation of Straw cell concentration and methods of delivery of licensed products to circumvent the limits of the license grant and avoid paying royalties in full, the sale of Straws to known resellers, the

use of fluids and parts for unauthorized purposes, the additional acts described in (a) through (f) above, and various other violations.

82. Because Trans Ova was in material breach of at least the foregoing terms or provisions when the term of the Agreement ended on April 16, 2009, the Agreement did not automatically renew under its terms, and the Agreement has expired. Moreover, although not required for non-renewal under the Agreement, Trans Ova was put on notice in XY's Notice of Termination of at least breaches (a) through (c) in the foregoing paragraph.

83. Despite the expiration of the Agreement, Trans Ova has continued to practice the licensed technology and continued to make, use, offer for sale, or sell the licensed products without leave or license from XY.

84. As a result of Trans Ova's actions, XY has sustained and, unless Trans Ova is enjoined, XY will continue to sustain, harm, including, without limitation, loss of profits, harm caused by the uncertainty over the existence of continuing rights and obligations under the Agreements, and harm to its valuable goodwill and reputation established in connection with its past licensing practices, causing further loss of profits, damage to XY's negotiating position for entering subsequent licenses, and other harm for which there is no adequate remedy at law. Moreover, Trans Ova has been unjustly enriched through its decision to disregard expiration of the License.

85. Accordingly, as an alternative remedy, the Court should enter a judgment that the Agreement expired by its terms on April 16, 2009.

#### **COUNT XIV — BREACH OF CONTRACT**

86. The above paragraphs are incorporated by reference as if fully restated herein.

87. For any periods in which the Agreement is determined to have been in effect, Trans Ova committed numerous material breaches. Trans Ova breaches within the applicable

limitations period include, but are not limited to, those breaches identified in paragraph 76 (a) through (g) above.

88. XY fully performed its obligations under the Agreement, and satisfied any and all conditions precedent necessary to trigger Trans Ova's obligations under the Agreement.

89. As a result of Trans Ova's numerous breaches of the Agreement, XY has been damaged and XY is entitled to damages, an accounting of profits, and all other legally permissible forms of monetary recovery.

**COUNT XV — UNJUST ENRICHMENT AND CONSTRUCTIVE TRUST**

90. The above paragraphs are incorporated by reference as if fully restated herein.

91. Since XY sent the Notice of Termination on November 20, 2007, Trans Ova has continued to tender royalty payments to XY, and XY has continued to decline all such tenders of royalty payments in light of the termination of the Agreement.

92. XY has declined all such tenders of royalty payments in order to avoid any allegation or inference that its acceptance of any such payment would constitute waiver of its assertion of material and incurable breaches of the Agreement, even though any such finding or inference of waiver would not be factually or legally justified.

93. Despite XY's declination of such tenders of royalty payments, Trans Ova has continued to practice XY's patented inventions and has therefore infringed and continues to infringe the Asserted Patents, and thereby has derived significant benefits from the use of XY's intellectual property.

94. On information and belief, the sum of such tenders of payment is at least \$1.3M, exclusive of interest.

95. Trans Ova has received a benefit at the expense of XY under circumstances that would make it unfair, unjust, and inequitable for Trans Ova to retain the tendered royalty payments, and therefore Trans Ova has been unjustly enriched by retaining said funds.

96. In these circumstances, XY is entitled to an accounting of said funds and the imposition of a constructive trust on said funds, against Trans Ova as the constructive trustee and in favor of XY as the beneficiary.

**PRAYER FOR RELIEF**

WHEREFORE, XY prays for judgment and seeks relief against Defendant as follows:

- (a) For Judgment that Defendant has infringed the '425 Patent;
- (b) For Judgment that Defendant has infringed the '307 Patent;
- (c) For Judgment that Defendant has infringed the '435 Patent;
- (d) For Judgment that Defendant has infringed the '768 Patent;
- (e) For Judgment that Defendant has infringed the '745 Patent;
- (f) For Judgment that Defendant has infringed the '687 Patent;
- (g) For Judgment that Defendant has infringed the '921 Patent;
- (h) For Judgment that Defendant has infringed the '867 Patent;
- (i) For Judgment that Defendant has infringed the '860 Patent;
- (j) For Judgment that Defendant has infringed the '920 Patent;
- (k) For Judgment that Defendant has infringed the '053 Patent;
- (l) For Judgment that Defendant's infringement of any or all of the Asserted Patents is and has been willful;

- (m) For an accounting of all damages sustained by XY as the result of the acts of infringement by Defendant, but not less than a reasonable royalty under 35 U.S.C. § 284;
- (n) For actual damages together with prejudgment interest;
- (o) For enhanced damages pursuant to 35 U.S.C. § 284;
- (p) For a preliminary and final injunction against Defendant's continuing infringement;
- (q) For Judgment that the Agreement was duly terminated on November 20, 2007, or, in the alternative, that the Agreement expired on April 16, 2009;
- (r) For an Order enforcing XY's first right of refusal and right to match any other bona fide offer to purchase Trans Ova's flow cytometry equipment upon termination or expiration of the Agreement;
- (s) For Judgment that Trans Ova has breached the Agreement;
- (t) For compensatory damages for breach of the Agreement in an amount to be proved at trial;
- (u) For an accounting and disgorgement of Trans Ova's profits and other sums unlawfully obtained;
- (v) For an accounting of all royalty payments tendered by Trans Ova but declined by XY and the imposition of a constructive trust on such funds, against Trans Ova as the constructive trustee and in favor of XY as the beneficiary;
- (w) In the event that the Agreement is determined to have been in effect any time after November 20, 2007, for an accounting and payment of any royalties owed under

the Agreement that were either not paid by Trans Ova or declined or unrealized by XY;

- (x) In the event that the Agreement is determined to still be in effect, for an Order terminating the Agreement;
- (y) For an award of attorneys' fees and costs pursuant to 35 U.S.C. § 285, Section 6.4 of the Agreement, or as otherwise permitted by law; and
- (z) For such other and further relief as the Court may deem just and proper.

**JURY DEMAND**

Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiff demands a jury trial.

Respectfully submitted,

Dated November 21, 2013

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**ATTORNEYS FOR PLAINTIFF  
XY, LLC**



**CERTIFICATE OF SERVICE**

The undersigned certifies that the foregoing document was filed electronically with the Clerk of Court using the CM/ECF system. As such, this document was served on all counsel who are deemed to have consented to electronic service. All other counsel of record not deemed to have consented to electronic service were served with a true and correct copy of the foregoing by email and/or fax, on this the 21st of November, 2013.

/s/ George A. L. Rosbrook

GEORGE A. L. ROSBROOK