

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION**

**ILLUMINATION MANAGEMENT
SOLUTIONS, INC.,**

Plaintiff,

v.

RUUD LIGHTING, INC.,

Defendant.

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Civil Action No.: 6:10-cv-279

JURY TRIAL DEMANDED

IMS’S COMPLAINT FOR PATENT INFRINGEMENT AND CIVIL CONSPIRACY

Plaintiff Illumination Management Solutions, Inc. (hereinafter “IMS”), for its Complaint against defendant Ruud Lighting Inc. (hereinafter “Ruud Lighting”) alleges as follows:

THE PARTIES

1. Plaintiff IMS is a California corporation having a principal place of business at 18242 McDermott West, Suite J, Irvine, CA 92614-4779. IMS is a global technology leader specializing in the design and manufacture of high performance Light Emitting Diode (“LED”) devices and apparatus utilizing LED devices.

2. Defendant Ruud Lighting is a Wisconsin corporation having a principal place of business at 9201 Washington Avenue, Racine Wisconsin.

Jurisdiction and Venue

3. This is an action for patent infringement arising under the patent laws of the United States, Title 35 of the United States Code and for civil conspiracy. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1332 and 1338.

4. Defendant Ruud Lighting is conducting business on a systematic and continuous basis within the United States, including the state of Texas and this judicial district.

5. Defendant Ruud Lighting makes, imports, uses, offers to sell, and/or sells within the United States products including products which infringe the patent at issue in this action. Ruud Lighting's products are targeted to customers, such as lighting distributors and re-sellers, that sell and ship products all over the world, including into the state of Texas and this District. Defendant Ruud Lighting reasonably expects that its products will be sold into the state of Texas and into this District.

6. Defendant Ruud Lighting is subject to personal jurisdiction in this judicial district because it has established minimum contacts with the forum, such that the exercise of jurisdiction would not offend traditional notions of fair play and substantial justice and has committed acts of infringement in this judicial district.

7. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1391(b) and (c) and 1400(b).

COUNT ONE
Infringement of U.S. Patent No. 7,674,018

8. Each of the foregoing paragraphs is incorporated by reference.

9. IMS is the assignee and owner of all right, title, and interest in United States Patent No. 7,674,018 entitled "LED Device for Wide Beam Generation" ("the '018 Patent"). The '018 Patent was duly and legally reissued on March 9, 2010, by the United States Patent and Trademark Office. A true and correct copy of the '018 Patent is attached hereto as Exhibit A.

10. Defendant Ruud Lighting has been and is now infringing, actively inducing infringement, and/or is liable for contributory infringement of the '018 Patent pursuant to 35 U.S.C. § 271.

11. The infringing products, which are used to practice the claims of the '018 Patent, are known by defendant Ruud Lighting to be especially made or adapted for use in an infringement of the '018 Patent, and are not staple articles or commodities of commerce suitable for substantial non-infringing uses.

12. Defendant Ruud Lighting's past and continued acts of infringement of the '018 Patent have injured IMS and thus IMS is entitled to recover compensatory damages for the infringement in an amount subject to proof at trial.

13. Defendant Ruud Lighting's infringement of IMS's exclusive rights under the '018 Patent will continue to damage IMS's business, causing irreparable injury to IMS, for which there is no adequate remedy at law, unless Ruud Lighting is enjoined by this Court from further infringement.

14. Ruud Lighting has had actual knowledge of the '018 Patent and its infringement is willful and deliberate, entitling IMS to enhanced damages under 35 U.S.C. § 284 and to attorney's fees and costs incurred prosecuting this action under 35 U.S.C. § 285. The factual allegations in this paragraph will likely have evidentiary support after a reasonable opportunity for further investigation or discovery.

COUNT TWO
Civil Conspiracy

15. Each of the foregoing paragraphs is incorporated by reference.

16. From approximately early 2006 until at least late 2007, Alan J. Ruud served as a Director of IMS. Ruud Lighting was aware of Mr. Alan Ruud's status as a Director of IMS during this period.

17. At all relevant times described herein, and the entire time for which Alan Ruud was a director of IMS, Alan Ruud was a fiduciary with respect to IMS and, therefore, owned IMS all the duties of the exercise of skill, prudence, loyalty and diligence of a fiduciary and was obligated to perform in accordance with the responsibilities of trust and confidence reposed in a fiduciary acting in that capacity.

18. At all relevant times described herein, and the entire time for which Alan Ruud was a director of IMS, IMS relied upon the fiduciary relationship which existed between IMS and Alan Ruud and made disclosures of business, legal, technical and other confidential information to Alan Ruud in reliance of this duty.

19. During the time that Mr. Alan Ruud was a Director of IMS, Ruud Lighting and Alan Ruud entered into a conspiracy to wrongfully, and without cause, have Alan Ruud breach his fiduciary obligations to IMS.

20. Among the acts performed by Alan Ruud and Ruud Lighting in furtherance of this conspiracy was the misuse, by Alan Ruud and Ruud Lighting, of information obtained by Alan Ruud by virtue of his position with IMS.

21. Among the further acts performed by Alan Ruud and Ruud Lighting in furtherance of this conspiracy was the misuse, by Alan Ruud and Ruud Lighting, of information obtained by Alan Ruud by virtue of his position with IMS to prepare and file patent applications and ultimately obtain patents that were assigned of record to Ruud Lighting, with the intention of restricting IMS in its development of business and business opportunities.

22. As a result of the conspiracy between Alan Ruud and Ruud Lighting, Alan Ruud breached his fiduciary obligations to IMS.

23. As a proximate result of Alan Ruud's breach of his fiduciary duties to IMS, and as a result of the conspiracy between Alan Ruud and Ruud Lighting, IMS has suffered damages.

24. All conditions precedent to bring this suit have occurred.

PRAYER FOR RELIEF

Wherefore, IMS respectfully requests that the Court:

- A. order trial by jury on all issues so triable;
- B. render judgment finding that Ruud Lighting has infringed the '018 Patent ;
- C. find that Ruud Lighting's infringement is willful;
- D. issue preliminary and permanent injunctions preventing Ruud Lighting, and those in active concert or participation with Ruud Lighting, from further infringement, inducement of infringement, or contributory infringement of the '018 Patent;
- E. award treble damages pursuant to 35 U.S.C. § 284;
- F. render judgment finding that Ruud Lighting's conduct was unlawful;
- G. award compensatory damages in an amount to be determined at trial;
- H. award exemplary damages;
- I. award interest as allowed by law;
- J. declare this case is exceptional pursuant to 35 U.S.C. § 285, award the costs and reasonable attorney fees incurred in connection with this action;
- K. order Ruud Lighting to transfer to IMS any interest assigned to Ruud Lighting by Alan Ruud in any patent applications or patents filed during, or as a result of, Alan Ruud's fiduciary relationship with IMS that relate to the business of IMS; and
- L. grant such other and further relief as the Court and the jury deem just and proper.

Date: June 7, 2010

Respectfully submitted,

/s/ Craig L. Weinstock
(with permission by Jennifer P. Ainsworth)

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