1 2	JOHN P. PASSARELLI #16018 KUTAK ROCK LLP												
3	Suite 300 8601 North Scottsdale Road												
4	Scottsdale, AZ 85253-2742 (480) 429-5000												
5	Facsimile: (480) 429-5001												
6	Attorneys for Plaintiff SOILWORKS, LLC, an Arizona corporation												
7													
8	UNITED STATES DISTRICT COURT												
9	IN AND FOR THE DISTRICT OF ARIZONA												
10													
11	SOILWORKS, LLC, an Arizona NO.: 2:06-CV-2141-DGC												
12	corporation, REPLY TO MIDWEST INDUSTRIAL SUPPLY INC. 25 COUNTER OF A 1995												
13	Plaintiff / Counterdefendant / SUPPLY, INC.'S COUNTERCLAIMS Counterclaimant,												
14	v.												
15	MIDWEST INDUSTRIAL SUPPLY, INC., an Ohio corporation authorized to do												
16	business in Arizona,												
17	Defendant / Counterclaimant / Counterdefendant.												
18													
19	Plaintiff, Soilworks, LLC ("Soilworks"), through the undersigned counsel of record,												
20	hereby replies to the Counterclaims of Midwest Industrial Supply, Inc. ("Defendant") as												
21	follows:												
22	1. Soilworks admits the allegations contained in Paragraph 1 of the												
23	Counterclaims.												
24	2. Soilworks admits the allegations contained in Paragraph 2 of the												
25	Counterclaims.												
26	3. Soilworks admits that this Court has subject matter jurisdiction over the claims												
27	and counterclaims asserted herein, that there is complete diversity between Midwest and												
28													
11													

Soilworks and that Defendant's Counterclaims purport to assert an amount in controversy that exceeds \$75,000 and, except as so admitted, denies the allegations contained in Paragraph 3 of the Counterclaims.

- 4. Soilworks admits that this Court has personal jurisdiction over Soilworks and that its principal place of business is in the State of Arizona and that it does business in the State of Arizona, but otherwise denies all of the remaining allegations contained in Paragraph 4 of the Counterclaims.
- 5. Soilworks admits that venue is proper in this Court and, except as so admitted, denies the allegations contained in Paragraph 5 of the Counterclaims.
- 6. Soilworks is without sufficient information to form a belief as to the allegations of Paragraph 6 of the Counterclaims and, on that basis, denies the allegations contained in Paragraph 6 of the Counterclaims.
- 7. Soilworks is without sufficient information to form a belief as to the allegations of Paragraph 7 of the Counterclaims and, on that basis, denies the allegations contained in Paragraph 7 of the Counterclaims.
- 8. Soilworks is without sufficient information to form a belief as to the allegations of Paragraph 8 of the Counterclaims and, on that basis, denies the allegations contained in Paragraph 8 of the Counterclaims.
- 9. Soilworks is without sufficient information to form a belief as to the allegations of Paragraph 9 of the Counterclaims and, on that basis, denies the allegations contained in Paragraph 9 of the Counterclaims.
- 10. Soilworks denies the allegations contained in Paragraph 10 of the Counterclaims.
- 11. Soilworks admits the allegations contained in Paragraph 11 of the Counterclaims.
- 12. Soilworks admits the allegations contained in Paragraph 12 of the Counterclaims.

1	13.	Sollworks	denies	the	allegations	contained	ın	Paragraph	13	OI	tne	
2	Counterclaims.											
3	14.	Soilworks	denies	the	allegations	contained	in	Paragraph	14	of	the	
4	Counterclaims.											
5	15.	Soilworks	denies	the	allegations	contained	in	Paragraph	15	of	the	
6	Counterclaims.											
7	16.	Soilworks	denies	the	allegations	contained	in	Paragraph	16	of	the	
8	Counterclaims.											
9	17. Soilworks repeats and realleges its reply to Paragraphs 1 through 16 as if fully											
10	set forth herein.											
11	18.	Soilworks	denies	the	allegations	contained	in	Paragraph	18	of	the	
12	Counterclaims.											
13	19.	Soilworks	denies	the	allegations	contained	in	Paragraph	19	of	the	
14	Counterclaims.											
15	20.	Soilworks	denies	the	allegations	contained	in	Paragraph	20	of	the	
16	Counterclaims.											
17	21.	Soilworks	denies	the	allegations	contained	in	Paragraph	21	of	the	
18	Counterclair	ns.										
19	22.	Soilworks	denies	the	allegations	contained	in	Paragraph	22	of	the	
20	Counterclair	ns.										
21	23.	Soilworks	denies	the	allegations	contained	in	Paragraph	23	of	the	
22	Counterclair	ns.										
23	24.	Soilworks	denies	the	allegations	contained	in	Paragraph	24	of	the	
24	Counterclaims.											
25	25.	Soilworks	denies	the	allegations	contained	in	Paragraph	25	of	the	
26	Counterclaims.											
27	26.	Soilworks	denies	the	allegations	contained	in	Paragraph	26	of	the	
28	Counterclair	ns.										

4839-1005-9009.1

27.

Soilworks repeats and realleges its reply to Paragraphs 1 through 26 as if fully

41. Soilworks denies the allegations contained in Paragraph 41 of the Counterclaims.

GENERAL DENIAL

All allegations contained in the Counterclaims not expressly admitted are herein denied.

AFFIRMATIVE DEFENSES

- 1. Soilworks is not infringing and has not infringed, is not inducing and has induced others to infringe, and is not contributorily infringing and has not contributorily infringed, any valid and/or enforceable claim of the '266 Patent.
- 2. Soilworks is not infringing and has not infringed, is not inducing and has induced others to infringe, and is not contributorily infringing and has not contributorily infringed, any valid and/or enforceable claim of the '270 Patent.
- 3. Upon information and belief, the claims of the '266 Patent are invalid for failure to satisfy one or more of the conditions of patentability of 35 U.S.C. § 1 et. seq. including, without limitation, §§ 101, 102, 103 and/or 112.
- 4. Upon information and belief, the claims of the '270 Patent are invalid for failure to satisfy one or more of the conditions of patentability of 35 U.S.C. § 1 et. seq. including, without limitation, §§ 101, 102, 103 and/or 112.
- 5. Upon information and belief, Defendant's remedies are limited by 35 U.S.C. § 287.
- 6. Upon information and belief, Soilworks is barred by 35 U.S.C. § 288 from recovering any costs associated with this suit.
- 7. Upon information and belief, Soilworks contests infringement and validity of the '266 and '270 Patents. Soilworks reserves the right to assert additional bases for contesting these issues, and all claims in Defendant's Counterclaims, as may be developed further in discovery in this action and any other action between the parties.
- 8. Soilworks is not infringing, and has not infringed, any trademark, service mark and/or trade name of Defendant.

4839-1005-9009.1

- 9. The Counterclaims, in whole or in part, fail to state a claim upon which relief may be granted.
 - 10. Defendant is not entitled to any damages sought in the Counterclaims.
- 11. Defendant's claims for unfair competition are barred, in whole or in part, on the ground that Soilworks' business practices are not unfair.
- 12. The Counterclaims are barred, in whole or in part, by the doctrine of unclean hands.
- 13. The Counterclaims are barred, in whole or in part, because Midwest has not suffered any damages or injury to its business or property as a result of the acts alleged to have been committed by Soilworks.
- 14. Midwest's state law claims asserted in its Counterclaims are preempted by federal statutes.
 - 15. The Counterclaims are barred, in whole or in part, by the doctrine of fair use.

COUNTERCLAIM

Soilworks' Counterclaim against Defendant Midwest as follows:

- 1. Soilworks is a limited liability company that maintains its principal place of business at 681 North Monterrey Street, Suite 101, Gilbert, Arizona 85233. All of the members of Soilworks are residents and citizens of the State of Arizona.
- 2. Midwest is a corporation incorporated under the laws of the State of Ohio and maintains its principal place of business in Canton, Ohio.
- 3. This Court has subject matter jurisdiction over these Counterclaims pursuant to 28 U.S.C. §§ 1331, 1338 and 2201 as it arises under an act of Congress relating to patents.
 - 4. Venue is proper in this District under 28 U.S.C. § 1391.

3

5

7 8

10

12

- 13
- 14
- 15
- 16
- 17
- 18 19

20

21

22 23

24

25

26 27

28

4839-1005-9009.1

COUNTERCLAIM FOR DECLARATORY JUDGMENT

FOR INVALIDITY AND NONINFRINGEMENT

OF THE '266 AND '270 PATENTS

- 5. Soilworks repeats and realleges the allegations of Paragraphs 1 through 4 of its Counterclaim.
- 6. This Declaratory Judgment Counterclaim is asserted against Defendant under the patent laws, Title 35, United States Code and under Title 28, United States Code §§ 2201 and 1338(a).
- 7. Defendant has averred that the '266 and '270 Patents were duly and legally issued, it is the lawful owner of those two patents, including the right to sue and recover for any and all infringement of the '266 and '270 Patents and that Midwest infringes the "266 and/or '270 Patents.
- 8. Soilworks denies that, either directly, contributorily and by inducement, it has infringed, and that it is infringing, any valid and/or enforceable claim of the '266 and '270 Patents and Soilworks further asserts that the '266 and '270 Patents are invalid for failing to satisfy the conditions for patentability set forth in Part II of Title 35 of the United States Code including, but not limited to, §§ 101, 102, 103 and 112.
- 9. Therefore, there has been and is now an actual controversy between Soilworks and Defendant as to the invalidity and noninfringement of the '266 and '270 Patents.

PRAYER FOR RELIEF

WHEREFORE, Soilworks prays that this Court:

- Dismiss the Counterclaims of Defendant against Soilworks with (a) prejudice.
- Declare that Soilworks has not, and does not, infringe any valid and/or (b) enforceable claim of the '266 Patent directly or indirectly, literally or by equivalence.
- Declare that Soilworks has not, and does not, infringe any valid and/or (c) enforceable claim of the '270 Patent directly or indirectly, literally or by equivalence.
 - (d) Declare that each claim of the '266 Patent is invalid.

- (e) Declare that each claim of the '270 Patent is invalid.
- (f) Enjoin Defendant, their officers, agents, representatives, distributors, employees, affiliates, parent and subsidiary corporations, attorneys and other persons in active concert or participation with them from charging infringement or instituting any action for infringement of the '266 and '270 Patents against Soilworks or anyone in privity with Soilworks, including its successors, assigns, agents, suppliers, customers, licensees and sublicensees.
- (g) Award Soilworks costs, together with reasonable attorneys' fees and all other expenses for the suit under governing law.
- (h) Award Soilworks such other relief as this Court may deem just and proper.

Dated this 16th day of April, 2007.

KUTAK ROCK LLP

By /s/
E. Scott Dosek
John P. Passarelli
Suite 300
8601 North Scottsdale road
Scottsdale, AZ 85253-2742

Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that on April 16, 2007, the foregoing Reply to Midwest Industrial Supply, Inc.'s Counterclaims was filed electronically. Notice of this filing will be sent to all parties by operations of the Court's electronic filing system. Parties may access this filing through the Court's system.

/s/ Amy S. Fletcher

4839-1005-9009.1