

**UNITED STATES DISTRICT COURT
FOR THE
WESTERN DISTRICT OF WISCONSIN**

Ashley Furniture Industries, Inc.

Plaintiff,

v.

Apex Motion USA, Inc, Apex Motion, Co.,
LTD, Ping Hsieh, Julie Huey-Shiang Kuo,
and Chen-Chih Kuo,

Defendants

Court File No.:12-cv-531

Jury Trial Requested

**Amended Complaint for Declaratory Judgment of Patent Noninfringement,
Invalidity, Patent Assignee's Lack of Past Interests, and Inequitable Conduct**

Parties and Jurisdiction

1. Plaintiff Ashley Furniture Industries, Inc. ("Ashley") is a Wisconsin corporation with its principal place of business at One Ashley Way, Arcadia, Wisconsin.

2. On information and belief, Defendant Apex Motion USA, Inc. ("Apex USA") was a California corporation being incorporated on or about January 25, 2010 with its principal place of business at 11845 Abington Street, Riverside, California.

3. On information and belief, Defendant Apex USA was dissolved the same day that the initial Complaint was filed on July 30, 2012.

4. On information and belief, as of the date of the initial Complaint filed July 30, 2012, Defendant Apex Motion Co., LTD ("Apex Taiwan") was a Taiwanese

corporation with its principal place of business at 62, Lane 22, Dawan E. Road Yongkang Tainan, Taiwan.

5. On information and belief, Defendant Apex Taiwan was dissolved after the initial Complaint filed on July 30, 2012 with a date of dissolution being on or about September 26, 2012.

6. On information and belief, Defendant Ping Hsieh is a named co-inventor of and a current co-assignee of U.S. Patent 8,201,877 entitled “Chair with Electrically Adjustable Components” (Exhibit A) (the “Apex Patent”), residing at 10F, No. 36, Changrong Road, Luzhou, New Taipei City, Taiwan.

7. On information and belief, Defendant Julie Huey-Shiang Kuo, formerly Julie Huey-Shiang Lee, is a named co-inventor of the Apex Patent, a current co-assignee of the Apex Patent and a principal of now dissolved Defendant Apex USA. On information and belief, Defendant Huey-Shiang Kuo resides at 7F, No. 55, Lane 70, Yien-Chiu-Yuan Road, Sec. 2, Nankang, Taipei, Taiwan.

8. Defendant Julie Huey-Shiang Kuo was the Chief Executive Officer and Secretary of Defendant Apex USA with an address at 11845 Abington Street, Riverside, California.

9. On information and belief, Defendant Chen-Chih Kuo is a current co-assignee of the Apex Patent residing at 3F, No. 103, Chih-Yuan-I Road, Sec. 2, Beitou, Taipei, Taiwan.

10. On information and belief, prior to and as of the date of the initial Complaint filed July 30, 2012, Defendants Apex USA and Apex Taiwan (collectively

“Apex”) were related entities acting jointly to sell products in the United States and this district.

11. On information and belief, prior to the dissolution of Defendants Apex USA and Apex Taiwan, Defendant Apex USA was affiliated with or controlled by Defendant Apex Taiwan.

12. On information and belief, in an assignment purportedly dated February 14, 2010 (Exhibit C) (the “February 10, 2010 assignment”) purported to be signed by Defendant Ping Hsieh and Defendant Julie Huey-Shiang Kuo, Defendant Apex Taiwan was purported to have been assigned rights, title and interest in an invention for which an application for United States Letters Patent was filed on February 14, 2010 having patent application having Serial No. 12/705,625 (the “Apex Application”), which subsequently issued as the Apex Patent on June 19, 2012.

13. On information and belief, the Apex Application was filed with the United States Patent and Trademark Office on February 14, 2010 by an individual named Sam Chen having a place of business located at 7F-1, 293, Roosevelt Road, Sec 3, Taipei, Taiwan.

14. On information and belief, the February 14, 2010 assignment was recorded with the United States Patent & Trademark Office on or about February 14, 2010 with the name of the submitter being identified as Sam Chen.

15. On information and belief, Sam Chen is not a registered patent attorney or agent with the United States Patent & Trademark Office.

16. On information and belief, despite not being a registered patent attorney or agent with the United States Patent & Trademark Office, Sam Chen has filed over 140 patent applications with the United State Patent & Trademark Office.

17. On information and belief, on the issue fee transmittal for the Apex Patent having the date of May 5, 2012, which provides that the issue fee transmittal is to be signed by the applicant, a registered attorney or agent, or the assignee or other party in interest as shown by the records of the United States Patent and Trademark Office, Sam Chen purportedly signed the form without providing any patent attorney/agent registration number.

18. On information and belief, in an assignment purportedly dated April 4, 2012 (the "April 4, 2012 assignment") (Exhibit C), assignors identified in the signature block as Defendants Ping Hsieh and Julie Huey-Shiang Kuo purportedly authorized the Commissioner for Patents and Trademarks to issue any and all United States Letters Patent relating to the Apex Application to Defendants Ping Hsieh, Julie Huey-Shiang and Kuo Chen-Chih.

19. On information and belief, the April 4, 2012 assignment was recorded with the United States Patent & Trademark Office on or about April 27, 2012 with the name of the submitter being identified as Sam Chen.

20. On information and belief, as of the date of the April 4, 2012 assignment, the purported assignors Defendants Ping Hsieh and Julie Huey-Shiang Kuo had previously assigned rights, title and interest to Defendant Apex Taiwan in the February 14, 2010 assignment and had no rights, title and interest to further assign.

21. On information and belief, in an assignment purportedly dated April 27, 2012 (the “April 27, 2012 assignment”) (Exhibit C), Defendant Apex Taiwan, purportedly being represented by Defendant Ping Hsieh, purportedly agreed to sell, assign and transfer certain right, title and interest to the Apex Patent to Defendants Ping Hsieh, Julie Huey-Shiang and Kuo Chen-Chih. As of the date April 27, 2012, the Apex Patent had not yet issued.

22. On information and belief, the April 27, 2012 assignment was recorded with the United States Patent & Trademark Office on or about August 8, 2012 as a nunc pro tunc assignment with the name of the submitter being identified as Sam Chen.

23. On information and belief, in a purported Amended Nunc Pro Tunc assignment purportedly dated April 27, 2012 with a date of execution being August 10, 2012 (the “August 10, 2012 assignment”) (Exhibit C), Defendant Apex Taiwan, again represented by Defendant Ping Hsieh, purportedly agreed to sell, assign and transfer nunc pro tunc certain right, title and interest to the Apex Patent to Defendants Ping Hsieh, Julie Huey-Shiang and Kuo Chen-Chih.

24. On information and belief, the August 10, 2012 assignment was recorded with the United States Patent & Trademark Office on or about August 10, 2012 as a nunc pro tunc assignment with the name of the submitter being identified as Sam Chen.

25. The August 10, 2012 assignment did not transfer any right, title or interest for any alleged past infringement or past damages.

26. On information and belief, one or more principals of now defunct Defendants Apex USA and Apex Taiwan claim an interest in the Apex Patent.

27. On information and belief, prior to their dissolutions Defendant Apex USA was affiliated with or controlled by Defendant Apex Taiwan.

28. On information and belief, a part claimed to be protected by the Apex Patent was sold to Ashley by Apex.

29. Defendants have asserted that Ashley infringed the Apex Patent after Ashley re-sourced a part similar to the alleged patented Apex part from another vendor.

30. On information and belief, Defendants' allegation of infringement is intended to affect Ashley's business in this district by forcing Ashley to source allegedly patented parts only from now defunct Defendant Apex.

31. There is an immediate, real, and substantial controversy between the parties because the Defendants have alleged that Ashley infringes the Apex Patent and Ashley disputes this claim.

32. Examples of the Defendants' allegations that give rise to such a controversy are found in a letter dated July 11, 2012 (Exhibit B).

33. This court has subject matter jurisdiction in accordance with 28 U.S.C. §§ 2201, 2202, and 1338.

34. On information and belief, this court has personal jurisdiction over Apex because Apex conducted business within this district and elsewhere in Wisconsin and correspondingly this court has personal jurisdiction over the Defendants.

Count I

Declaration of Noninfringement of the Apex Patent

35. Ashley does not infringe any valid claim of the Apex Patent.

Count II

Declaration of Invalidity of the Apex Patent

36. The Apex Patent is invalid because of anticipation, obviousness, failure to recite patentable subject matter, including failure to disclose known prior art during prosecution of the Apex Patent, or is otherwise invalid or unenforceable for failure to comply with the requirements of one or more of the following provisions: 35 U.S.C. § 101, § 102, and § 103.

Count III

Declaration of Defendants Hsieh, Huey-Shiang Chen-Chih Lacking Standing to Past Damages/Infringement Actions

37. The July 11, 2012 letter (Exhibit B) demanded an accounting of the purchase and sales information related to the allegedly infringing products such that Defendants Ping Hsieh, Julie Huey-Shiang and Kuo Chen-Chih would be able to determine appropriate damages compensation.

38. Upon information and belief, the February 14, 2010 assignment transferred all right, title and interest from the named inventors to now defunct Defendant Apex Taiwan. None of the subsequent assignments, including the April 4, 2012 assignment, the April 27, 2012 assignment, nor the August 10, 2012 assignment transferred any right, title or interest pertaining to past damages or infringement actions to Defendants Ping Hsieh, Julie Huey-Shiang and Kuo Chen-Chih.

39. Defendants Ping Hsieh, Julie Huey-Shiang and Kuo Chen-Chih lack standing to any such alleged past damages or infringement actions relating to the Apex Patent prior to at least August 10, 2012.

Count IV

Unenforceability Due to Inequitable Conduct

40. The Apex Patent is unenforceable because of inequitable conduct based on the intentional failure to disclose material prior art during the prosecution of the Apex Application and/or the intentional obfuscation of the alleged invention.

41. The earliest priority date of the Apex Patent is the February 14, 2010 filing date of the Apex Application, which does not claim priority claim to any other patent application.

42. The Apex Patent identifies two issued patents in the background section, including U.S. Patent 5,388,892 and U.S. Patent 4,639,039 that both constitute prior art.

43. During the prosecution of the Apex Application, neither Apex, the named inventors, the assignees including Defendants Ping Hsieh, Julie Huey-Shiang and Kuo Chen-Chih, the submitter Sam Chen, nor anyone else associated with the filing and prosecution of the Apex Patent submitted any prior art references or information in an Information Disclosure Statement to the United States Patent & Trademark Office (“USPTO”) for proper consideration.

44. For several years before about 2008, and prior to the part claimed to be protected by the Apex Patent being sold to Ashley by Apex, Ashley had been purchasing a basic switch with motor assembly mechanisms for Ashley’s motion chair product line.

45. In about 2008, Ashley requested a child lock-out function on the switch and was submitted a proposal for such from Apex.

46. At the time Apex submitted the proposal to Ashley, Apex was aware that the switch with the requested child lock-out function would replace the basic switch and be used with the motor assembly mechanisms for Ashley's existing motion chair product line.

47. After accepting Apex's submitted proposal, Apex provided the switch with the child lock-out function with the motor assembly mechanism after out-sourcing many of the other parts and components for the switch with the motor assembly mechanism from existing parts and components.

48. During the prosecution of the Apex Application, neither Apex, the named inventors, the assignees including Defendants Ping Hsieh, Julie Huey-Shiang and Kuo Chen-Chih, the submitter Sam Chen, nor anyone else associated with the filing and prosecution of the Apex Patent submitted any information of the prior existence of the switch with the motor assembly mechanism, existing parts and components that were outsourced, or Ashley's existing motion chair product line to the USPTO for proper consideration.

49. Not only did Apex, the named inventors, the assignees including Defendants Ping Hsieh, Julie Huey-Shiang and Kuo Chen-Chih, the submitter Sam Chen, and anyone else associated with the filing and prosecution of the Apex Patent fail to disclose material prior art to the USPTO, but such individuals also intentionally obfuscated the alleged invention by filing a single claim directed to "a chair" that

included over 70 lines of limitations, many of the limitations known to be in the prior art including Ashley's existing motion chair product line using the basic switch with the motor assembly mechanism.

50. Defendants intentional obfuscation of the alleged invention in the Apex Application and resulting Apex Patent is further substantiated by the utility model patent applications in Taiwan and China, which upon information and belief are not examined in these respective jurisdictions on the merits over prior art references, where the claims are specifically directed at the control unit and mechanism for a seat, the specific components that Apex provides.

51. On February 14, 2010, together with the Apex Application, inventors of the Apex Application submitted to the United States Patent and Trademark Office the document entitled Declaration for Utility or Design Patent Application (37 CFR 1.63) (the "Apex Declaration").

52. The Apex Declaration was signed by each of the named inventors of the Apex Application.

53. In the Apex Declaration, each inventor acknowledged "the duty to disclose information which is material to patentability as defined in 37 CFR 1.56" of Title 37, Code of Federal Regulations.

54. The named inventors of the Apex Patent signed the Apex Declaration understanding the disclosure requirements imposed on them by § 1.56(a) of Title 37, Code of Federal Regulations.

55. Despite their knowledge regarding the duty to disclose and the materiality of the prior art references cited in the background section and preexisting Ashley motion chair product line with switch with the motor assembly mechanism, Apex, the named inventors, the assignees including Defendants Ping Hsieh, Julie Huey-Shiang and Kuo Chen-Chih, the submitter Sam Chen, and others associated with the filing and prosecution of the Apex Patent did not disclose a single reference or the existence of preexisting information during the prosecution of the Apex Patent.

56. Upon information and belief, during the prosecution of the Apex Patent, the existence of prior art and information was withheld from the United States Patent and Trademark Office by Apex, the named inventors, the assignees including Defendants Ping Hsieh, Julie Huey-Shiang and Kuo Chen-Chih, submitter Sam Chen and/or other individuals associated with the filing and prosecution of the Apex Patent with intent to deceive.

57. This intentional withholding and intentional obfuscation constitutes inequitable conduct and renders the Apex Patent unenforceable.

Jury Demand

58. Ashley requests a trial by jury.

Prayer for Relief

Ashley requests judgment that:

1. Plaintiff Ashley has not directly infringed, willfully infringed, induced infringement, or contributorily infringed the Apex Patent;

2. The Apex Patent is invalid and unenforceable;
3. Defendants Ping Hsieh, Julie Huey-Shiang and Kuo Chen-Chih did not have rights to recovery damages for alleged acts of infringement before August 10, 2012;
4. Apex, and those in active concert of participation with Apex who receive actual notice thereof, are permanently enjoined from initiating patent infringement litigation against Ashley, or threatening Ashley, or any of its customers, dealers, licensees, subsidiaries, parents, agents, servants, or employees, or any prospective or present sellers, dealers, licensees, distributors, customers, or users of Ashley's products or services, with patent infringement litigation based on any of the Apex Patent, or charging any of them with infringement of any of the Apex Patent;
5. A judgment awarding damages to Ashley for its costs, disbursements, and attorneys' fees incurred in prosecuting this action, with interest, including damages for an exceptional case, pursuant to 35 U.S.C. § 285 and otherwise according to law; and
6. For such other relief as the Court may deem just, equitable, and proper.

Dated: October 15, 2012

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