

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF INDIANA
SOUTH BEND DIVISION

HEARTLAND RECREATIONAL VEHICLES, LLC)	
)	
)	
Plaintiff,)	
)	Case No. 3:08-CV-490 AS CAN
vs.)	
)	
FOREST RIVER, INC.)	
)	
Defendant.)	

**HEARTLAND RECREATIONAL VEHICLES, LLC'S
ANSWER TO COUNTERCLAIMS OF DEFENDANT FOREST RIVER, INC.**

Heartland Recreational Vehicles, LLC ("Heartland") hereby responds to the counterclaims alleged by Forest River, Inc. ("Forest River") in its Amended Answer, Defenses, and Counterclaims. On April 29, 2010, the Court granted Heartland's Motion to Dismiss Certain Forest River Counterclaims in Light of Revised Covenant Not to Sue, thus dismissing Forest River's counterclaims for declaratory judgment with respect to invalidity, non-infringement, and unenforceability. Therefore, Heartland responds only to the allegations pertaining to the three potentially remaining Forest River counterclaims: (1) inequitable conduct in the prosecution of U.S. Patent No. 7,278,650 (the "'650 patent"), in connection with Forest River's anticipated pursuit of attorney's fees under 35 U.S.C. § 285; (2) "passing off" in violation of 15 U.S.C. § 1125(a)(1)(A); and (3) criminal deception in violation of Ind. Code § 35-43-5-3(6).

A. FOREST RIVER'S CLAIM OF INEQUITABLE CONDUCT IN THE PROSECUTION OF U.S. PATENT NO. 7,278,650

15. Using the reference numbers of the patent for illustration, the claims of the '650 Patent require at least the following elements in a travel trailer chassis:

- a. a forward edge beam (88) having a first end,
- b. an outer side frame member (84) substantially perpendicular to the forward edge beam and having a forward end,
- c. a first cross beam (116) substantially perpendicular to the side frame member and connected to the forward end of the side frame member at a location rearward of the forward edge beam, and
- d. a second cross beam (120) substantially parallel to the outer side frame member and connected to the first cross beam and the first end of the forward edge beam.

RESPONSE: Admitted.

16. Figure 14 of the '650 Patent, shown below, illustrates a top perspective of one embodiment of the invention claimed by that patent, as set forth in Claim 1.

RESPONSE: Admitted.

17. The photograph below shows the underside view of the front of a type of travel trailer chassis made, used, and sold by Forest River more than one year before the priority date of the '650 Patent, March 29, 2004, and before the invention claimed by the '650 was conceived and reduced to practice by the named inventors of that patent.

RESPONSE: Heartland lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 17.

18. The travel trailer chassis type shown in the photograph of ¶17 is "prior art" with respect to the '650 Patent, as that term is meant under the Patent Laws of the United States.

RESPONSE: Heartland lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 18.

19. After Heartland accused Forest River of infringing the '650 Patent, Forest River informed Heartland of the trailer chassis type of ¶17 and of Forest River's assertions of the significance of that chassis type as prior art, and provided specimens of that trailer chassis type which were inspected by Heartland's attorneys at one of Forest River's production facilities more than a month before this lawsuit began. At that inspection, Forest River also provided those attorneys with sample invoices showing that this travel trailer chassis type was on the market several years before the priority date of the '650 Patent.

RESPONSE: Heartland admits that Forest River allowed Heartland's attorneys to inspect trailer chassis specimens at one of its facilities before this lawsuit began. Heartland admits that Forest River informed Heartland of its assertions of the significance of a certain chassis type as prior art. Heartland lacks knowledge or information sufficient to form a belief about the truth of whether the chassis type shown in ¶17 is the same chassis inspected by Heartland's attorneys. Heartland lacks knowledge or information sufficient to form a belief about the truth of whether the chassis type depicted in ¶17 was on the market several years before the priority date of the '650 Patent and all other allegations not expressly admitted.

20. Each and every element and combination of Claim 1 of the '650 Patent is found in the prior art travel trailer chassis type of ¶17.

RESPONSE: Heartland lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 20.

21. The drawing below shows a top view of a travel trailer chassis made, used, and sold by Roadmaster at least as of October, 2000.

RESPONSE: Heartland lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 21.

22. The travel trailer chassis of ¶21 is also prior art with respect to the '650 patent.

RESPONSE: Heartland lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 22.

23. Using the reference letters shown in that drawing, the travel trailer chassis of ¶21 has:

- a. a forward edge beam (B) having a first end,
- b. an outer side frame member (A) substantially perpendicular to the forward edge beam and having a forward end,
- c. a first cross beam (C) substantially perpendicular to the side frame member and connected to the forward end of the side frame member at a location rearward of the forward edge beam, and
- d. a second cross beam (F) substantially parallel to the outer side frame member and connected to the first cross beam and the first end of the forward edge beam.

RESPONSE: Heartland admits that the travel trailer drawing in paragraph 21 appears to contain depictions of the elements stated in paragraph 23.

24. Roadmaster is a competitor of Heartland and was a competitor of Damon Corporation when Brian Brady was President of Damon Corporation.

RESPONSE: Heartland lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 24.

24. (sic) At least one of the named inventors of the '650 Patent, including Brian Brady (the president of Heartland), was aware of the travel trailer chassis of ¶21 prior to filing the application for the '650 Patent.

RESPONSE: Denied.

25. The alleged "invention" of the '650 Patent is for a travel trailer having an improved turning radius. The actual effort of the named inventors in creating this invention was to create a travel trailer having an improved turning radius by altering the configuration of the front, exterior cap of a fifth wheel travel trailer. As originally filed, the application for the '650 Patent included claims directed toward that front, exterior cap configuration. However, the frame design for the chassis which supports the front, exterior cap was actually created by at least in part by employees of Lippert Components, and not by all of the named inventors. During prosecution of that application, Heartland deleted those cap claims and amended its application to include only claims directed to the chassis frame. The application did not originally include and was not amended to include the identity of the employees of Lippert Components who created the frame design.

RESPONSE: Heartland denies Forest River's allegation that the "alleged" "invention" of the '650 patent is for a travel trailer having an improved turning radius. Heartland denies that the actual effort of the named inventors in creating this invention was to create a travel trailer having an improved turning radius by solely altering the configuration of the front, exterior cap of a fifth wheel travel trailer. Heartland admits that the original application for the '650 patent included claims directed toward the front, exterior cap configuration. Heartland denies Forest River's allegation that the frame design for the chassis that supports the front, exterior cap was actually created at least in part by employees of Lippert Components. Heartland admits that certain claims directed to the frame chassis were the claims allowed and issued by the Patent Office and that Heartland decided to pursue certain claims related to the front, exterior cap in continuation

applications. Heartland denies that the employees of Lippert Components created the frame design and denies any remaining allegations of paragraph 25.

26. Accordingly, the '650 Patent is invalid under 35 U.S.C. §102(a), (b), and (f) since the invention claimed by that patent was anticipated by the prior art, including the prior art of Forest River and others and does not meet the conditions of patentability. That invention was known and used by others in this country before the "invention" thereof by the applicants for the '650 patent. That invention was described in printed publications, in public use, and on sale in this country more than a year prior to the date of the application for patent in the United States. Moreover, all of the named inventors did not themselves invent the subject matter claimed in the '650 Patent.

RESPONSE: With respect to the allegation that "all of the named inventors did not themselves invent the subject matter claimed in the '650 patent," Heartland states that, under the patent laws, John Rhymer is the inventor of the invention embodied in part in the '650 patent. Heartland believes any remaining allegations of paragraph 26 have been removed from this case by the Court's Opinion & Order of April 29, 2010, DE 115. To the extent that any remaining allegations of this paragraph are relevant to Forest River's remaining claims, Heartland lacks knowledge or information sufficient to form a belief about the truth of those allegations.

27. In addition to the prior art of ¶s 17 and 21, more than a year before the priority date of the '650 Patent there were a large number of travel trailers made, used, and publically sold in this country which included "V," "bull nose," or otherwise tapered front ends which would prevent the travel trailer from adversely affecting the turning radius of the towing vehicles. Manufacturers of such trailers included Cobra, Bison, Aluminum Trailer Co., Roadmaster, Cherokee, and Sundowner. These travel trailers are also prior art with respect to the

'650 Patent. At least one of the named inventors of the '650 Patent was well aware of at least some of these prior art travel trailers before and during the prosecution of the application for the '650 patent. In addition, more than a year before the priority date of the '650 Patent, there were a number of travel trailers which included notched or cut out portions of the front, exterior cap which would prevent the travel trailer from adversely affecting the turning radius of the towing vehicles. One example of such is the Holiday Rambler, Crown Imperial model, made between 1990 and 1992, a photograph of which is shown below:

RESPONSE: Heartland admits that one or more travel trailers that were not fifth wheels were made, used, and publically sold in this country which included tapered front ends, but Heartland lacks knowledge or information sufficient to form a belief about the truth of whether each of the named manufacturers produced a travel trailer with a tapered front end. Heartland denies that any of the named inventors of the '650 patent were well-aware of these unspecified trailers before and during the prosecution of the application for the '650 patent. Heartland lacks knowledge or information sufficient to form a belief about the truth of whether the notched or cut out portions of the front, exterior cap would prevent the travel trailer from adversely affecting the turning radius of the towing vehicles. Heartland lacks knowledge or information sufficient to form a belief as to whether the photograph contained in paragraph 27 is the Holiday Rambler, Crown Imperial model, whether that model was made between 1990 and 1992, and whether the Holiday Rambler, Crown Imperial model included notched or cut out portions of the front, exterior cap. Heartland lacks knowledge or information sufficient to form a belief about the truth of any remaining allegations of paragraph 27.

28. The travel trailer shown in the photograph of ¶27 is prior art with respect to the '650 Patent.

RESPONSE: Heartland lacks knowledge or information sufficient to form a belief as to whether the photograph in ¶ 27 is prior art with respect to the '650 patent.

29. Heartland believes the allegations of paragraph 29 have been removed from this case by the Court's Opinion & Order of April 29, 2010, DE 115. To the extent that any of the allegations of this paragraph are relevant to Forest River's remaining claims, Heartland lacks knowledge or information sufficient to form a belief about the truth of those allegations.

30. Heartland is bound by the Patent Examiner's assessment of the level of ordinary skill in the art and "obviousness" under 35 U.S.C. § 103 made during prosecution of the application for the '650 Patent and is barred under the Doctrine of File Wrapper Estoppel from now asserting a different level of ordinary skill in the art in defending against the allegations of ¶29. The Patent Examiner's assessment in that regard is reflected in the Office Action of July 24, 2007 when rejecting many of the claims under 35 U.S.C. §103. Heartland did not traverse that rejection in its Amendment of August 2, 2007. That failure to traverse was knowing and intentional by Heartland, made expressly "in order to passage quickly to issuance" so that Heartland could assert that patent against Forest River and attempt to divert sales from Forest River.

RESPONSE: Heartland states that it sought timely issuance of the patent for the purpose of asserting its patent rights. Heartland believes any remaining allegations of paragraph 26 have been removed from this case by the Court's Opinion & Order of April 29, 2010, DE 115. To the extent that any remaining allegations of this paragraph are relevant to Forest River's remaining claims, Heartland lacks knowledge or information sufficient to form a belief about the truth of those allegations.

31-37. Heartland believes the allegations of paragraphs 31-37 have been removed from this case by the Court's Opinion & Order of April 29, 2010, DE 115. To the extent that any of the allegations of this paragraph are relevant to Forest River's remaining claims, Heartland lacks knowledge or information sufficient to form a belief about the truth of those allegations.

38. The trailer shown in the photograph of ¶37 was made on June 5, 2000, according to its VIN plate, by Cherokee Industries, Inc., of Oklahoma City, OK. That trailer is prior art with respect to the '650 patent.

RESPONSE: Heartland lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in paragraph 38.

39-45. Heartland believes that the allegations of paragraphs 39-45 have been removed from this case by the Court's Opinion & Order of April 29, 2010, DE 115. To the extent that any of the allegations of this paragraph are relevant to Forest River's remaining claims, Heartland lacks knowledge or information sufficient to form a belief about the truth of those allegations.

46. Regardless of the validity of the '650 Patent, and regardless of the infringement of that patent if it was validly issued, the '650 Patent is not enforceable by Heartland against Forest River because of fraud and inequitable conduct committed by Heartland during the prosecution of the application for that patent.

RESPONSE: Denied.

47. Heartland made false or misleading statements of pre-existing fact to the USPTO in its application for the '650 Patent. Specifically and for example, in the "Background" portion of the specification Heartland asserted as to the scope and content of the prior art:

"Conventionally, the upper deck of a typical fifth wheel has a rectangular or parallelogram-shape footprint whose forward corners form right angles." Further on, the specification includes Figure

9A and a description of that as prior art. Heartland knew these statements were false and incomplete and were misleading at the time they were made. Heartland was aware at the time the application was filed with the USPTO that many typical prior art travel trailers included "V," "bull nose," or otherwise tapered front ends. Heartland knew these typical prior art trailers had forward corners which were not right angles and which would prevent the travel trailer from adversely affecting the turning radius of the towing vehicles. Heartland knew these prior art trailers would provide the same benefits of the claimed invention and in the same manner. Heartland had this knowledge as a result of its direct competition with some of the manufacturers of this prior art and because one or more of the named inventors was aware of this prior art from their many years of experience in the travel trailer industry. Heartland knew or should have known that the undisclosed information was material to the patentability of the claims of the application for the '650 Patent.

RESPONSE: Heartland denies that it made false or misleading statements of pre-existing fact to the USPTO. Heartland admits that its specification states that "Conventionally, the upper deck of a typical fifth wheel has a rectangular or parallelogram-shape footprint whose forward corners form right angles" and that the specification includes Figure 9A and a description of that as prior art. Heartland admits that one or more trailers with tapered front ends existed at the time it filed the application that matured into the '650 Patent, but denies that any inventor was specifically aware of any particular trailer at the time Heartland filed its application with the USPTO or that any information was withheld from the USPTO with deceptive intent. Heartland denies the remaining allegations of this paragraph.

48. Under 37 C.F.R. §1.56 Heartland, its attorneys before the USPTO, and each of the named inventors personally had "a duty of candor and good faith" to the USPTO and were

required to disclose to the USPTO "all information known to" them which was material to the patentability of "each pending claim." Neither Heartland nor the named inventors complied with this duty. For example, on June 27, 2005, Heartland filed an Information Disclosure Statement with the USPTO which listed certain patents, but Heartland expressly refused to admit to the USPTO that any of those patents was material to the patentability of any pending claim or even qualified as prior art (see Exhibit D thereto), and failed to ever identify any prior art to the USPTO which it considered to be material to the patentability of any claim, and especially failed to inform the USPTO of any of the unpatented prior art frames actually made and sold within the industry, despite having actual knowledge of frames which were material to the examination of its patent claims, such as is referred to in ¶s 24 and 27.

RESPONSE: Heartland admits that, under 37 C.F.R. § 1.56, Heartland, its attorneys before the USPTO, and each of the named inventors had a duty of candor and good faith to the USPTO and were required to disclose to the USPTO all information known to them which was material to the patentability of each pending claim. Heartland admits that it filed an Information Disclosure Statement with the USPTO which listed certain patents. Heartland admits that it did not identify the patents in its Information Disclosure Statement as being material to the patentability of its claims, but states that it was not required to do so under the patent laws. Heartland denies the remaining allegations of this paragraph.

49. Further, after initially accusing Forest River of expected patent infringement and while the application for the '650 Patent was still pending, on July 11, 2005, Forest River responded to that accusation in writing with information about the "Eliminator" travel trailer prior art which "anticipated" at least some of Heartland's pending claims and rendered them unpatentable under the patent laws. Heartland failed to disclose that information to the USPTO

during the entire pendency of the patent application. Heartland knew or should have known that the undisclosed information was material to the patentability of the claims of the application for the '650 Patent. Heartland failed to make the disclosure because it wanted the '650 Patent to be allowed and issued by the USPTO with as broad a set of patent claims as it could get and as soon as possible (see ¶30 above, last sentence). Heartland wanted the patent to issue as soon as possible so that it could use the issued patent as a colorable claim of exclusionary power in the market for travel trailers. Heartland intended to and did use the issued patent to threaten and intimidate its competitors, the competitors' suppliers, and the competitors' customers so as to increase Heartland's own sales, market share, and economic power within the travel trailer market. Heartland was doing so pursuant to a "five year plan" entered into with Catterton Partners to artificially increase the market share in a manner which was intended to allow Brian Brady and Catterton to sell off equity interest in Heartland.

RESPONSE: Heartland admits it wanted its patent to issue as soon as possible so it could enjoy the legal benefits provided by patent protection. Heartland denies the remaining allegations of paragraph 49.

50. Later, after the present lawsuit began and the (sic) Heartland was informed that Forest River intended to use the Eliminator reference in its defense against the '650 Patent, Heartland secretly disclosed that reference to the USPTO in a continuation patent application, Serial Number 11/834,214, (see Exhibit E, and the listed exhibits 1 – 5 therein) which was based upon the disclosure of the '650 patent and which was intended to serve as a "submarine patent" to be used against Forest River in litigation. When confronted by the Patent Examiner in a personal interview at the USPTO (which interview Forest River was not informed of in advance or permitted to attend) on December 4, 2008, Heartland discussed the present litigation with the

Patent Examiner and then admitted that the Eliminator reference was prior art with respect to the claimed invention (see Exhibit F, middle portion of page). However, immediately afterwards Heartland attempted to withdraw and conceal that admission as well as the other arguments/admissions made to the Patents Examiner during that interview.

RESPONSE: Heartland admits that it was informed that Forest River intended to use the Eliminator reference in its defense against the '650 patent. Heartland admits that it disclosed that reference to the USPTO in U.S. Patent Application No. 11/834,214, which was based upon the disclosure of the '650 patent. Heartland denies that Forest River's use of the phrase "submarine patent" applies to Heartland's conduct with respect to the prosecution of the '650 patent or the continuation application. Heartland admits that it discussed the present litigation with the patent examiner and that Heartland admitted that the Eliminator was prior art. Heartland denies the remaining allegations of paragraph 50.

51. For example, the next day, December 5, 2008 when Heartland filed the formal Information Disclosure Statement, it retracted the admission that the Eliminator reference (and indeed any other reference cited therein) was prior art or material information to the examination of the patent claims (see Exhibit G, ¶2). Further, since Heartland is bound under the doctrine of "File Wrapper Estoppel" to the explanations, interpretations, evidence, and arguments made before the Patent Examiner when litigating any issued patent and since Heartland had requested the Patent Examiner to reconsider his rejection of the continuation application at that interview, then under 37 CFR §1.133(b) after the interview Heartland was required to file with the USPTO "a complete written statement of the reasons presented at the interview as warranting favorable action." Heartland did not do so. Instead, Heartland filed the summary remarks and "thank you" shown in Exhibit H hereto. Heartland ignored this disclosure and recordation requirement

despite being specifically reminded of its obligation to do so by the USPTO (see Exhibit I, last parag., and Exhibit J, 7th parag.).

RESPONSE: Heartland denies that it retracted an admission regarding the Eliminator reference; on the contrary, Heartland merely stated that the filing of an Information Disclosure Statement is not an admission of prior art or materiality. Heartland admits that, like all patent applicants, it is subject to the doctrine of file wrapper estoppel. Heartland admits that its patent counsel asked the examiner to reconsider his rejections, and Heartland admits that 37 CFR §1.133(b) requires the submission of an interview summary. Heartland denies that it failed to file an interview summary. Heartland filed an interview summary, which the patent examiner then adopted. Heartland denies the remaining allegations of this paragraph.

52. Heartland failed to make the disclosure required under 37 CFR §1.133(b) in order: a.) to conceal from Forest River in this litigation the weaknesses in the arguments presented to the USPTO which led to the Patent Examiner's agreement during the interview to issue a new set of claims for use in renewed litigation against Forest River and b.) to conceal the fact that Heartland is interpreting the scope of the patent claims differently in this litigation than it did before the USPTO. Heartland did this because a.) it wanted to strengthen its litigation posture by the statutory "presumption of validity" and b.) impose a greater litigation burden and uncertainty on Forest River regardless of the true merit of its patent claims and c.) prolong the overall litigation against Forest River so as to use the colorable claim of the patent to affect dealer purchasing decisions. Heartland's objective in that regard was to curtail Forest River's ability to effectively compete in the market for travel trailers, particularly the type of travel trailers referred to as "fifth wheels."

RESPONSE: Heartland denies the allegations of paragraph 52. Heartland had no objective for failing to submit an interview summary because Heartland did, in fact, submit an interview summary.

53. Heartland has filed two continuation patent applications based upon the '650 Patent, those applications being identified by the USPTO as Serial Nos. 11/834,214 and 12/315,894 (referred to below as "the '214 case" and "the '894 case," respectively). Those patent applications are being used at least in part by Heartland as "submarine patents" in the present lawsuit to attempt to shift the burden of proof in this lawsuit and to ensure that litigation between the parties continues over the subject matter of the '650 Patent even if Heartland dismisses its claims under the '650 Patent. At least some of the patent claims of the pending patent applications are so similar to the scope of the patent claims in the '650 Patent that the USPTO considers them to be patentably indistinct. To overcome rejection of the '214 case under the doctrine of "double patenting" because of that lack of distinction, Heartland filed a Terminal Disclaimer on December 5, 2008, and admitted thereby that at least some of patent claims were patentably indistinct.

RESPONSE: Heartland admits that it has filed two continuation patent applications based upon the '650 Patent, those applications being identified by the USPTO as Serial Nos. 11/834,214 and 12/315,894. Heartland denies that these applications are being used as "submarine patents" to shift the burden of proof in this lawsuit. Heartland admits that it filed the continuation applications to obtain additional patent protection to which it is legally entitled and which may or may not be asserted against Forest River or others. No claims are pending with respect to U.S. Patent Application No. 11/834,214, as that application resulted in the issuance of U.S. Patent No. 7,575,251 on August 18, 2009. At least some of the pending claims of U.S.

Patent Application No. 12/315,894 are patentably distinct from the claims of the '650 patent. Heartland admits that it filed a terminal disclaimer on December 5, 2008 with respect to U.S. Patent Application No. 11/834,214 but denies the remaining allegations of this paragraph.

54. The '894 case was filed after Forest River filed and served its Answer in this lawsuit. The '214 case and '894 case include patent claims asserting scope of invention which significantly exceeds what the inventors considered to be their invention. The newly asserted claims were presented only after Heartland saw products which its competitors invented to avoid infringement of the '650 Patent and/or to obtain similar or better turning radius results for fifth wheels. Such information would be material to the patentability examination of the '214 and '894 cases by the USPTO. Heartland knew or should have known that the undisclosed information was material to the patentability of the claims of the application for the '650 Patent. Heartland did not inform the USPTO of these facts, despite its obligation to do so under 37 CFR §1.56.

RESPONSE: Heartland admits that the '894 case was filed after Forest River served its original Answer in this matter. Heartland admits that it filed some claims in the continuation application cases after seeing competing products. Heartland denies that this information would have been material to the patentability examination of the '214 and '894 cases. Information relating to products "invented" to avoid the claims of the '650 patent could not possibly be material to patentability of the claims of the continuation applications. If a product is "invented" to avoid the claims of the '650 patent, by definition it was conceived after the '650 patent published or issued. Consequently, it cannot constitute prior art to any of the Heartland applications. All potential prior art known to Heartland was submitted to the Patent Office. Heartland denies the remaining allegations of this paragraph.

55. The named inventors of the '650 Patent and the '214 and '894 cases are not "co-inventors" within the meaning of the patent laws. Certain of those persons, Mr. Brady in particular, is not an inventor of the subject matter claimed in the '650 Patent and/or the '214 and '894 cases. Instead, the five named inventors were merely the original shareholders of Heartland. The error in designation of inventorship did not arise without deceptive intent. Naming the shareholders rather than the true inventors was done intentionally for business control, ownership and/or operational purposes. Such information would be and have been material to the patentability examination of the '650 Patent application and/or the '214 and '894 cases by the USPTO. Heartland knew or should have known that the undisclosed information was material to the patentability of the claims of the application for the '650 Patent. Heartland did not inform the USPTO of these facts, despite its obligation to do so under 37 CFR §1.56.

RESPONSE: Heartland states that John Rhymer is the actual inventor of the subject matter of the '650 patent. Heartland states that Mr. Brady and the other named inventors were named as inventors due to their confusion as to the meaning of "inventorship" under the patent laws. Heartland denies the remaining allegations of paragraph 55.

56. The actions of Heartland referred to in ¶s 47 – 55 were made with the specific intent that the Patent Examiner rely upon the lack of material prior art references in the patent application record and the accuracy of the application information provided by Heartland in making his decision to allow some or all of the original claims presented by Heartland.

RESPONSE: Denied.

57. The Patent Examiner of the '650 Patent was justified in relying upon a patent applicant to comply with its duty under 37 C.F.R. §1.56. The Patent Examiner did in fact rely

upon the lack of material prior art in the patent application record with regard to the subject matter of Claims 1 – 3 of the '650 Patent in making this decision to allow those claims.

RESPONSE: Heartland lacks knowledge or information sufficient to form a belief about the truth of the allegations alleged in paragraph 57.

58-59. Heartland believes the allegations of paragraphs 58-59 have been removed from this case by the Court's Opinion & Order of April 29, 2010, DE 115. To the extent that any of the allegations of this paragraph are relevant to Forest River's remaining claims, Heartland lacks knowledge or information sufficient to form a belief about the truth of those allegations.

60. The actions of Heartland referred to in ¶s 47 – 55 constitute "inequitable conduct" within the meaning of the Patent Laws and fraud.

RESPONSE: Denied.

61. Accordingly, Heartland's fraudulent and inequitable conduct referred to in ¶s 47 – 55 has caused damage to Forest River and warrants a finding both that this case is "exceptional" within the meaning of 35 U.S.C. §285 such that Forest River should be awarded its reasonable attorneys' fees, *see, e.g., A.B. Chance Co. v. RTE Corp.*, 854 F. 2d 1307, 1312 (Fed. Cir. 1988)(inequitable conduct before the USPTO can support an award of attorneys' fees) and that Heartland is barred from enforcing the '650 Patent under long established principles of equity and patent law, *see, e.g., Precision Instrument Mfg., Inc. v. Automotive Maintenance Mach., Co.*, 324 U.S. 806, 65 S. Ct. 933, 89 L. Ed. 1381 (1945)(traditional doctrine of "Unclean Hands" bars enforcement if patent obtained through fraud or inequitable conduct); *J.P. Stevens & Co., Inc., v. LexTex Ltd., Inc.*, 747 F. 2d 1553, 1560-61 (Fed. Cir. 1984)(inequitable conduct with respect to any claim prevents enforceability of all claims of the patent – the so-called "All Claims Rule"), *cert. denied*, 474 U.S. 822 (1985).

RESPONSE: Denied.

62-66. Heartland believes the allegations of paragraphs 62-66 have been removed from this case by the Court's Opinion & Order of April 29, 2010, DE 115. To the extent that any of the allegations of this paragraph are relevant to Forest River's remaining claims, Heartland lacks knowledge or information sufficient to form a belief about the truth of those allegations.

67. The fraud and inequitable conduct and prior art which renders the '650 Patent unenforceable is directly related to the subject matter of the allowed claims in the '214 case. Further, Heartland used the '650 Patent as a vehicle for obtaining additional prior art information in litigation which it attempted to neutralize via the Patent Examiner interview process in the '214 case without disclosure of evidence binding it under the Doctrine of Equivalents. Accordingly, any patent issuing from the '214 case is also unenforceable. *See Consolidated Aluminum Corp. v. Foseco Intern. Ltd.*, 910 F. 2d 804 (Fed. Cir. 1990).

RESPONSE: Denied.

68-70. Heartland believes the allegations of paragraphs 68-70 have been removed from this case by the Court's Opinion & Order of April 29, 2010, DE 115. To the extent that any of the allegations of this paragraph are relevant to Forest River's remaining claims, Heartland lacks knowledge or information sufficient to form a belief about the truth of those allegations.

B. THE ALLEGED INFRINGEMENT OF FOREST RIVER'S TRADEMARK RIGHTS UNDER 15 U.S.C. § 1125(A)(1)(A).

71. This counterclaim is an action for infringement of federal trademark rights under 15 U.S.C. §1125. This Court has jurisdiction over this claim pursuant to 15 U.S.C. §1121 and 28 U.S.C. §1331. Venue is proper in this district under 28 U.S.C. §13391(b) (sic) and (c) since the accused party, Heartland, is an Indiana corporation which has its principle (sic) place of business in this district and is subject to personal jurisdiction in this district.

RESPONSE: Heartland states that it is an Indiana Limited Liability Company.

Heartland admits that the Court has jurisdiction over Forest River's counterclaim, that venue is proper in this district, and that Heartland is subject to personal jurisdiction in this district.

Heartland denies the remaining allegations of this paragraph.

72. Under 15 U.S.C. §1125(a)(1)(A), "any person who, on or in connection with any goods or services, . . . uses in commerce any word, term, name . . . or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, . . . or commercial activities by another person, . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act."

RESPONSE: Heartland admits that 15 U.S.C. § 1125(a)(1)(A) includes the above-quoted language and denies any remaining allegations in paragraph 72.

73. On October 22 and 23, 2008, Forest River hosted a private trade show next to its corporate offices in Elkhart, Indiana. On display were nearly the full range of product types manufactured and sold by the various divisions of Forest River, including boats, portable toilets, cargo trailers, travel trailers, motor homes, and modular buildings. More than 700 guests were invited to attend, representing approximately 350 RV dealerships from across North America and as far away as Australia. This event was briefly featured on the evening news of WSBT-TV in South Bend on October 22, 2008. However, this was not a public showing of Forest River products; the facilities were surrounded by a chain link fence, and there were gate attendants at the entrance to ensure that only invited guests and other persons given specific permission by Forest River could attend.

RESPONSE: Heartland admits that Forest River hosted a private trade show next to its corporate offices in Elkhart, IN on October 22 and 23, 2008. Heartland lacks knowledge or information sufficient to form a belief about the truth of the remainder of the allegations contained in this paragraph.

74. A theme of this trade show was "Pick Your Partner," referring to the business relationships that can develop between an RV manufacturer and an RV dealer. One of the purposes of this event was to encourage sales of various Forest River products to new and existing RV dealers. However, there were also presentations made and information given to those dealers about methods of coping with and remaining profitable during the current economic downturn in the RV industry, as well as presentations made and information given to dealers by related businesses involved in RV financing and insurance, such as GEICO (like Forest River, another subsidiary corporation of Berkshire Hathaway, Inc.).

RESPONSE: Heartland lacks knowledge or information sufficient to form a belief about the truth of the allegations contained in this paragraph.

75. To provide overnight accommodations for its guests, Forest River reserved several hotels in Mishawaka, Indiana, including the Hyatt Place, Country Inn & Suites, Residence Inn, Courtyard Marriott, Springhill Suites, Holiday Inn Express, Hampton Inn, and Varsity Club. Forest River created an internal business document, called a "Master List," identifying each guest who would be attending the private trade show and which hotel that guest would be staying at. Forest River paid for its guests' accommodations at these hotels.

RESPONSE: Heartland admits that Forest River reserved rooms in certain hotels. Heartland lacks knowledge or information sufficient to form a belief about whether Forest River reserved rooms in each of the listed hotels. Heartland admits that Forest River created a list

identifying the guests attending Forest River's trade show and the hotels at which the guests would be staying. Heartland lacks knowledge or information sufficient to form a belief as to the truth of whether that list was called a "Master List." Heartland lacks knowledge or information sufficient to form a belief as to the truth of whether Forest River paid for its guests' accommodations or any other allegation contained in paragraph 75.

76. On Wednesday, October 22, at approximately 3:30 p.m., while most of Forest River's guests were in attendance at the private trade show, Heartland had several of its employees enter into each of the hotels reserved by Forest River. Those Heartland employees were carrying stacks of envelopes, each labeled with the name of a Forest River guest and an identification of which hotel that guest was staying at. Those Heartland employees went to the front desks of the hotels and then falsely stated and represented to the hotel attendants present that they were "from Forest River" and had envelopes which needed to be delivered to the Forest River guests. The contents of those envelopes were falsely described and represented to the hotel attendants as "important" and "needed for a Forest River dealer meeting the next day." Those Heartland employees induced the hotel attendants to immediately deliver the envelopes to the rooms of each named guest in their respective hotels, such as by slipping the envelopes under the guests' room doors. Security video cameras monitoring the front desks in at least two of these hotels recorded this event and the Heartland employees doing it.

RESPONSE: Heartland admits that its employees entered into certain hotels where Forest River had reserved rooms on October 22, 2008. Heartland lacks knowledge or information sufficient to form a belief as to whether each envelope carried by Heartland employees was labeled with the name of a Forest River guest and an identification of which hotel that guest was staying at. Heartland lacks knowledge or information sufficient to form a belief

as to whether this occurred when most of Forest River's guests were in attendance at the private trade show. Heartland denies that it made any false descriptions or representations. Heartland lacks knowledge or information sufficient to form a belief as to any remaining allegations of paragraph 76.

77. The envelopes contained documents advertising Heartland's travel trailers and documents comparing several Flagstaff models of Forest River products with certain North Trail models of Heartland products. The envelopes also contained a specific invitation to visit Heartland's place of business in Elkhart that same week, while the guests were in the area attending Forest River's private trade show, including a map showing how to get there.

RESPONSE: Heartland states that only some of the envelopes contained the comparative advertising and admits the remainder of the allegations of this paragraph.

78. Several of Forest River's guests, who were RV dealers, were induced by the contents of those envelopes to visit Heartland's place of business that same week. Several of those RV dealers were induced by Heartland to sign up as Heartland dealers and placed orders for Heartland travel trailers. Brian Brady, the president of Heartland, informed other dealers of Heartland of these events in email correspondence sent by him at 7:36 p.m. on October 28, 2008.

RESPONSE: Heartland lacks knowledge or information sufficient to form a belief as to the truth of whether several of Forest River's guests, who were RV dealers, were induced by the contents of the envelopes to visit Heartland's place of business that same week. Heartland denies the second sentence of this paragraph to the extent that it implies that the RV dealers signed up as Heartland dealers and placed orders for Heartland travel trailers because of the contents of the envelopes. Heartland denies that several RV dealers were induced by any wrongful actions to sign up as Heartland dealers. Heartland further denies that several RV dealers were induced by

any wrongful actions to place orders for Heartland travel trailers. Heartland lacks knowledge or information sufficient to form a belief as to the truth whether Brian Brady sent an email informing other dealers of all of the events alleged in this paragraph at exactly 7:36 PM on October 28, 2008 and denies any remaining allegations.

79. Heartland is a direct competitor of Forest River. Sales of Heartland travel trailers can reduce sales of Forest River travel trailers. The hotel action of Heartland resulted in some lost sales by Forest River.

RESPONSE: Heartland admits that it is a competitor of Forest River. Heartland lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in this paragraph.

80. Accordingly, Heartland is liable to Forest River under 15 U.S.C. §1125(a)(1)(A) on account of the false statements and representations made to the hotel attendants which deceived those attendants into delivering Heartland advertisements to Forest River guests at a key time in the private trade show event. Those actions of Heartland also resulted in disruption and confusion among several of Forest River's guests because of the incongruity and surprising manner in which the envelopes were delivered.

RESPONSE: Denied.

81. Heartland's actions in this regard were willful and deliberate, with several purposes in mind. One of Heartland's purposes was to obtain immediate financial gain by signing up new dealers and selling travel trailers to those dealers. Another of Heartland's purposes was to disrupt Forest River's private trade show, embarrass Forest River before its customer base, and thereby decrease Forest River's sales of travel trailers and other products. To a degree, that disruption and embarrassment did adversely affect Forest River's good will with its

dealers and adversely affected Forest River's sales of its products. Coincident with the "hotel action" described in ¶s 63 and 64, Heartland has disparaged Forest River's private trade show by repeated correspondence with RV dealers which suggests Forest River as a "False Partner," a derogatory allusion to the "Pick Your Partner" theme. Heartland's actions exceed the pale of legitimate competition and instead demonstrate bad faith and actual malice toward Forest River. In that regard, Heartland has engaged in unfair competition against Forest River.

RESPONSE: Heartland admits that it distributed Heartland promotional materials to dealers in order to obtain financial gain by signing up new dealers and selling travel trailers to those dealers. Heartland denies the remaining allegations of this paragraph.

82. Heartland was motivated to that unfair competition, including the "hotel action," by the financial incentives offered by Catterton Partners, a Connecticut firm which obtained a controlling or equity security interest in Heartland in 2007 as a short term investment and who seeks to rapidly increase Heartland's market share in the RV industry so that Catterton can then quickly sell off ownership interest at a profit. When the recent economic downturn in the RV industry stunted the potential for Heartland to obtain that rapid growth by legitimate competition, Heartland turned to illegal means, such as the "hotel action," to attempt to reach that investor's goal.

RESPONSE: Denied.

83. Accordingly, Heartland is a willful infringer under the Lanham Act, justifying an award of damages, including treble damages, to Forest River, and this is an "exceptional case" within the meaning of 15 U.S.C. §1117, justifying an award of attorneys fees to Forest River.

RESPONSE: Denied.

84. Accordingly, an injunction against Heartland is justified and properly entered under 15 U.S.C. §1116 for a period of time against any and all sales and business relationship with any dealer doing business with Heartland as a result, in whole or in part, of the "hotel action."

RESPONSE: Denied.

C. CIVIL ACTION UNDER CRIMINAL DECEPTION

85. This counterclaim is an action under IC 34-24-3-1 on account of pecuniary losses suffered by Forest River as a result of criminal deception by or resulting from Heartland's acts in violation of IC 35-43-5-3 (6). This Court has jurisdiction over this counterclaim under 28 U.S.C. §1367(a). Venue is proper in this district under 28 U.S.C. §13391(b) (sic) and (c) since the accused party, Heartland, is an Indiana corporation which has its principle (sic) place of business in this district and is subject to personal jurisdiction in this district.

RESPONSE: Heartland states that it is an Indiana Limited Liability Company, admits that the Court has jurisdiction over Forest River's counterclaim, that venue is proper in this district, and that Heartland is subject to personal jurisdiction in this district. Heartland denies any remaining allegations in paragraph 85.

86. The deception of Heartland in violation of IC 35-43-5-3 (6) is based upon the same "hotel action" event which gives rise to the Lanham Act counterclaim set forth above.

RESPONSE: Denied.

87. The actions of Heartland employees described above in ¶76 were intentional and were caused by Heartland. By the statements made to the hotel attendants, Heartland's employees intentionally misrepresented both their identities and the identity of the envelope property given to the hotel attendants. Heartland intended that misrepresentation to occur so as

to defraud the hotel attendants into delivering Heartland advertisements to a select group of Forest River dealers. Heartland intended that delivery would also deprive Forest River of sales from those dealers receiving the envelopes. Heartland did this for both personal financial gain and maliciously so as to embarrass Forest River in the eyes of those dealers at an important time, during Forest River's private trade show.

RESPONSE: Denied.

88. Forest River has and will suffer pecuniary loss resulting from this deception by Heartland, including lost sales to its dealers and also at least some of the types of losses listed in IC 34-24-3-1.

RESPONSE: Denied.

89. Heartland has violated IC 35-43-5-3 and is liable to Forest River under IC 34-24-3-1.

RESPONSE: Denied.

Heartland believes it has responded to all allegations still at issue in this case following the Court's April 29, 2010 Opinion and Order (DE 115). However, to the extent that it has not addressed any allegations still at issue in this case, Heartland states that it lacks knowledge or information sufficient to form a belief as to the truth of those allegations.

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CERTIFICATE OF SERVICE

The undersigned counsel for plaintiff Heartland Recreational Vehicles, LLC, hereby certifies that a copy of the foregoing HEARTLAND RECREATIONAL VEHICLES, LLC'S ANSWERS TO COUNTERCLAIMS OF DEFENDANT FOREST RIVER, INC. was served, via the Court's electronic filing service, upon the following, this 13th day of May, 2010:

Ryan M. Fountain
420 Lincoln Way West
Mishawaka, Indiana 46544-1902

ATTORNEY FOR DEFENDANT
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