

**In the United States District Court
For the Southern District of Florida**

Megdal Associates, LLC,

Plaintiff,

vs.

La-Z-Boy Inc.,

Defendant.

Filed Electronically

Jury Trial Demanded

Complaint

Plaintiff, Megdal Associates, LLC (“Plaintiff” or “Megdal Associates”) files this Complaint against Defendant La-Z-Boy Incorporated (“Defendant” or “La-Z-Boy”), and alleges as follows:

Overview

1. Megdal Associates brings this action for La-Z-Boy’s failure to pay royalties due to Megdal Associates under the parties’ 2002 Trade Secrets and Inventions Agreement (attached as Exhibit 1) (referred to as the 2002 Agreement or the Agreement), and failure to issue royalty reports to Megdal Associates as required by the 2002 Agreement; for La-Z-Boy’s refusal—twice—to allow Megdal Associates to conduct the audit of La-Z-Boy’s records expressly permitted by the 2002 Agreement; for La-Z-Boy’s failure to cooperate as required by the 2002 Agreement; and for La-Z-Boy’s willful and malicious misappropriation of Megdal Associates’ trade secret information. Megdal Associates also seeks a declaratory judgment that Megdal Associates alone owns by assignment several U.S. and foreign counterpart patents and patent applications covering “improvements of any type” within the meaning of the 2002 Agreement; patents and applications that La-Z-Boy presently claims to own. Megdal Associates also brings claims for patent infringement, and seeks compensation

for La-Z-Boy's willful patent infringement. Megdal Associates seeks all lawful damages and other monetary and equitable relief to which it may be entitled due to La-Z-Boy's bad faith refusal to acknowledge and respect Megdal Associates' intellectual property and contract rights, all as detailed below.

2. The technology at issue in this Complaint is used to automate the movement of parts of so-called "motion furniture," which includes recliners, love seats, sofas, and sectionals.¹ The automation is accomplished through use of an electric motor and associated hardware that are combined to form a "drive system."

3. La-Z-Boy seating products have historically had footrests and backrests that move in response to manual exertion by the seat's occupant.

4. For many years, the footrest on La-Z-Boy products has been extended and retracted by the occupant manually rotating the wooden handle on the side of the furniture.

5. For many years, the backrest on La-Z-Boy products has been moved by the occupant exerting pressure on his or her back, while holding and pushing the armrests for leverage.

6. The technology at issue now allows these movements to be achieved by pressing buttons instead of using manual exertion. When an occupant of "power motion furniture" presses these buttons, the electrically powered drive system causes movement of parts of the furniture such as the footrest and backrest.

7. The technology at issue is owned by Megdal Associates, not La-Z-Boy.

¹ In the trade, motion furniture generally refers to a category of home furniture products on which some part, such as the footrest, backrest, or another part moves. Stationary furniture, in contrast, refers to furniture where no part of it moves.

The Parties

8. Plaintiff Megdal Associates is a limited liability company organized under the laws of the Commonwealth of Pennsylvania, having its principal place of business in Boca Raton, Palm Beach County, Florida.

9. Megdal Associates has three members: Ms. Terry Megdal; Dr. William Megdal as Custodian for Rachel Rose Megdal, Lydia Camille Megdal, and Miriam Iris Megdal Under Georgia's Transfers To Minors Act; and Ms. Janice Faller. Ms. Megdal is a citizen and resident of the State of Florida. Dr. Megdal, and Rachel Rose Megdal, Lydia Camille Megdal, and Miriam Iris Megdal, are all citizens and residents of the State of Georgia. Ms. Faller is a citizen and resident of the Commonwealth of Pennsylvania.

10. Neither Megdal Associates nor any member of Megdal Associates is or ever has been a citizen or resident of the State of Michigan.

11. Defendant La-Z-Boy is a corporation organized under the laws of the State of Michigan, having its principal place of business in Monroe County, Michigan.

Jurisdiction and Venue

12. This action arises under the patent laws of the United States, Title 35 of the United States Code, the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 *et seq.*, and under Florida law.

13. This Court has original subject matter jurisdiction under 35 U.S.C. § 281, 28 U.S.C. § 1331, and 28 U.S.C. § 1338(a) and (b); diversity jurisdiction under 28 U.S.C. § 1332; and supplemental jurisdiction over related state law claims under 28 U.S.C. § 1367.

14. The amount in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs.

15. The Plaintiff and its members, on one hand, and the Defendant, on the other hand, are citizens of different states within the meaning of 28 U.S.C. § 1332.

16. This Court has general and specific personal jurisdiction over the parties under the Constitution of the United States and the laws of the State of Florida, including without limitation Fla. Stat. § 48.193.

17. La-Z-Boy has had systematic and continuous contacts with the State of Florida, including without limitation by placing its products (including the specific powered motion furniture products at issue in this Complaint) into the stream of commerce in Florida and this District, by operating or licensing others to operate retail stores in Florida and in this District, and by other acts, including but not limited to sending company representatives and employees to Paul Megdal's home in Boca Raton, Florida, to learn the details of the Megdal Associates trade secrets and inventions at issue herein, and by entering into a 2002 Agreement with Megdal Associates pertaining thereto, which agreement is expressly governed by Florida law and by which La-Z-Boy has "consent[ed] to [the state and federal courts of Palm Beach County, Florida] exercise of personal . . . jurisdiction over [it]." Ex. 1, ¶ 20.01. As set forth above, La-Z-Boy has purposefully availed itself of the benefits and protections of Florida law.

18. Under the 2002 Agreement, both La-Z-Boy and Megdal Associates have consented to this Court exercising personal jurisdiction over them, and have contractually waived any right to make objections thereto. Ex. 1, ¶ 20.01.

19. Venue is proper in this District pursuant to 28 U.S.C. § 1400 and due to the parties' mutual consent under the 2002 Agreement. Ex. 1, ¶ 20.01.

20. The West Palm Beach Division of this Court is the exclusive proper venue for this dispute because the parties agreed that Palm Beach County, Florida, would be the exclusive jurisdiction and forum for disputes arising out of or related in any way to the 2002 Agreement. Ex. 1, ¶ 20.01.

History of Megdal Associates' Powered Motion Furniture

21. In the 1980s, Paul and Florence Megdal retired to Boca Raton, Florida, after raising their family in Pennsylvania.

22. The Megdals had owned retail furniture stores to support their family.

23. Florence Megdal worked side-by-side with Paul Megdal in the furniture business.

24. After moving to Boca Raton, Paul and Florence Megdal purchased several La-Z-Boy chairs (recliners) for their home.

25. From their years in the furniture business, Paul and Florence Megdal considered La-Z-Boy to be a premium brand.

26. By about 1995, Florence Megdal had become ill. As a result of her illness, Florence Megdal began experiencing some loss of strength.

27. Florence Megdal's loss of strength made it difficult for her to manually operate her La-Z-Boy chairs.

28. Florence Megdal's loss of strength and inability to easily open her La-Z-Boy chairs rendered them not very useful to her.

29. At the time of Florence Megdal's illness, Paul Megdal observed that his wife needed to rest more frequently than in the past, and that it was becoming increasingly difficult for her to manually operate her La-Z-Boy chairs.

30. As a result, Paul Megdal began thinking about and designing ways to electrically power the reclining function of La-Z-Boy motion furniture, including opening and closing of the footrest.

31. Paul Megdal had general knowledge of the products available in the furniture industry at the time. At the time, he was unaware of any electrically powered motion furniture available on the market.

32. Consequently, Paul Megdal decided to buy several La-Z-Boy chairs, and set out on a mission to design and build electrically powered drive systems that could be used to automate the movement of components of motion furniture.

33. At the time he started on this venture, Paul Megdal was just shy of 80 years old.

34. On a nearly constant basis, Paul Megdal had three or four pieces of La-Z-Boy motion furniture propped up on makeshift pedestals in his garage, in varying states of disassembly, and a few more similar pieces located within his home, as he worked diligently to solve the challenges facing his wife.

35. As Florence Megdal's health declined, her need for assistance in using her La-Z-Boy chairs became more acute.

36. After several years of effort, Paul Megdal successfully developed a number of different prototypes that represented different approaches to power drive systems for automating the movement of motion furniture parts such as the footrest.

37. Paul Megdal attached his prototype power drive systems to Florence Megdal's La-Z-Boy chairs. These prototypes allowed her to power operate the chairs.

38. Unfortunately, Florence Megdal passed away not long after Paul Megdal succeeded in getting his prototypes to power operate her La-Z-Boy chairs.

39. By 1998, Paul Megdal's prototypes had demonstrated proof of concept with respect to power operating the footrest, in that they would extend and retract the footrest (i) repeatedly without fail, (ii) at the right speed (not too slow and not too fast), (iii) with the right amount of power considering the varying weight of an occupant's legs that could be resting on it, (iv) with very little sound, (v) smoothly, (vi) in a manner that allowed for stopping the footrest at any point between the fully closed and fully opened positions, (vii) in a manner that allowed for backrest reclining, either simultaneously or sequentially, (viii) in a manner that did not cause binding or misalignment of the pantographic linkage system that extended and retracted the footrest, (ix) at a fairly low cost, (x) in a manner that did not

require a complete re-design of the standard La-Z-Boy chair to accommodate the power drive system, and (xi) all at the touch of a button.

40. The design elements necessary to achieve a number of these functionalities were not reasonably ascertainable and, in fact, were unknown to La-Z-Boy at the time.

41. In the process, Paul Megdal learned what others had apparently learned before him – it was not easy to design electrically powered drive systems to successfully achieve all of these functionalities in motion furniture.

42. Paul Megdal's extensive work was necessary for him to develop the know-how, and devise the trade secret designs and design information, that were critical to achieving these functionalities.

43. Paul Megdal also understood that his small company did not have the manufacturing capability to commercialize his trade secrets and inventions, and therefore he looked to find furniture and furniture component manufacturers to work with.

44. Paul Megdal was committed to making each of his prototypes as effective and inexpensive as possible, so he continued to work on them even after achieving proof of concept.

45. At the time that Paul Megdal was creating his designs and design information in the mid-to-late 1990s, there had been prior attempts by furniture manufacturers, including La-Z-Boy, to electrically power the extension and retraction of the footrest.

46. On information and belief, the prior attempts to automate the extension and retraction of the footrest were unsuccessful in the sense that no electrically powered footrest systems were being sold in the United States as of the late 1990s.

47. La-Z-Boy's prior efforts to design a commercially successful electrically powered motion furniture product failed.

48. La-Z-Boy considered its prior design "obsolete" by 1986.

49. To Megdal Associates' knowledge, Paul Megdal was the first United States inventor to come up with electrically powered drive systems for motion furniture that were both technologically and commercially successful.

50. For the past 13 years, starting at a time after La-Z-Boy first met Paul Megdal, La-Z-Boy has been selling electrically powered motion furniture on a continuing basis.

51. Before meeting Paul Megdal in 1999, La-Z-Boy was unsuccessful in selling electrically powered motion furniture.

52. On or about April 18, 2000, Paul Megdal formed Megdal Associates with his son and niece, and assigned thereafter all of his rights in his designs and design information to the company.

53. Paul Megdal treated Megdal Associates' designs and design information as valuable, confidential trade secrets and proprietary intellectual property.

54. Paul Megdal believed that Megdal Associates' designs and design information could possibly help others like his wife, as well as disabled people, to comfortably and easily enjoy using motion furniture.

55. Paul Megdal believed that Megdal Associates' designs and design information could be made appealing to all customer types, including the young and healthy.

56. Once La-Z-Boy had a chance to see Paul Megdal's prototypes in action, it was interested in offering products for sale that had the added comfort and ease of operation provided by Paul Megdal's electrically powered furniture drive systems.

57. Megdal Associates' designs and design information derived independent economic value from not being generally known to or readily ascertainable by proper means by other persons who could obtain economic value from their disclosure or use.

58. Megdal Associates' designs and design information were subject to efforts to maintain their secrecy.

59. For example, in April 1999, Paul Megdal entered into a confidentiality agreement before he first disclosed any of his trade secrets to a La-Z-Boy company. *See* Ex. 2.

60. Additionally, in the process of working with prospective manufacturers, Megdal Associates required a confidentiality agreement from each entity to which it disclosed its designs and design information.

Paul Megdal's Initial Dealings with La-Z-Boy

61. In 1998 or 1999, Paul Megdal decided to contact Pat Norton of La-Z-Boy, who was La-Z-Boy's Chairman of the Board.

62. Paul Megdal wanted to see if La-Z-Boy had interest in evaluating Megdal's prototype designs and design information with an eye toward licensing them.

63. Paul Megdal contacted Pat Norton for these purposes.

64. Pat Norton advised Paul Megdal that La-Z-Boy did not have any electrically powered motion furniture products at the time, and, as a result, La-Z-Boy would be interested in evaluating Paul Megdal's prototype designs and design information.

65. Around this same time, Paul Megdal's daughter, Terry Megdal, traveled to the United Kingdom. While there, she met Mr. Tom Brown ("Brown"), the head of Centurion Furniture, PLC ("Centurion").

66. At the time Terry Megdal met Brown, Centurion was associated with La-Z-Boy, and held itself out as being a La-Z-Boy company.

67. Centurion was responsible for sales of La-Z-Boy product in the United Kingdom.

68. La-Z-Boy's Pat Norton and La-Z-Boy's Tom Brown discussed with each other the possibility of La-Z-Boy working with Paul Megdal.

69. In early spring 1999, La-Z-Boy's Brown contacted Paul Megdal and told Megdal that he was coming to the United States in April 1999, and that Brown would like to come to Boca Raton, Florida, to review Megdal's designs and design information.

70. Paul Megdal told Brown that he was welcome to come to Boca Raton, but that Megdal's lawyer would require a confidentiality agreement be signed. Brown agreed to sign an appropriate confidentiality agreement.

71. On April 21, 1999, Brown came to Paul Megdal's home in Boca Raton. Upon arrival, but before he was shown anything, Brown received the confidentiality agreement.

72. Brown asked to make two changes to the agreement before signing.

73. The changes were made pursuant to Brown's request.

74. After Brown's requested changes were made, Brown and Paul Megdal each signed the confidentiality agreement on April 21, 1999, outside of Paul Megdal's home. Ex. 2.

75. Immediately after Brown signed the confidentiality agreement, Paul Megdal took Brown into his garage and home, and disclosed to Brown the different prototypes that Megdal had developed to that point.

76. As he saw Paul Megdal's prototypes put into operation, Brown expressed enthusiasm for the design and potential for his market in Europe. As he watched these power systems operate, Brown excitedly uttered "brilliant" and "ingenious" repeatedly.

77. Brown immediately expressed his company's interest in licensing Paul Megdal's inventions and trade secrets.

78. Brown explained that he was certain that these designs and the design information could be used to make commercial products that would get favorable responses from his customers in Europe.

79. Brown also indicated to Paul Megdal that he would discuss these subjects with others at La-Z-Boy's corporate headquarters in Michigan, to see if the decision-makers in the United States wanted to do the same thing in the North American market.

80. La-Z-Boy was interested in discussing with Megdal Associates adapting the designs and design information into commercial embodiments that could be mass produced for all parts of the world where La-Z-Boy sold products.

81. La-Z-Boy wanted to secure the “exclusive” worldwide right to use Megdal Associates’ trade secret designs and design information in those parts of the world where La-Z-Boy sold its products, in exchange for royalty payments being made and other consideration being given to Megdal Associates.

82. La-Z-Boy identified two manufacturers that might assist Megdal Associates in adapting Paul Megdal’s prototype designs and design information for commercialization: (i) Dewert Antriebs und Systemtechnik, GmbH & Co. KG, a division of Phoenix Mecano AG (“Dewert”), and (ii) Leggett & Platt Incorporated of Missouri (“L&P”).

83. La-Z-Boy recommended Dewert and L&P because they were experienced product manufacturers that might assist in adapting Megdal’s prototype designs and design information so that they could be manufactured in quantity.

84. Before Megdal Associates negotiated any product development or manufacturing agreements with either of these two manufacturers, however, Megdal Associates required Dewert and L&P to sign confidentiality agreements.

85. Dewert and L&P both signed a confidentiality agreement with Megdal Associates. Among other things, these confidentiality agreements obligated Dewert and L&P to treat Megdal Associates’ designs and design information as confidential.

86. The confidentiality agreements further required that Dewert and L&P assign to Megdal Associates all intellectual property rights in any improvements or enhancement they made.

87. The contractual obligation of Dewert and L&P to assign all improvements or enhancements to Megdal Associates was necessary because both Dewert and L&P contemplated that there would be changes to Megdal Associates’ designs and design information so that they could be made in commercial quantities and so that they would perform effectively over the life of the motion furniture products on which they would be used.

88. Part of the business rationale for this arrangement was that Megdal Associates would profit by owning and controlling all intellectual property rights in the original and modified power motion furniture designs, while Dewert and L&P would profit by manufacturing the relevant components for La-Z-Boy.

89. The 2000 Megdal Associates - Dewert Confidentiality Agreement provided in pertinent part that “[Dewert] further agrees to, **and hereby does, assign to Megdal Associates** all improvements or enhancements to the Design Information or Designs first conceived by any of its officers, directors, employees or authorized agents after [Dewert’s] receipt of the Design Information and Designs, where such improvements or enhancements are based on or derived from, at least in part, one or more features of the Design Information or Designs.” Ex. 3 (emphasis added).

90. The 2001 Megdal Associates – L&P Confidentiality Agreement provided in pertinent part that “[L&P] further agrees to, **and hereby does, assign to Megdal Associates** all improvements or enhancements to the Design Information first conceived by any of its officers, directors, employees or agents after [L&P’s] receipt of the Design Information.” Ex. 4 (emphasis added).

91. Applicable law considers the assignment language in the two confidentiality agreements to be language of “a present assignment” of future-developed intellectual property, whether in the form of future improvements or enhancements, and any patent rights thereon.

92. The import of language of a present assignment in these two agreements is that all rights in any improvement or enhancements and inventions created by Dewert or L&P, and any patents thereon, are automatically owned solely by Megdal Associates, by operation of law. *See Preston v. Marathon Oil Co.*, 684 F.3d 1276 (Fed. Cir. 2012) (“Because the assignment clause in the April Employee Agreement stated that the employee agrees to ‘hereby assign’ all ‘Intellectual Property,’ it is an express assignment of rights in future inventions that automatically assigned rights to Marathon without the need for any

additional act.”); *Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys.*, 583 F.3d 832, 841 (Fed. Cir. 2009) (same); *DDB Techs. v. MLB Advanced Media*, 517 F.3d 1284 (Fed. Cir. 2008) (“Applying federal law, we have held that whether an assignment of patent rights in an agreement such as the one in this case is automatic, requiring no further act on the part of the assignee, or merely a promise to assign depends on the contractual language. If the contract expressly grants rights in future inventions, ‘no further act would be required once an invention [comes] into being,’ and ‘the transfer of title [occurs] by operation of law.’ *FilmTec Corp.*, 939 F.2d 1568 at 1573 (contract provided that inventor ‘agrees to grant and does hereby grant’ all rights in future inventions); *see also Speedplay*, 211 F.3d at 1253 (contract provided that employee’s inventions within the scope of the agreement ‘shall belong exclusively to [employer] and [employee] hereby conveys, transfers, and assigns to [employer] . . . all right, title and interest in and to Inventions.’”); *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574 (Fed. Cir. 1991) (same).

93. The use of language of a present assignment in both the Dewert and the L&P confidentiality agreements meant that that all rights in improvements or enhancements by each of these companies were transferred immediately to Megdal Associates by operation of law, without any further act being required.

Dewert and L&P Each Worked with Megdal Associates to Adapt Megdal Associates’ Powered Motion Furniture Designs for Mass Production

94. Dewert is considered a supplier of actuators – electric motor driven devices that produce the initial force meant to actuate or start the movement of a motion furniture component.

95. Actuators generally cause movement of motion furniture components only if they are connected to the furniture and the component in question.

96. L&P is considered a supplier of under-the-seat “mechanisms.”

97. L&P’s mechanisms are, among other things, a series of collapsing and expanding metal parts that link together. One of the main functions of these mechanisms is to provide

the extension and retraction system that moves the footrest in response to some form of actuation, whether manual or by power.

98. On information and belief, L&P attaches electric actuators to its mechanisms (including electric actuators manufactured by Dewert), and L&P supplies the combination to furniture manufacturers such as La-Z-Boy.

99. On information and belief, L&P, a publicly traded company, had not commercially used electrically powered actuators with its mechanisms before Paul Megdal developed his designs and design information and L&P was exposed to them.

100. Pursuant to the 2000 Megdal Associates – Dewert Confidentiality Agreement, Dewert made improvements and enhancements to Megdal Associates' trade secret designs and design information, all of which were automatically assigned to Megdal Associates by operation of law.

101. Pursuant to the 2001 Megdal Associates – L&P Confidentiality Agreement, L&P made improvements and enhancements to Megdal Associates' trade secret designs and design information, all of which were automatically assigned to Megdal Associates by operation of law.

102. Exhibits A and B to the 2002 Agreement between La-Z-Boy and Megdal Associates are two examples of improvements and enhancements to Megdal Associates' designs and design information that were made by Dewert, but which are owned by Megdal Associates pursuant to the 2000 Megdal Associates - Dewert Confidentiality Agreement. *See* Ex. 1.

103. On information and belief, one of the three basic designs of a power drive system used by La-Z-Boy today is supplied by L&P, but is owned by Megdal Associates pursuant to the 2001 Megdal Associates-L&P Confidentiality Agreement. *See* Ex. 4.

104. All such improvements and enhancements are presently owned solely by Megdal Associates.

**Megdal Associates and La-Z-Boy Entered Into the 2002 Agreement Concerning
Powered Motion Furniture Designs for Mass Production**

105. After Tom Brown and others within La-Z-Boy had been given or otherwise shown some of Megdal Associates' designs and design information in confidence and trust, La-Z-Boy asked Megdal Associates to propose terms for a comprehensive agreement.

106. La-Z-Boy wanted an agreement that would allow La-Z-Boy and La-Z-Boy's Sublicensees around the world to be able to use Megdal Associates' trade secrets and inventions and related intellectual property rights regarding power motion furniture to make and sell such furniture.

107. Negotiations between Megdal Associates and La-Z-Boy lasted for well over a year.

108. La-Z-Boy sent Larry LaPointe, its long-time developer of new motion furniture products, to Boca Raton, Florida, to visit Paul Megdal's home, in order to examine Megdal Associates' designs and design information.

109. Effective January 1, 2002, La-Z-Boy and Megdal Associates entered into the 2002 Agreement. Ex. 1. A central feature of the 2002 Agreement was that Megdal Associates permitted La-Z-Boy to use Megdal Associates' different types of intellectual property rights in exchange for La-Z-Boy paying Megdal Associates a per-unit royalty for those rights, and other consideration. Ex. 1 at Article I (Definitions), Article II (License Grant), and Article III (Royalties and Royalty Payments).

110. In exchange for being granted these conditional rights, La-Z-Boy had to "pay Megdal a royalty amount for each unit of a LICENSED PRODUCT that is sold by La-Z-Boy or a SUBLICENSEE (whether free-standing or as part of a piece of motion furniture) as set forth in Table 2 below." Ex. 1, ¶¶ 2.00, 3.00.

111. The Agreement defined LICENSED PRODUCTS as "mean[ing] any and all products made at least in part using any or all aspects of the TRADE SECRETS AND INVENTIONS" Ex. 1, ¶1.02.

112. The Agreement also stated that “[w]ith regard to any patents that are and may become issued at any time to or for the benefit of Megdal related to the TRADE SECRETS AND INVENTIONS, the term “LICENSED PRODUCTS” further includes any and all products that in the absence of this license agreement would infringe at least one claim of such a patent . . .” Ex. 1, ¶ 1.02.

113. La-Z-Boy’s obligation to pay royalties for each LICENSED PRODUCT it sold was an essential part of the *quid pro quo* of the 2002 Agreement.

114. The 2002 Agreement required La-Z-Boy to pay Megdal Associates \$9.00 per unit for annual sales of up to 50,000 Units, and \$8.00 per unit for each unit sold annually in excess of 50,000 Units. Ex. 1, § III.

115. “TRADE SECRETS AND INVENTIONS” under the Agreement comprise the original “DISCLOSURES” that Megdal Associates made under the April 21, 1999 Confidentiality Agreement (Ex. 2), “together with any improvements made to THE DISCLOSURES by Megdal [Associates], La-Z-Boy or Dewert *or any third party acting to benefit Megdal, La-Z-Boy, or Dewert*, including without limitation those set forth in paragraph 9.01 hereof . . .” Ex. 1 at 1 (emphasis added).

116. TRADE SECRETS AND INVENTIONS also include “the product depicted in Exhibit A, or an embodiment substantially equivalent thereto, when attached directly to the drive rod inside the base of the recliner.” Ex. 1 at 1.

117. Paragraph 9.01 of the Agreement, titled **Patents**, provides in pertinent part that “*Improvements of any type* made by La-Z-Boy or any third part acting on its behalf to the TRADE SECRETS AND INVENTIONS shall be the exclusive property of Megdal [Associates], and *are hereby assigned to Megdal*, but shall be deemed part of the TRADE SECRETS AND INVENTIONS licensed hereunder.” Ex. 1, ¶ 9.01 (emphasis added).

118. The “Improvements” clause in paragraph 9.01 of the 2002 Agreement, and the scope of that clause, were expressly and intentionally put into the Agreement by the parties. Ex. 1, ¶ 9.01.

119. As with Dewert and L&P's agreements, La-Z-Boy and Megdal Associates agreed to language of a present assignment in the 2002 Agreement, to make sure that improvements *of any type* made "by La-Z-Boy or any third party acting on its behalf" were owned by Megdal Associates automatically, by operation of law.

120. "THE DISCLOSURES" first made when Tom Brown visited Paul Megdal in Boca Raton on April 21, 1999 were described as "certain designs, confidential, proprietary and trade secret information pertaining to an electric motor driven mechanism that is adapted for attachment to the drive rod commonly used in La-Z-Boy® recliners having an extendable footrest, for automating rotation of the drive rod to extend and retract the footrest, wherein the mechanism is located inside the cavity defined by the side panel of the recliner mechanism and the upholstered arm of the recliner, including without limitation the products made by Dewert depicted in Exhibits A and B attached hereto" Ex. 1 at 1.

121. A power drive system made by L&P and currently used by La-Z-Boy, but which is owned by Megdal Associates pursuant to the 2001 Confidentiality Agreement between Megdal Associates and L&P (Ex. 4), is also an "improvement made to THE DISCLOSURES by [a] third party [L&P] acting to benefit Megdal . . ." within the meaning of the 2002 Megdal Associates-La-Z-Boy Agreement. Ex. 1 at 1.

122. The power drive system supplied by L&P to La-Z-Boy, which in turn is sold to the public by La-Z-Boy as part of the products at issue herein, falls within the definition of TRADE SECRETS AND INVENTIONS in the 2002 Agreement.

123. From the outset, La-Z-Boy recognized that the commercial products that would one day be manufactured in quantity would be adapted from—improvements or enhancements to—the prototypes that Paul Megdal originally created in his garage and home, and that Megdal Associates would own all rights in the same.

124. The parties agreed that the 2002 Agreement set forth their entire agreement. Ex. 1, § XVIII.

125. The parties agreed that the 2002 Agreement would last for 20 years, from its effective date until the end of 2021. Ex. 1, ¶ 8.00.

126. La-Z-Boy and Megdal Associates further agreed that the term of the 2002 Agreement could even extend past 20 years if “a patent covering the LICENSED PRODUCTS then being sold by La-Z-Boy and any SUBLICENSEE [are] still in force, whereupon La-Z-Boy shall be obligated to pay royalties under Section III as if those terms were still in effect until the expiration of any such patents.” Ex. 1, ¶ 8.00.

127. The parties agreed that Megdal had an unconditional right to “inspect all [records of all operations affecting royalty payments hereunder]” “not more than once per year.” Ex. 1, ¶ 5.00.

128. La-Z-Boy agreed to “keep accurate records of all operations affecting royalty payments hereunder” throughout the term of the Agreement, and for three years after its termination, to allow Megdal Associates to check whether La-Z-Boy was accurate in its royalty payments. Ex. 1, ¶ 5.00.

129. In the event that an inspection pursuant to paragraph 5 of the 2002 Agreement revealed that royalty payments were deficient, then La-Z-Boy was required to make all past due royalty payments immediately and pay interest on these late royalty payments. Ex. 1, ¶ 5.00.

130. La-Z-Boy has to “further reimburse Megdal for all costs and expenses reasonably related to identifying and rectifying the deficiency, including without limitation all expenses of the inspection” if the deficiency in royalty payments exceeds 10% of the amount due and owing. Ex. 1, ¶ 5.00.

131. Contractual audit rights and penalties for underpaying license fees are common features of intellectual property agreements.

**La-Z-Boy Pays Megdal Associates Royalties for Selling
Licensed Products that Comprise Powered Motion Furniture**

132. Starting in 2002, La-Z-Boy began making quarterly royalty payments to Megdal Associates under the 2002 Agreement.

133. La-Z-Boy's initial payments covered periods of time prior to the effective date of the Agreement, because the parties agreed that La-Z-Boy had started selling LICENSED PRODUCTS before the parties completed and signed the Agreement.

134. Under paragraph 3.02 of the 2002 Agreement, La-Z-Boy is required to "[to] furnish to Megdal a written statement in such detail as Megdal may reasonably require of all amounts due pursuant to Paragraph 3.00 herein for the quarterly royalty periods . . ." with its royalty payments.

135. With its quarterly royalty payments, La-Z-Boy generally provided a report representing how many units of LICENSED PRODUCT were sold that quarter, and which of La-Z-Boy's operations around the world made the sales.

136. La-Z-Boy has never provided royalty reports to Megdal Associates that had a sufficient degree of detail to show which specific power motion furniture products La-Z-Boy deemed to be royalty-bearing, or whether La-Z-Boy was selling any power motion furniture products that it considered to not be royalty-bearing.

137. Royalty payments to Megdal Associates started somewhat slowly, as La-Z-Boy, on information and belief, only offered about 4 to 6 styles of power motion furniture products for sale at the outset of the 2002 Agreement.

138. To Megdal Associates' knowledge, La-Z-Boy offered between about 4 to 10 styles or models of power motion furniture between 2002 and about 2010.

139. According to La-Z-Boy's reports, royalty payments to Megdal Associates picked up after the first couple of years.

140. Between 2002 and 2010, La-Z-Boy paid Megdal Associates a total of nearly \$400,000 in royalties.

141. In 2005, three years after licensing his first inventions, Paul Megdal died at the age of 88.

142. According to La-Z-Boy, sales of LICENSED PRODUCTS began slowing down just after Paul Megdal died, in or around 2006.

143. After Paul Megdal's death, the annual amount of royalties paid by La-Z-Boy to Megdal Associates declined most years. In the last couple of years, La-Z-Boy's royalty payments to Megdal Associates became *de minimis*.

144. Megdal Associates understood La-Z-Boy's *de minimis* royalty payments to mean that La-Z-Boy had withdrawn its commitment to power motion furniture as a viable market segment.

145. In 2013, Megdal Associates attempted to confirm whether its understanding that La-Z-Boy had abandoned the power motion furniture market was accurate.

146. Much to its surprise, Megdal Associates discovered in early March 2013 that La-Z-Boy had not abandoned the market for power motion furniture.

147. Instead, Megdal Associates learned in early March 2013 that La-Z-Boy had introduced to the market an expanded lineup of power motion furniture products.

148. As best Megdal Associates could determine, La-Z-Boy's power lineup in the last couple of years has approached and/or exceeded 100 models or styles of furniture. This group of products is referred to hereafter as Power Motion Furniture Products. Exhibit 14 contains a list of some or all of these products.

149. Although La-Z-Boy has sold approximately 100 models of Power Motion Furniture Products over the past couple of years, these models use one of only three basic designs of power drive systems.

150. La-Z-Boy's Power Motion Furniture Products fall into three representative product groupings: those with (i) a Power 10 mechanism, (ii) a Power 440 mechanism, and (iii) a Robertson Entalift.

151. To Megdal Associates' knowledge, of the Power Motion Furniture Products that have been sold by La-Z-Boy in the past couple of years, the majority, if not all, have used drive system components supplied by (a) L&P and Dewert in combination (collectively "the L&P Designs") and/or (b) TiMOTION Technology Co. Ltd. ("TiMOTION"), a Taiwanese company ("the TiMOTION Design").

**La-Z-Boy Does Not Pay Megdal Associates Royalties for
Selling Licensed Products that Comprise Powered Motion Furniture**

152. The Power Motion Furniture Products are products made at least in part using any or all aspects of Megdal Associates' Trade Secrets and Inventions under the 2002 Agreement.

153. The Power Motion Furniture Products contain or comprise "improvements of any type" within the meaning of 9.01.

154. La-Z-Boy was obligated to pay Megdal Associates royalties for sales of Power Motion Furniture, but La-Z-Boy has refused to do so.

155. On April 24, 2013, after discovering that La-Z-Boy had substantially expanded its participation in the power motion furniture market, Megdal Associates' counsel sent an email to La-Z-Boy's counsel questioning why Megdal Associates was not receiving commensurate royalty payments.

156. In its April 24, 2013 email, Megdal Associates also requested a full audit of La-Z-Boy's books and records in accordance with its right to do so under paragraph 5 of the Agreement.

157. La-Z-Boy took nearly two months to respond to Megdal Associates' e-mail of April 24, 2013.

158. La-Z-Boy's counsel sent a June 14, 2013 email response, contending that the 2002 Agreement did not cover the Power Motion Furniture Products. The June 14, 2013 email did not address Megdal Associates' request for an audit.

159. From March 2013 to August 2013, La-Z-Boy never allowed an audit.

160. Eventually, after Megdal Associates' counsel made repeated demands for an audit, in August 2013, La-Z-Boy agreed to allow Megdal Associates' counsel to come to the offices of La-Z-Boy's counsel in late September 2013.

161. However, La-Z-Boy would not allow Megdal Associates to conduct the full audit requested by Megdal Associates.

162. Instead, La-Z-Boy only permitted Megdal Associates to review 427 pages of records selected by La-Z-Boy or its counsel, and three pieces of furniture that La-Z-Boy represented were representative of the three designs used in all of its power motion furniture products.

163. The 427 pages of records selected by La-Z-Boy or its counsel and shown to Megdal Associates' counsel in September 2013 were not all "records of all operations affecting royalty payments" within the meaning of the 2002 Agreement that then existed. *See* Ex. 1, ¶ 5.00.

164. For example, in connection with the audit, La-Z-Boy refused to produce any sales records for the Power Motion Furniture Products at issue in this case. La-Z-Boy also refused to produce all design and product development records for the Power Motion Furniture Products.

165. La-Z-Boy's sales of the Power Motion Furniture Products during this last two-plus year period have been substantial.

166. La-Z-Boy's CEO, Kurt Darrow, believes that selling 50% of its motion furniture products with power is presently within La-Z-Boy's reach.

167. La-Z-Boy's sales of the Power Motion Furniture Products over the past couple of years have been one of the fastest growing segments of the company during that period. La-Z-Boy continues to expand its Power Motion Furniture Products.

168. La-Z-Boy's CEO, Kurt Darrow, anticipates that power motion furniture will be like power windows in cars; in the future customers will not be able to find reclining furniture without power.

169. La-Z-Boy has reaped the financial benefit from the valuable power motion furniture business segment by infringing and misappropriating Megdal Associates' intellectual property rights and breaching its contract rights.

170. Megdal Associates disclosed TRADE SECRETS AND INVENTIONS to La-Z-Boy under contractual terms limiting La-Z-Boy's right to use them. Ex. 1, ¶6.01.

171. The 2002 Agreement specifically requires that La-Z-Boy continue to maintain in confidence "any unpublished information related to the TRADE SECRETS AND INVENTIONS furnished by Megdal [Associates]," unless Megdal Associates gives written consent with respect to any of them. Ex. 1, ¶¶ 6.00, 6.01.

172. Additionally, La-Z-Boy is expressly precluded from "using" any unpublished information "other than in the manufacture of LICENSED PRODUCTS." Ex. 1, ¶ 6.01.

173. The manufacture of LICENSED PRODUCT under the 2002 Agreement is one for which payment must be made by La-Z-Boy (Ex. 1, ¶ 3.00) and which involves "any and all products made at least in part using any or all aspects of the TRADE SECRETS AND INVENTIONS, whether patented or not." Ex. 1, ¶ 1.02.

174. La-Z-Boy has no right, permission, or authority under the 2002 Agreement to make, use, or sell Megdal Associates' LICENSED PRODUCTS without paying Megdal Associates a royalty for each sale.

175. The 2002 Agreement between Megdal Associates and La-Z-Boy includes depictions of two particular designs of the TRADE SECRETS AND INVENTIONS, as Exhibits A and B thereto.

176. Exhibit A to the 2002 Agreement depicts a powered drive design that was sold commercially by La-Z-Boy starting in or around 2001.

177. Since 2002 La-Z-Boy has paid Megdal Associates for the right to use Megdal Associates' intellectual property shown in Exhibit A to the 2002 Agreement.

178. Exhibit B to the 2002 Agreement shows a different drive design than the design shown in Exhibit A.²

179. To this day, Megdal Associates has not publicly disclosed Exhibit B to the 2002 Agreement, but instead has maintained it as a trade secret. To this day, Megdal Associates has not publically disclosed additional trade secret designs, prototypes, and design information related to power motion furniture that were disclosed to La-Z-Boy.

180. La-Z-Boy has agreed that the power motion furniture design shown in Exhibit B to the 2002 Agreement is a trade secret owned by Megdal Associates.

181. La-Z-Boy was not authorized to use the design shown in Exhibit B for any purpose “other than in the manufacture of LICENSED PRODUCTS.” La-Z-Boy was not and is not authorized to disclose Exhibit B to any third party.

182. La-Z-Boy was not authorized to sell products “made at least in part using any or all aspects of” Exhibit B unless La-Z-Boy paid Megdal Associates for the right to do so under the 2002 Agreement.

183. With regard to Megdal Associates’ designs and design information other than that depicted in Exhibit A to the 2002 Agreement, including but not limited to the specific trade secret shown in Exhibit B, La-Z-Boy has not paid Megdal Associates any royalties for any products that use said trade secrets.

184. Megdal Associates has not consented to La-Z-Boy using its TRADE SECRETS AND INVENTIONS without paying for that right.

185. Because Exhibit B has remained a trade secret owned by Megdal Associates, La-Z-Boy has remained subject to the secrecy and non-use obligations of the 2002 Agreement with respect to that information. *See* Ex. 1, ¶ 6.01.

² Megdal Associates does not include the Exhibit B that is part of the 2002 Agreement with this publicly filed document because Exhibit B comprises a Megdal Associates trade secret. Nonetheless, reference to Exhibit B of the 2002 Agreement provides notice to La-Z-Boy for purposes of this Complaint because La-Z-Boy has a copy of Exhibit B.

186. Megdal Associates' efforts to maintain the secrecy of all of its trade secret designs and design information, including without limitation Exhibit B to the 2002 Agreement, have been reasonable under the circumstances.

187. On information and belief, La-Z-Boy, alone or in conjunction with others, has disclosed and/or used the trade secret design shown in Exhibit B to the 2002 Agreement in developing and/or selling power motion products that employ the TiMOTION Design.

188. La-Z-Boy had access to Exhibit B to the 2002 Agreement in that it had a copy of Exhibit B.

189. The TiMOTION Design is substantially similar to the design set forth on at least Exhibit B.

190. La-Z-Boy has not paid Megdal Associates anything for La-Z-Boy's sales of power motion furniture that use the TiMOTION Design.

191. On information and belief, La-Z-Boy recently started making its own under-the-seat mechanisms. On information and belief, La-Z-Boy elected to use the TiMOTION actuators with its own mechanisms.

192. On information and belief, La-Z-Boy adds some mechanical connection parts to the TiMOTION actuators to operatively secure the actuator to a drive rod, where such parts are very similar in design and function to some of Megdal Associates' TRADE SECRETS AND INVENTIONS provided to La-Z-Boy under the 2002 Agreement.

193. On information and belief, La-Z-Boy adds some of its own mechanical connection parts to the actuators used on many of its Power Motion Furniture Products now being sold. By using Megdal Associates' trade secrets without paying for the right to do so, even after demands over the past year by Megdal Associates to the contrary, La-Z-Boy is engaged in willful, intentional, and malicious misappropriation of Megdal Associates' trade secrets under Florida law.

194. La-Z-Boy's conduct in this regard exhibits a reckless indifference to the rights of Megdal Associates and/or a specific intent to harm Megdal Associates.

195. La-Z-Boy's reasons for not paying Megdal Associates under the 2002 Agreement for sales of the Power Motion Furniture Products, as stated in 2013 correspondence between La-Z-Boy's counsel and Megdal Associates' counsel, were objectively baseless and made in bad faith.

196. La-Z-Boy's Power Motion Furniture Products that have been sold and are being sold with the L&P Designs and the TiMOTION Design include or comprise TRADE SECRETS AND INVENTIONS as defined by the 2002 Agreement, and/or use TRADE SECRETS AND INVENTIONS.

197. La-Z-Boy's Power Motion Furniture Products that have been sold and are being sold with the L&P Designs and the TiMOTION Design fit within the definition of LICENSED PRODUCTS under the 2002 Agreement.

198. La-Z-Boy's Power Motion Furniture Products that have been sold and are being sold with the L&P Designs and the TiMOTION Design include or comprise "Improvements of any type" within the meaning of paragraph 9.01 of the 2002 Agreement.

199. On April 24, 2013, counsel for Megdal Associates sent La-Z-Boy's counsel an email, which explained that La-Z-Boy had not paid royalties for all licensed products as required by the 2002 Agreement, and requested a full audit under paragraph 5 of the 2002 Agreement.

200. On April 23, 2014, counsel for Megdal Associates sent La-Z-Boy a letter, again requesting a full audit under paragraph 5 of the Agreement. Ex. 5.

201. Counsel for Megdal Associates sent a follow up letter on April 25, 2014 with a list of La-Z-Boy products for inclusion in the audit. Megdal Associates has not requested any other audit of La-Z-Boy in calendar year 2014.

202. On May 30, 2014, outside counsel for La-Z-Boy, attorney Paul Keller, sent counsel for Megdal Associates a letter rejecting the request for an audit of the scope outlined in the April 23 and 25, 2014 letters from counsel for Megdal Associates.

203. Instead, the May 30, 2014 Keller letter offered counsel for Megdal Associates the chance to review the same limited and insufficient scope of documents that La-Z-Boy permitted Megdal Associates to review in response to Megdal Associates' initial audit request of April 2013.

204. In its counsel's May 30, 2014 letter, La-Z-Boy again refused to allow a review of any sales records related to the Power Motion Furniture Products at issue and which were enumerated by counsel for Megdal Associates in the April 25, 2014 letter.

205. La-Z-Boy did not provide a timely royalty report or any royalty payment to Megdal for the fourth quarter of 2013 and the first quarter of 2014 in breach of its duty to do so under paragraph 3.02 of the 2002 Agreement.

206. Megdal Associates further explained La-Z-Boy's failure to perform, and its material breaches, under the 2002 Agreement in *Megdal Associates, LLC v. La-Z-Boy, Inc.*, Case No. 9:14-cv-81009-WJZ (S.D. Fla.).

207. At no time after Megdal Associates specified the basis for La-Z-Boy's failure to perform and pay royalties under the 2002 Agreement has La-Z-Boy cured or remedied its failure to perform its obligations under the 2002 Agreement.

Count I
(Breach of Contract)

208. Megdal Associates repeats and reasserts all allegations contained in Paragraphs 2 through 11, and 21 through 207 above as if they were stated in full herein.

209. Megdal Associates and La-Z-Boy entered into a contract when they executed the 2002 Agreement.

210. Megdal Associates has performed all material obligations precedent to it bringing this breach of contract claim under the 2002 Agreement.

211. La-Z-Boy has materially breached its obligations under the 2002 Agreement. La-Z-Boy has failed and refused to perform all of its obligations under the 2002 Agreement, including, but not necessarily limited to, its (a) underpayment of and failure to pay royalties

due to Megdal Associates under the 2002 Agreement; (b) failure to allow Megdal Associates to conduct the full scope of appropriately requested audits of La-Z-Boy records; (c) failure to acknowledge Megdal Associates' ownership of patents originally prosecuted by counsel for La-Z-Boy which include or comprise "Improvements of any type" within the meaning of paragraph 9.01 of the Agreement; (d) failure to maintain in confidence and trust, and not use without Megdal Associates' written consent, the trade secrets of Megdal Associates, including specifically those embodied by Exhibit B to the Agreement; (e) failure to furnish royalty reports as required by paragraph 3.02 of the 2002 Agreement; and (f) failure to cooperate with Megdal Associates as required by Article 14 of the 2002 Agreement.

212. La-Z-Boy's failures to perform in these regards each constitute a separate material breach of the 2002 Agreement that damaged Megdal Associates and otherwise caused it harm.

213. La-Z-Boy has failed to cure its material breaches of the 2002 Agreement, even after Megdal Associates notified La-Z-Boy of its material breaches.

214. Megdal Associates has sustained damages as a result of these breaches in an amount to be determined at trial.

Count II

(Declaratory Judgment of Megdal's Ownership of Improvements Under the 2002 Agreement)

215. Megdal Associates repeats and reasserts all allegations contained in Paragraphs 2 through 11, 21 through 126, and 175 through 179 above as if they were stated in full herein.

216. The 2002 Agreement provides that "[i]mprovements of any type made by La-Z-Boy or any third party acting on its behalf to the TRADE SECRETS AND INVENTIONS shall be the exclusive property of Megdal [Associates], and are hereby assigned to Megdal[.]" Ex. 1, ¶ 9.01 (emphasis added).

217. This language qualifies as language of a present assignment of future improvements "of any type," and any patents thereon.

218. La-Z-Boy had its outside counsel file for a group of U.S. and foreign counterpart patents and patent applications that disclose and/or claim “improvements of any type” within the meaning of paragraph 9.01 of the 2002 Agreement.

219. At all material times since 2002, La-Z-Boy was aware of paragraph 9 of the 2002 Agreement, entitled “Patents.”

220. At all material times since 2002, La-Z-Boy was aware that “improvements of any type” under paragraph 9.01 were owned by Megdal Associates by operation of law.

221. At all material times since 2002, La-Z-Boy was aware that because “improvements of any type” under paragraph 9.01 were owned by Megdal Associates by operation of law, so too were all patents thereon.

222. U.S. Patent No. 6,896,323 (“the ’323 patent”) was issued on May 24, 2005 after being prosecuted by counsel for La-Z-Boy. The ’323 patent is attached as Exhibit 6.

223. U.S. Patent No. 8,608,240 (“the ’240 patent”) was issued on December 17, 2013 after being prosecuted by counsel for La-Z-Boy. The ’240 patent is attached as Exhibit 7.

224. U.S. Patent No. 8,459,732 (“the ’732 patent”) was issued on June 11, 2013 after being prosecuted by counsel for La-Z-Boy. The ’732 patent is attached as Exhibit 8.

225. U.S. Patent No. 8,366,188 (“the ’188 patent”) was issued on February 5, 2013 after being prosecuted by counsel for La-Z-Boy. The ’188 patent is attached as Exhibit 9.

226. U.S. Patent No. 8,506,009 (“the ’009 patent”) was issued on August 13, 2013 after being prosecuted by counsel for La-Z-Boy. The ’009 patent is attached as Exhibit 10.

227. U.S. Patent No. 6,893,085 (“the ’085 patent”) was issued on May 17, 2005 after being prosecuted by counsel for La-Z-Boy. The ’085 patent is attached as Exhibit 11.

228. U.S. Patent No. 8,833,844 (“the ’844 patent”) was issued on September 16, 2014 after being prosecuted by counsel for La-Z-Boy. The ’844 patent is attached as Exhibit 12.

229. U.S. Patent Application No. 13/611,873 (“the ’873 application”) was filed on Sept. 12, 2012. The ’873 application is attached as Exhibit 13.

230. The '323 patent, the '240 patent, the '732 patent, the '188 patent, the '009 patent, the '085 patent, and the '844 patent, the '873 application, and all foreign counterpart patents and patent applications thereto, disclose and/or claim "improvements of any type" within the meaning of paragraph 9.01 of the 2002 Agreement.

231. Each of the foregoing patents and patent applications discloses and/or claims a piece of motion furniture having a power drive system for adjusting at least the footrest.

232. Each of these patents and patent applications disclose and are "Improvements of any type" within the meaning of paragraph 9.01 of the 2002 Agreement, in that they represent a change or addition as compared to the designs that comprise one or more of the TRADE SECRETS AND INVENTIONS.

233. The '323 patent, and its foreign counterpart patents and patent applications, is an "improvement of any type" within the meaning of paragraph 9.01 of the 2002 Agreement. Among other features, the '323 patent discloses and/or claims motion furniture having an electrically powered drive system (*see, e.g.*, Ex. 6, Fig. 2) that comprises an improvement.

234. The '240 patent, and its foreign counterpart patents and patent applications, is an "improvement of any type" within the meaning of paragraph 9.01 of the 2002 Agreement. Among other features, the '240 patent discloses and/or claims motion furniture having an electrically powered drive system (*see, e.g.*, Ex. 7, Figs. 3-4) that comprises an improvement.

235. The '732 patent, and all foreign counterpart patents and patent applications thereto, is an "improvement of any type" within the meaning of paragraph 9.01 of the 2002 Agreement. Among other features, the '732 patent discloses and/or claims motion furniture having an electrically powered drive system (*see, e.g.*, Ex. 8, Figs. 4, 11) that comprises an improvement.

236. The '188 patent, and all foreign counterpart patents and patent applications thereto, is an "improvement of any type" within the meaning of paragraph 9.01 of the 2002 Agreement. Among other features, the '188 patent discloses and/or claims motion furniture

having an electrically powered drive system (*see, e.g.*, Ex. 9, Figs. 3, 11) that comprises an improvement.

237. The '009 patent, and all foreign counterpart patents and patent applications thereto, is an "improvement of any type" within the meaning of paragraph 9.01 of the 2002 Agreement. Among other features, the '009 patent discloses and/or claims motion furniture having an electrically powered drive system (*see, e.g.*, Ex. 10, Figs. 3, 6) that comprises an improvement.

238. The '085 patent, and all foreign counterpart patents and patent applications thereto, is an "improvement of any type" within the meaning of paragraph 9.01 of the 2002 Agreement. Among other features, the '085 patent discloses and/or claims motion furniture having an electrically powered drive system (*see, e.g.*, Ex. 11, Fig. 8) that comprises an improvement.

239. The '844 patent, and all foreign counterpart patents and patent applications thereto, is an "improvement of any type" within the meaning of paragraph 9.01 of the 2002 Agreement. Among other features, the '844 patent discloses and/or claims motion furniture having an electrically powered drive system (*see, e.g.*, Ex. 12, Figs. 3, 7) that comprises an improvement.

240. The '873 application, and all foreign counterpart patents and patent applications thereto, is an "improvement of any type" within the meaning of paragraph 9.01 of the 2002 Agreement. Among other features, the '873 application discloses and/or claims motion furniture having an electrically powered drive system (*see, e.g.*, Ex. 13, Figs. 4-5) that comprises an improvement.

241. During communications between counsel for Megdal Associates and counsel for La-Z-Boy in 2013, Megdal Associates contended that La-Z-Boy had made itself and/or had others acting on its behalf make "Improvements of any type" within the meaning of paragraph 9.01 of the 2002 Agreement, such that these improvements and all of the patents and patent applications thereon are owned solely by Megdal Associates.

242. Megdal Associates has demanded that La-Z-Boy pay royalties for La-Z-Boy's sales of the Power Motion Furniture Products, as they are and include among other things "Improvements of any type" within the meaning of paragraph 9.01 of the 2002 Agreement and are covered by one or more claims of the foregoing patents.

243. La-Z-Boy has denied that it owes any royalty payments to Megdal Associates for La-Z-Boy's sale and offering for sale of La-Z-Boy's Power Motion Furniture Products. Among other contentions, according to La-Z-Boy these Power Motion Furniture Products and the patents thereon are not and do not include "Improvements of any type" within the meaning of paragraph 9.01 of the 2002 Agreement.

244. Rather than acknowledge that the Power Motion Furniture Products that it has offered for sale and sold are or include "Improvements of any type" under paragraph 9.01 of the 2002 Agreement, La-Z-Boy has filed and/or has left of record assignment and other legal instruments purporting to establish at the U.S. Patent and Trademark Office and in foreign patent offices that La-Z-Boy, and not Megdal Associates, is the owner of these patents and patent applications directed to improvements.

245. An actual controversy exists between Megdal Associates and La-Z-Boy as to whether these U.S. and foreign counterpart patents and patent applications disclose and/or claim "Improvements of any type" within the meaning of paragraph 9.01 of the 2002 Agreement, and have therefore been owned by Megdal Associates by operation of law.

246. As such, this Court should enter a judgment declaring that these U.S. patents and their respective foreign counterparts are "improvements of any type" within the meaning of paragraph 9.01 of the 2002 Agreement. Consequently, they are and have been owned by Megdal Associates per section 9.01, and the Court should order La-Z-Boy to correct the record of title to the same in all applicable patent offices.

Count III
(Patent Infringement of the '323 patent)

247. Megdal Associates repeats and reasserts all allegations contained in Paragraphs 2 through 11, 21 through 104, 109, 117 through 124, 147 through 151, 165 through 168, 207, 211 through 213, 216 through 223, 230 through 237, and 241 above as if they were stated in full herein.

248. In addition to, and as an alternative to relief requested under Count I, Megdal Associates asserts the following patent infringement claims.

249. Megdal Associates owns all right, title, and interest in the '323 patent, as set forth in Count II.

250. La-Z-Boy did not and does not have authority to make, use, sell, or offer for sale any product covered by any claim of the '323 patent because La-Z-Boy materially breached the 2002 Agreement by, *inter alia*, refusing to pay Megdal Associates royalties required by the 2002 Agreement.

251. La-Z-Boy has made, used, sold, and offered for sale, and continues to make, use, sell, and offer for sale Power Motion Furniture Products such as the La-Z-Boy Coleman Power Recline XR Reclina-Rocker Recliner (“the XR Reclina-Rocker Recliner”).

252. The XR Reclina-Rocker Recliner has what La-Z-Boy refers to as a Power 10 mechanism.

253. La-Z-Boy has made, used, sold, and offered for sale, and continues to make, use, sell, and offer for sale Power Motion Furniture Products such as the La-Z-Boy Briggs Power La-Z-Time Loveseat (“the La-Z-Time Loveseat”).

254. The La-Z-Time Loveseat has what La-Z-Boy refers to as a Power 440 mechanism.

255. In violation of 35 U.S.C. § 271(a), La-Z-Boy has infringed, and if not enjoined, will continue to infringe the '323 patent by manufacturing, using, selling, offering for sale, and/or importing, without authority, products that are covered by one or more claims of the

'323 patent, literally and/or under the doctrine of equivalents, in this judicial district and elsewhere.

256. For example, La-Z-Boy directly infringes at least claim 1 of the '323 patent at least by having and continuing to make, use, sell, and/or offer for sale the XR Reclina-Rocker Recliner and the La-Z-Time Loveseat.

257. La-Z-Boy directly infringes at least claim 1 of the '323 patent at least by having and continuing to make, use, sell, and/or offer for sale at least La-Z-Boy's Power Motion Furniture models that have a Power 10 mechanism or a Power 440 mechanism.

258. La-Z-Boy has known of the '323 patent since its issuance.

259. Upon information and belief, La-Z-Boy prosecuted the '323 patent to cover at least some of its Power Motion Furniture products, such as the XR Reclina-Rocker Recline and the La-Z-Time Loveseat.

260. La-Z-Boy has had notice of its infringement of the '323 patent.

261. Megdal Associates provided La-Z-Boy written notice of La-Z-Boy's infringement of the '323 patent. For instance, Megdal Associates identified La-Z-Boy's infringement of the '323 patent in the case of *Megdal Associates, LLC v. La-Z-Boy, Inc.*, Case No. 9:14-cv-81009-WJZ (S.D. Fla.).

262. Despite this notice, La-Z-Boy has not stopped its infringement of the '323 patent.

263. The claims of the '323 patent are valid.

264. La-Z-Boy has asserted to the United States Patent Office that the claims of the '323 patent are valid.

265. La-Z-Boy's infringement has been and is willful.

266. Megdal Associates has been injured and has been caused significant financial damage as a direct and proximate result of La-Z-Boy's infringement of the '323 patent.

267. La-Z-Boy will continue to infringe the '323 patent, and thus cause irreparable injury and damage to La-Z-Boy unless enjoined by this Court.

268. Megdal Associates is entitled to recover from La-Z-Boy the damages sustained by Megdal Associates as a result of La-Z-Boy's wrongful acts in an amount subject to proof at trial.

269. Megdal Associates is entitled to enhanced damages as a result of La-Z-Boy's willful infringement.

Count IV
(Patent Infringement of the '240 Patent)

270. Megdal Associates repeats and reasserts all allegations contained in Paragraphs 2 through 11, 21 through 104, 109, 117 through 124, 147 through 151, 165 through 168, 207, 211 through 213, 216 through 221, 223, 230 through 237, 241, and 251 through 254 above as if they were stated in full herein.

271. In addition to, and as an alternative to relief requested under Count I, Megdal Associates asserts the following patent infringement claims.

272. Megdal Associates owns all right, title, and interest in the '240 patent, as set forth in Count II.

273. La-Z-Boy did not and does not have authority to make, use, sell, or offer for sale any product covered by any claim of the '240 patent because La-Z-Boy materially breached the 2002 Agreement by, *inter alia*, refusing to pay Megdal Associates royalties required by the 2002 Agreement.

274. In violation of 35 U.S.C. § 271(a), La-Z-Boy has infringed, and if not enjoined, will continue to infringe the '240 patent by manufacturing, using, selling, offering for sale, and/or importing, without authority, products that are covered by one or more claims of the '240 patent, literally and/or under the doctrine of equivalents, in this judicial district and elsewhere.

275. For example, La-Z-Boy directly infringes at least claim 1 of the '240 patent by having and continuing to make, use, sell, and/or offer for sale at least the XR Reclina-Rocker Recliner.

276. La-Z-Boy further directly infringes at least claim 1 of the '240 patent by having and continuing to make, use, sell, and/or offer for sale La-Z-Boy's Power Motion Furniture models that have a Power 10 mechanism.

277. La-Z-Boy has known of the '240 patent since its issuance.

278. Upon information and belief, La-Z-Boy prosecuted the '240 patent to cover at least some of its Power Motion Furniture products, such as the XR Reclina-Rocker Recline.

279. La-Z-Boy has had notice of its infringement of the '240 patent.

280. Megdal Associates provided La-Z-Boy written notice of La-Z-Boy's infringement of the '240 patent. For instance, Megdal Associates identified La-Z-Boy's infringement of the '240 patent in the case of *Megdal Associates, LLC v. La-Z-Boy, Inc.*, Case No. 9:14-cv-81009-WJZ (S.D. Fla.).

281. Despite this notice, La-Z-Boy has not stopped its infringement of the '240 patent.

282. The claims of the '240 patent are valid.

283. La-Z-Boy has asserted to the United States Patent Office that the claims of the '240 patent are valid.

284. La-Z-Boy's infringement has been and is willful.

285. Megdal Associates has been injured and has been caused significant financial damage as a direct and proximate result of La-Z-Boy's infringement of the '240 patent.

286. La-Z-Boy will continue to infringe the '240 patent, and thus cause irreparable injury and damage to La-Z-Boy unless enjoined by this Court.

287. Megdal Associates is entitled to recover from La-Z-Boy the damages sustained by Megdal Associates as a result of La-Z-Boy's wrongful acts in an amount subject to proof at trial.

288. Megdal Associates is entitled to enhanced damages as a result of La-Z-Boy's willful infringement.

Count V
(Patent Infringement of the '732 Patent)

289. Megdal Associates repeats and reasserts all allegations contained in Paragraphs 2 through 11, 21 through 104, 109, 117 through 124, 147 through 151, 165 through 168, 207, 211 through 213, 216 through 221, 224, 230 through 237, 241, and 251 through 254 above as if they were stated in full herein.

290. In addition to, and as alternative to relief requested under Count I, Megdal Associates asserts the following patent infringement claims.

291. Megdal Associates owns all right, title, and interest in the '732 patent, as set forth in Count II.

292. La-Z-Boy did not and does not have authority to make, use, sell, or offer for sale any product covered by any claim of the '732 patent because La-Z-Boy materially breached the 2002 Agreement by, *inter alia*, refusing to pay Megdal Associates royalties required by the 2002 Agreement.

293. In violation of 35 U.S.C. § 271(a), La-Z-Boy has infringed, and if not enjoined, will continue to infringe the '732 patent by manufacturing, using, selling, offering for sale, and/or importing, without authority, products that are covered by one or more claims of the '732 patent, literally and/or under the doctrine of equivalents, in this judicial district and elsewhere.

294. For example, La-Z-Boy directly infringes at least claim 1 of the '732 patent at least by having and continuing to make, use, sell, and/or offer for sale the XR Reclina-Rocker Recliner.

295. La-Z-Boy directly infringes at least claim 1 of the '732 patent at least by having and continuing to make, use, sell, and/or offer for sale at least La-Z-Boy's Power Motion Furniture models that have a Power 10 mechanism.

296. La-Z-Boy has known of the '732 patent since its issuance.

297. Upon information and belief, La-Z-Boy prosecuted the '732 patent to cover at least some of its Power Motion Furniture products, such as the XR Reclina-Rocker Recline.

298. La-Z-Boy has had notice of its infringement of the '732 patent.

299. Megdal Associates provided La-Z-Boy written notice of La-Z-Boy's infringement of the '732 patent. For instance, Megdal Associates identified La-Z-Boy's infringement of the '732 patent in the case of *Megdal Associates, LLC v. La-Z-Boy, Inc.*, Case No. 9:14-cv-81009-WJZ (S.D. Fla).

300. Despite this notice, La-Z-Boy has not stopped its infringement of the '240 patent.

301. The claims of the '732 patent are valid.

302. La-Z-Boy has asserted to the United States Patent Office that the claims of the '732 patent are valid.

303. La-Z-Boy's infringement has been and is willful.

304. Megdal Associates has been injured and has been caused significant financial damage as a direct and proximate result of La-Z-Boy's infringement of the '732 patent.

305. La-Z-Boy will continue to infringe the '732 patent, and thus cause irreparable injury and damage to La-Z-Boy unless enjoined by this Court.

306. Megdal Associates is entitled to recover from La-Z-Boy the damages sustained by Megdal Associates as a result of La-Z-Boy's wrongful acts in an amount subject to proof at trial.

307. Megdal Associates is entitled to enhanced damages as a result of La-Z-Boy's willful infringement.

Count VI
(Patent Infringement of the '188 Patent)

308. Megdal Associates repeats and reasserts all allegations contained in Paragraphs 2 through 11, 21 through 104, 109, 117 through 124, 147 through 151, 165 through 168, 207, 211 through 213, 216 through 221, 225 230 through 237, 241, and 251 through 254 above as if they were stated in full herein.

309. In addition to, and as alternative to relief requested under Count I, Megdal Associates asserts the following patent infringement claims.

310. Megdal Associates owns all right, title, and interest in the '188 patent, as set forth in Count II.

311. La-Z-Boy did not and does not have authority to make, use, sell, or offer for sale any product covered by any claim of the '188 patent because La-Z-Boy materially breached the 2002 Agreement by, *inter alia*, refusing to pay Megdal Associates royalties required by the 2002 Agreement.

312. In violation of 35 U.S.C. § 271(a), La-Z-Boy has infringed, and if not enjoined, will continue to infringe the '732 patent by manufacturing, using, selling, offering for sale, and/or importing, without authority, products that are covered by one or more claims of the '188 patent, literally and/or under the doctrine of equivalents, in this judicial district and elsewhere.

313. For example, La-Z-Boy directly infringes at least claim 1 of the '188 patent at least by having and continuing to make, use, sell, and/or offer for sale the XR Reclina-Rocker Recliner and the La-Z-Time Loveseat.

314. La-Z-Boy directly infringes at least claim 1 of the '188 patent at least by having and continuing to make, use, sell, and/or offer for sale at least La-Z-Boy's Power Motion Furniture models that have a Power 10 mechanism or a Power 440 mechanism.

315. La-Z-Boy has known of the '188 patent since its issuance.

316. Upon information and belief, La-Z-Boy prosecuted the '188 patent to cover at least some of its Power Motion Furniture products, such as the XR Reclina-Rocker Recline and the La-Z-Time Loveseat.

317. La-Z-Boy has had notice of its infringement of the '188 patent.

318. Megdal Associates provided La-Z-Boy written notice of La-Z-Boy's infringement of the '188 patent. For instance, Megdal Associates identified La-Z-Boy's infringement of

the '188 patent in the case of *Megdal Associates, LLC v. La-Z-Boy, Inc.*, Case No. 9:14-cv-81009-WJZ (S.D. Fla.).

319. Despite this notice, La-Z-Boy has not stopped its infringement of the '188 patent.

320. The claims of the '188 patent are valid.

321. La-Z-Boy has asserted to the United States Patent Office that the claims of the '188 patent are valid.

322. La-Z-Boy's infringement has been and is willful.

323. Megdal Associates has been injured and has been caused significant financial damage as a direct and proximate result of La-Z-Boy's infringement of the '188 patent.

324. La-Z-Boy will continue to infringe the '188 patent, and thus cause irreparable injury and damage to La-Z-Boy unless enjoined by this Court.

325. Megdal Associates is entitled to recover from La-Z-Boy the damages sustained by Megdal Associates as a result of La-Z-Boy's wrongful acts in an amount subject to proof at trial.

326. Megdal Associates is entitled to enhanced damages as a result of La-Z-Boy's willful infringement.

Count VII
(Patent Infringement of the '009 Patent)

327. Megdal Associates repeats and reasserts all allegations contained in Paragraphs 2 through 11, 21 through 104, 109, 117 through 124, 147 through 151, 165 through 168, 207, 211 through 213, 216 through 221, 226, 230 through 237, 241, and 251 through 254 above as if they were stated in full herein.

328. In addition to, and as alternative to relief requested under Count I, Megdal Associates asserts the following patent infringement claims.

329. Megdal Associates owns all right, title, and interest in the '009 patent, as set forth in Count II.

330. La-Z-Boy did not and does not have authority to make, use, sell, or offer for sale any product covered by any claim of the '009 patent because La-Z-Boy materially breached the 2002 Agreement by, *inter alia*, refusing to pay Megdal Associates royalties required by the 2002 Agreement.

331. In violation of 35 U.S.C. § 271(a), La-Z-Boy has infringed, and if not enjoined, will continue to infringe the '009 patent by manufacturing, using, selling, offering for sale, and/or importing, without authority, products that are covered by one or more claims of the '009 patent, literally and/or under the doctrine of equivalents, in this judicial district and elsewhere.

332. For example, La-Z-Boy directly infringes at least claim 1 of the '009 patent at least by having and continuing to make, use, sell, and/or offer for sale the XR Reclina-Rocker Recliner and the La-Z-Time Loveseat.

333. La-Z-Boy directly infringes at least claim 1 of the '009 patent at least by having and continuing to make, use, sell, and/or offer for sale at least La-Z-Boy's Power Motion Furniture models that have a Power 10 mechanism or a Power 440 mechanism.

334. La-Z-Boy has known of the '009 patent since its issuance.

335. Upon information and belief, La-Z-Boy prosecuted the '009 patent to cover at least some of its Power Motion Furniture products, such as the XR Reclina-Rocker Recline and the La-Z-Time Loveseat.

336. La-Z-Boy has had notice of its infringement of the '009 patent.

337. Megdal Associates provided La-Z-Boy written notice of La-Z-Boy's infringement of the '009 patent. For instance, Megdal Associates identified La-Z-Boy's infringement of the '009 patent in the case of *Megdal Associates, LLC v. La-Z-Boy, Inc.*, Case No. 9:14-cv-81009-WJZ (S.D. Fla.).

338. Despite this notice, La-Z-Boy has not stopped its infringement of the '009 patent.

339. The claims of the '009 patent are valid.

340. La-Z-Boy has asserted to the United States Patent Office that the claims of the '009 patent are valid.

341. La-Z-Boy's infringement has been and is willful.

342. Megdal Associates has been injured and has been caused significant financial damage as a direct and proximate result of La-Z-Boy's infringement of the '009 patent.

343. La-Z-Boy will continue to infringe the '009 patent, and thus cause irreparable injury and damage to La-Z-Boy unless enjoined by this Court.

344. Megdal Associates is entitled to recover from La-Z-Boy the damages sustained by Megdal Associates as a result of La-Z-Boy's wrongful acts in an amount subject to proof at trial.

345. Megdal Associates is entitled to enhanced damages as a result of La-Z-Boy's willful infringement.

Count VIII

(Misappropriation of Trade Secrets Under Florida Statutory Law)

346. Megdal Associates repeats and reasserts all allegations contained in Paragraphs 2 through 11, 21 through 85, 94 through 109, 115 through 118, 122, 147 through 152, 165 through 197, 206 through 207, and 211 through 213 above as if they were stated in full herein.

347. At the time of the April 21, 1999 Confidentiality Agreement (see Ex. 2), a July 1999 meeting with David Westendorf, a Vice President of La-Z-Boy in charge of research and development, and the effective date of the 2002 Agreement, and thereafter, Megdal Associates owned secret information, including without limitation the design and design information comprising and related to power drive systems as shown in Exhibit B to the parties' 2002 Agreement (Ex. 1) and related information disclosed in connection with that Agreement.

348. The designs and design information disclosed in connection with that agreement includes prototypes disclosed by Megdal Associates to La-Z-Boy and its representatives.

These prototypes include power driven systems located in both the arm cavity and underneath the seat of the chair. These prototypes were disclosed to La-Z-Boy's Tom Brown; David Westendorf; Larry LaPointe; Richard Marshall; John Case; Jim Klarr; and La-Z-Boy's outside counsel, Paul Keller.

349. The design and design information shown on Exhibit B to the parties' 2002 Agreement (Ex. 1), as well as the related information disclosed to La-Z-Boy, were not reasonably ascertainable by the public at the time La-Z-Boy received them.

350. At all material times, Megdal Associates took reasonable steps to protect the secrecy of the design shown on Exhibit B to the parties' 2002 Agreement (Ex. 1), as well other trade secrets disclosed to La-Z-Boy related to power motion furniture. For instance, Megdal Associates entered into a confidentiality agreement with La-Z-Boy before disclosing Exhibit B and related information, as Megdal Associates had done with other companies.

351. The Agreement between Megdal Associates and La-Z-Boy precludes La-Z-Boy from using trade secret information, except with the consent of Megdal Associates and only in connection with the sale of LICENSED PRODUCTS. Ex. 1, ¶ 6.01.

352. Consequently, La-Z-Boy knew and had reason to know that its knowledge of Megdal Associates' trade secret information was acquired under circumstances giving rise to a duty in La-Z-Boy to maintain its secrecy or limit use of the design and design information described in Exhibit B to the parties' 2002 Agreement. Ex. 1.

353. Despite being contractually obligated not to use Megdal Associates' trade secret information unless with the consent of Megdal Associates and in connection with the sale of LICENSED PRODUCTS (products on which La-Z-Boy paid a royalty as set forth in paragraph 3.00 of the Agreement), on information and belief, La-Z-Boy, either directly or indirectly, has unlawfully disclosed and/or used the trade secrets shown on Exhibit B to the 2002 Agreement to develop and/or sell products using the TiMOTION Design power drive system, which La-Z-Boy then sold to the public.

354. The use of Megdal Associates' trade secret information in this manner constitutes a misappropriation of Megdal Associates' trade secrets under the Florida Uniform Trade Secrets Act, Fla. Stat. §§ 688.001 - .004.

355. Megdal Associates has never disclosed any of its trade secrets to TiMOTION. Megdal Associates has never authorized La-Z-Boy to disclose any of its trade secrets to TiMOTION.

356. La-Z-Boy's acts of misappropriation as set forth herein have caused Megdal Associates to suffer damage in an amount to be proven at trial, and irreparable injury, including but not limited to lost profits and good will, and such acts have further caused La-Z-Boy to be wrongfully and unjustly enriched.

357. Unless and until La-Z-Boy is enjoined by this Court from further misappropriation, Megdal Associates will continue to suffer damages and irreparable injury, and La-Z-Boy will continue to unlawfully profit from its wrongful conduct and be unjustly enriched thereby.

Jury Demand

Megdal Associates demands a trial by jury on all issues so triable.

Request for Relief

Megdal Associates requests the following relief:

1. Entry of judgment in favor of Megdal Associates and against La-Z-Boy on all counts in this Complaint, in an amount to be determined at trial, but at least in an amount that exceeds the jurisdictional limits of this Court;
2. Entry of judgment declaring that the '323 patent and all of its foreign counterpart patents and patent applications are and have been owned by Megdal Associates per section 9.01 of the 2002 Agreement, and ordering La-Z-Boy to correct the record of title to the same in all applicable patent offices;
3. Entry of judgment declaring that the '240 patent and all of its foreign counterpart patents and patent applications are and have been owned by Megdal Associates per section

9.01 of the 2002 Agreement, and ordering La-Z-Boy to correct the record of title to the same in all applicable patent offices;

4. Entry of judgment declaring that the '732 patent and all of its foreign counterpart patents and patent applications are and have been owned by Megdal Associates per section 9.01 of the 2002 Agreement, and ordering La-Z-Boy to correct the record of title to the same in all applicable patent offices;

5. Entry of judgment declaring that the '188 patent and all of its foreign counterpart patents and patent applications are and have been owned by Megdal Associates per section 9.01 of the 2002 Agreement, and ordering La-Z-Boy to correct the record of title to the same in all applicable patent offices;

6. Entry of judgment ordering that the '009 patent and all of its foreign counterpart patents and patent applications are and have been owned by Megdal Associates per section 9.01 of the 2002 Agreement, and ordering La-Z-Boy to correct the record of title to the same in all applicable patent offices;

7. Entry of judgment ordering that the '085 patent and all of its foreign counterpart patents and patent applications are and have been owned by Megdal Associates per section 9.01 of the 2002 Agreement, and ordering La-Z-Boy to correct the record of title to the same in all applicable patent offices;

8. Entry of judgment declaring that the '844 patent and all of its foreign counterpart patents and patent applications are and have been owned by Megdal Associates per section 9.01 of the 2002 Agreement, and ordering La-Z-Boy to correct the record of title to the same in all applicable patent offices;

9. Entry of judgment declaring that the '873 application and all of its foreign counterpart patents and patent applications are and have been owned by Megdal Associates per section 9.01 of the 2002 Agreement, and ordering La-Z-Boy to correct the record of title to the same in all applicable patent offices;

10. Entry of judgment that La-Z-Boy has willfully infringed the '323 patent;

11. Entry of judgment that La-Z-Boy has willfully infringed the '240 patent;
12. Entry of judgment that La-Z-Boy has willfully infringed the '732 patent;
13. Entry of judgment that La-Z-Boy has willfully infringed the '188 patent;
14. Entry of judgment that La-Z-Boy has willfully infringed the '009 patent;
15. An award of damages, including pre-judgment and post-judgment interest, in an amount adequate to compensate Megdal Associates for La-Z-Boy's infringement of the asserted patents in this Complaint;
16. An accounting of damages owed by La-Z-Boy for the period of infringement from the date proven at trial through the date of trial;
17. A determination that, pursuant to 35 U.S.C. § 284, Megdal Associates be awarded up to three times the amount of damages found or assessed, for La-Z-Boy's willful infringement of Megdal Associates' patent rights, an award of pre-judgment and post-judgment interest, and that pursuant to 35 U.S.C. § 285 Megdal Associates be awarded attorney's fees, costs and expenses for an exceptional case;
18. A finding that La-Z-Boy has misappropriated Megdal Associates' trade secrets, and a finding that La-Z-Boy has done so willfully and maliciously, and entry of judgment and an Order for a corresponding disgorgement of La-Z-Boy's profits for sales of the TiMOTION-based power motion furniture due to La-Z-Boy's unjust enrichment caused by the misappropriation, plus any Megdal Associates' actual loss that is not taken into account in calculating the award of La-Z-Boy's disgorged profits, plus exemplary damages of twice the amount of the foregoing, and attorneys' fees, all as provided for under Fla. Stat. §§ 688.004 and 688.005;
19. To the extent that La-Z-Boy has underpaid Megdal Associates for royalties due and owing under the 2002 Agreement, and has done so by 10% or more of the actual royalties due and owing, an award of prejudgment interest at the rate of 8% per annum, pursuant to paragraph 5.00 of the 2002 Agreement, as well as "all costs and expenses

reasonably related to identifying and rectifying the deficiency,” as set forth in paragraph 5.00 of the Agreement;

20. Entry of injunctive relief to stop La-Z-Boy from infringing the asserted patents, misappropriating its trade secrets, and any other appropriate form of equitable relief;

21. An award of costs, expenses, and disbursements; and

22. Such other and further relief as is just and proper.

Dated: November 25, 2014

Respectfully submitted,

By: /s/James C. Gavigan, Jr.

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